



2nd Annual Legal & Legislative Symposium
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Casualty Damage What Now? What Could We Have Done?

Richard Bouvier, CIC
Bouvier Insurance

Edward S. Hill, Esq.
Cappalli & Hill, LLC

Presenters

Richard Bouvier, CIC
Bouvier Insurance
29 N. Main Street
West Hartford, CT 06107
www.binsurance.com

Rich Bouvier is a partner with Bouvier Insurance, an insurance agency that that his father Robert F. Bouvier founded in 1959. Rich has focused his insurance career towards condominium master insurance along with personal lines and commercial insurance since joining the family insurance agency in 1999. He holds the CIC (Certified Insurance Counselor) designation of The National Alliance for Insurance Education & Research.

Whether your association is 2 units or 1,002 units, Rich can custom tailor a set of coverages to suit your needs. Rich is currently the President of Community Association Institute – Connecticut Chapter (CAI-CT) and a member of the Legislative Action Committee. His involvement with CAI-CT and the condominium industry dates back the beginning of his career in 1999 with multiple articles published in *Common Interest* magazine.

Rich graduated from the University of Connecticut with a degree in Psychology in 1999 with ancillary focuses in Sociology and Anthropology.

Rich, a lifelong resident of West Hartford, is an active outdoorsman and an assistant scoutmaster of Boy Scout Troop 44 in West Hartford, CT where he earned the coveted rank of Eagle Scout in 1995.

Edward S. Hill, Esq.
Cappalli & Hill, LLC
325 Highland Avenue
Cheshire, CT 06410
www.cappalihill.com

Edward S. Hill is a partner in the Cheshire, Connecticut law firm of Cappalli & Hill, LLC. He has broad and in-depth experience in the creation and operation of condominiums, cooperatives and planned communities. He is a lead author of the *Connecticut Common Interest Ownership Manual, Second Edition*, published in 2013 by the Connecticut Bar Association, which contains revised and updated model condominium documents and extensive commentary on requirements and best practices for condominium creation and operation. He is a member of the CAI Lawyers Council and served on the Connecticut Law Revision Study Committee which developed the 2008 Amendments to the Connecticut Common Interest Ownership Act. He has made presentations on common interest community law at Connecticut Bar Association annual and Real Property Section meetings and at CAI – Connecticut Chapter programs.

He is a graduate of Trinity College, Hartford, Connecticut and an honors graduate of the University of Connecticut Law School and is licensed to practice law in Connecticut, Rhode Island and Massachusetts. Mr. Hill has been listed in Connecticut and New England SuperLawyers® every year since 2006. He is also a member of The Counselors of Real Estate, a highly-selective, invitation only organization of professionals that provide real estate counseling services to their clients.

**CAI-CT Legal and Legislative Symposium
October 23, 2014**

Casualty Damage – What Now? What Could We Have Done?

Presenters:

Richard Bouvier, CIC, Bouvier Insurance, West Hartford, Connecticut
Edward S. Hill, Esq., Cappalli & Hill, LLC, Cheshire, Connecticut

Moderator:

Rich Wechter, Westford Real Estate Management, Vernon, Connecticut

I. Required Insurance Coverage

A. Property insurance – 47-255 - Handout

1. Property covered
 - a. Common elements
 - b. Units – explanation of required coverages of units
2. Risks covered – “direct risks of physical loss commonly insured against”
 - a. Other risks covered under standard condo policy
 - b. Savings opportunities
3. Amount of coverage – “after application of deductibles shall be not less than 80% of actual case value of the insured property at the time the insurance is purchased and at each renewal”
 - a. What amount is generally purchased – replacement cost
 - b. Savings opportunities
4. Deductible – “reasonable deductible”
 - a. Standard deductible amount
 - b. Savings opportunities
5. Non-submission of claims to improve claims history

B. Other required insurance [Just a mention of this]

1. Commercial general liability – including medical payments insurance

Amount of coverage “amount determined by executive board not less than the amount stated in the declaration covering all occurrences commonly insured against for bodily injury and property damage in connection with use, ownership or maintenance of the common elements”

2. Fidelity coverage
3. Flood insurance

II. The Casualty Occurs

A. Association obligation to repair or replace

B. Collecting the Insurance

1. Master policy is primary – not exclusive
2. HO-6 coverages
3. Scenarios for making claim and collecting insurance proceeds

C. Payment for repair or restoration

1. Association duty to repair subject to limited exclusions – 47-255(h)
2. Cost is common expense – must allocate among all units subject to permitted special allocations under 47-257(c) as provided in the declaration
3. If there is a deductible, then by definition there isn't enough money

Loss assessment – against all unit owners – covered under HO-6

D. Collection of Deductibles other than through loss assessment

1. No right of subrogation in master policy – if a unit owner or member of owner's family causes a loss - insurance company has given up its right to recover from the negligent person.
2. Allocation of deductible to non-negligent unit owner isn't allowed.
3. If adopt maintenance standard (47-257(e)) the failure to comply imposes liability on guilty unit owner for excess common expense over insurance proceeds.

4. Negligence recovery from at-fault unit owner
 - a. common law - association claim – neighbor's HO-6 insurer
 - b. contrary argument based on 47-257(e).
- E. Declaration Provisions to place losses where there is insurance – need declaration amendment – could be part of update after 2009 CIOA amendments.
 1. If damage only to common elements – master policy proceeds all applied – any deficiency (e.g., deductible) gets assessed to all and gets covered under loss assessment coverage - \$1,000 is standard – if \$10,000 deductible then should easily cover if 10 or more units.
 2. If damage to only to unit – then assess against unit based on 47-255(c)(2) – since max exposure is repair cost – should be covered by HO-6.
 3. If damage to common elements and units – assess pro rata cost against affected units under 47-255(c)(2) – coverage from HO-6 and balance as general common expense – coverage under loss assessment coverage.

III. Questions

Additional Materials:

- Section 47-255 and 47-257 from the Connecticut Common Interest Ownership Act
- HO-6 coverages
- Master policy coverages

Connecticut Statutes

Title 47. LAND AND LAND TITLES

Chapter 828. COMMON INTEREST OWNERSHIP ACT

Current through the 2014 Regular Legislative Session

§ 47-255. Insurance

(a) Commencing not later than the time of the first conveyance of a unit to a person other than a declarant, the association shall maintain, to the extent reasonably available and subject to reasonable deductibles: (1) Property insurance on the common elements and, in a planned community, also on property that must become common elements, insuring against those risks of direct physical loss commonly insured against, which insurance, after application of any deductibles shall be not less than eighty per cent of the actual cash value of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations and other items normally excluded from property policies; (2) flood insurance in the event the condominium is located in a flood hazard area, as defined and determined by the National Flood Insurance Act, as amended, USC 42 Section 4101, P.L. 93-234, and the unit owners by vote direct; (3) commercial general liability insurance, including medical payments insurance, in an amount determined by the executive board but not less than any amount specified in the declaration, covering all occurrences commonly insured against for bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the common elements and, in cooperatives, also of all units; and (4) fidelity insurance. Subsection (b) of section 47-255 of the general statutes is repealed and the following is substituted in lieu thereof:

(b)(1) In the case of a building that contains units divided by horizontal boundaries described in the declaration, or by vertical boundaries that comprise or are located within common walls between units, the insurance maintained under subdivision (1) of subsection (a) of this section, to the extent reasonably available, shall include the units, and all improvements and betterments installed by unit owners, unless the declaration limits the association's authority to insure all improvements and betterments or the executive board decides, after giving notice and an opportunity for unit owners to comment, not to insure such improvements and betterments. In the case of common interest communities containing more than twelve units, unless the association insures all improvements and betterments, the association shall:

(A) Prepare and maintain a schedule of the standard fixtures, improvements and betterments in the units, including any standard wall, floor and ceiling coverings covered by the association's insurance policy;

(B) Provide such schedule at least annually to the unit owners in order to enable unit owners to coordinate their homeowners insurance coverage with the coverage afforded by the association's insurance policy; and

(C) Include such schedule in any resale certificate prepared pursuant to section 47-270.

(2) The provisions of this subsection shall not apply to a building in a common interest community that has not more than two units divided by a single horizontal or vertical boundary unless such common interest community voluntarily chooses to comply with this subsection.

(3) Include such schedule in any resale certificate prepared pursuant to section 47-270.

(c) If the insurance described in subsections (a) and (b) of this section is not reasonably available, the association promptly shall cause notice of that fact to be given to all unit owners pursuant to section 47-261c. The declaration may require the association to carry any other insurance, and the association may carry any other insurance it considers appropriate to protect the association or the unit owners.

(d) Insurance policies carried pursuant to subsections (a) and (b) of this section shall provide that: (1) Each unit owner is an insured person under the policy with respect to liability arising out of his interest in the common elements or membership in the association; (2) the insurer waives its right to subrogation under the policy against any unit owner or member of his household; (3) no act or omission by any unit owner, unless acting within the scope of his authority on behalf of the association, will void the policy or be a condition to recovery under the policy; and (4) if, at the time of a loss under the policy, there is other insurance in the name of a unit owner covering the same risk covered by the policy, the association's policy provides primary insurance.

(e) Any loss covered by the property policy under subdivision (1) of subsection (a) and subsection (b) of this section shall be adjusted with the association, but the insurance proceeds for that loss are payable to any insurance trustee designated for that purpose, or otherwise to the association, and not to any holder of a security interest. The insurance trustee or the association shall hold any insurance proceeds in trust for the association, unit owners and lien holders as their interests may appear. Subject to the provisions of subsection (h) of this section, the proceeds shall be disbursed first for the repair or replacement of the damaged property, and the association, unit owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or replaced, or the common interest community is terminated.

(f) An insurance policy issued to the association does not prevent a unit owner from obtaining insurance for his own benefit.

(g) An insurer that has issued an insurance policy under this section shall issue certificates or memoranda of insurance to the association and, on request made in a record, to any unit owner or holder of a security interest. The insurer issuing the policy may not cancel or refuse to renew it until sixty days after notice of the proposed cancellation or nonrenewal has been mailed to the association, each unit owner and each holder of a security interest to whom a certificate or memorandum of insurance has been issued at their respective last known addresses.

(h)(1) Any portion of the common interest community for which insurance is required under this section which is damaged or destroyed shall be repaired or replaced promptly by the association unless (A) the common interest community is terminated, in which case section 47-237 applies, (B) repair or replacement would be illegal under any state or local statute or ordinance governing health or safety, or (C) eighty per cent of the unit owners, including every owner of a unit or assigned limited common element that will not be rebuilt, vote not to rebuild. The cost of repair or replacement in excess of insurance proceeds and reserves, regardless of whether such excess is the result of

the application of a deductible under insurance coverage, is a common expense.

(2) If the entire common interest community is not repaired or replaced, (A) the insurance proceeds attributable to the damaged common elements shall be used to restore the damaged area to a condition compatible with the remainder of the common interest community, and (B) except to the extent that other persons will be distributees, (i) the insurance proceeds attributable to units and limited common elements that are not rebuilt shall be distributed to the owners of those units and the owners of the units to which those limited common elements were allocated, or to lien holders, as their interests may appear, and (ii) the remainder of the proceeds shall be distributed to all the unit owners or lien holders, as their interests may appear, in proportion to the common expense liabilities of all the units.

(3) If the unit owners vote not to rebuild any unit, that unit's allocated interests are automatically reallocated on the vote as if the unit had been condemned under subsection (a) of section 47-206, and the association promptly shall prepare, execute and record an amendment to the declaration reflecting the reallocations.

(i) The provisions of this section may be varied or waived in the case of a common interest community all of whose units are restricted to nonresidential use.

Cite as Conn. Gen. Stat. § 47-255

Source:

(P.A. 83-474, S. 56, 96; P.A. 93-239, S. 11; P.A. 07-68, S. 3.)

History. Amended by P.A. 11-0195, S. 5 of the 2011 Regular Session, eff. 10/1/2011.

Amended by P.A. 09-0225, S. 29 of the 2009 Regular Session, eff. 7/1/2010.

P.A. 93-239 amended Subsec. (g) to require 60, rather than 30, days' notice of cancellation or renewal for insurers issuing policies for condominium associations; P.A. 07-68 amended Subsec. (a) to insert new Subdiv. (2) requiring association to maintain flood insurance in the event condominium is located in flood hazard area, as defined and determined by National Flood Insurance Act and unit owners by vote direct, and redesignate existing Subdiv. (2) as Subdiv. (3), and amended Subsec. (h)(1) to specify that common expenses include any excess resulting from applicable insurance deductible.

Case Notes:

Cited. 208 C. 318.

Cited. 38 CA 420

Connecticut Statutes

Title 47. LAND AND LAND TITLES

Chapter 828. COMMON INTEREST OWNERSHIP ACT

Current through the 2014 Regular Legislative Session

§ 47-257. Assessments for common expenses. Assessments due to wilful misconduct, failure to comply with standards or gross negligence

(a) Until the association makes a common expense assessment, the declarant shall pay all common expenses. After an assessment has been made by the association, assessments shall be made at least annually, based on a budget adopted at least annually by the association.

(b) Except for assessments under subsections (c), (d) and (e) of this section, or as otherwise provided in this chapter, all common expenses shall be assessed against all the units in accordance with the allocations set forth in the declaration pursuant to subsections (a) and (b) of section 47-226. The association may charge interest on any past due assessment or portion thereof at the rate established by the association, not exceeding eighteen per cent per year.

(c) To the extent required by the declaration: (1) Any common expense associated with the maintenance, repair or replacement of a limited common element shall be assessed against the units to which that limited common element is assigned, equally, or in any other proportion the declaration provides; (2) any common expense or portion thereof benefiting fewer than all of the units or their owners may be assessed exclusively against the units benefited; and (3) the costs of insurance shall be assessed in proportion to risk and the costs of utilities shall be assessed in proportion to usage.

(d) Assessments to pay a judgment against the association may be made only against the units in the common interest community at the time the judgment was rendered, in proportion to their common expense liabilities.

(e) If any common expense is caused by the wilful misconduct, failure to comply with a written maintenance standard promulgated by the association or gross negligence of any unit owner or tenant or a guest or invitee of a unit owner or tenant, the association may, after notice and hearing, assess the portion of that common expense in excess of any insurance proceeds received by the association under its insurance policy, whether that portion results from the application of a deductible or otherwise, exclusively against that owner's unit.

(f) If common expense liabilities are reallocated, common expense assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated common expense liabilities.

(g) No unit owner may exempt himself from liability for payment of the common expenses by waiver of the use or enjoyment of any of the common elements or by abandonment of the unit against which the assessments are made.

Cite as Conn. Gen. Stat. § 47-257

Source:

(P.A. 83-474, S. 58, 96; P.A. 84-472, S. 15, 23.)

History. Amended by P.A. 09-0225, S. 31 of the 2009 Regular Session, eff. 7/1/2010.

P.A. 84-472 amended Subsec. (e) providing "notice and hearing" before assessment and added Subsec. (g) prohibiting a unit owner from exempting himself from liability for payment of the common expenses by waiver of the use or enjoyment of the common elements or by

abandonment of the assessed unit, formerly Subsec. (k) of Sec. 47-258.

Case Notes:

Subsec. (g):

Cited. 38 CA 420.

- b. Any trailer or semi-trailer which is being carried on, towed by or hitched for towing by a vehicle described in a. above.
- 10. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results during the policy period, in:
 - a. "bodily injury"; or
 - b. "property damage".
- 11. "Property Damage" means physical injury to, destruction of, or loss of use of tangible property.
- 12. "Residence employee" means:
 - a. An employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, if the employee's duties are related to the maintenance or use of the "residence premises", including household or domestic services; or
 - b. One who performs similar duties elsewhere not related to the "business" of an "insured."

A "residence employee" does not include a temporary employee who is furnished to an "insured" to substitute for a permanent "residence employee" on leave or to meet seasonal or short-term workload conditions.
- 13. "Residence premises" means the unit where you reside shown as the "residence premises" in the Declarations.

SECTION I - PROPERTY COVERAGES

COVERAGE A - DWELLING

1. We cover:
 - a. The alterations, appliances, fixtures and improvements which are part of the building contained within the "residence premises";
 - b. Items of real property which pertain exclusively to the "residence premises";
 - c. Property which is your insurance responsibility under a corporation or association of property owners agreement; or
 - d. Structures owned solely by you, other than the "residence premises," at the location of the "residence premises."
2. We do not cover:
 - a. Land, including land on which the "residence premises", real property or structures are located;
 - b. Other structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;
 - c. Structures from which any "business" is conducted; or
 - d. Structures used to store "business" property. However, we do cover a structure that contains "business" property solely owned by an "insured" or a tenant of the dwelling provided that "business" property does not include gaseous or liquid fuel, other than fuel in a

permanently installed fuel tank of a vehicle or craft parked or stored in the structure.

COVERAGE C - PERSONAL PROPERTY

1. **Covered Property.** We cover personal property owned or used by an "insured" while it is anywhere in the world. At your request, we will cover personal property owned by:
 - a. Others while the property is on the part of the "residence premises" occupied by an "insured"; or
 - b. A guest or a "residence employee", while the property is in any residence occupied by an "insured".

This request may be made after a loss.

2. **Limit For Property At Other Residences.** Our limit of liability for personal property usually located at an "insured's" residence, other than the "residence premises", is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:
 - a. Moved from the "residence premises" because it is being repaired, renovated or rebuilt and is not fit to live in or store property in; or
 - b. In a newly acquired principal residence for 30 days from the time you begin to move the property there.
3. **Special Limits of Liability.** The special limit for each category described below is the greater of the limit shown below or the special limit for such

category, if any, shown in the Declarations. Such limit is the total limit for each loss for all property in that category. These special limits do not increase the Coverage C limit of liability.

- a. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.
- b. \$1,500 on securities, accounts, deeds, evidence of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.
This limit includes the cost to research, replace or restore the information from the lost or damaged material.
- c. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.
- d. \$1,500 on trailers or semitrailers not used with watercraft of all types.
- e. \$1,500 for loss by theft of jewelry, watches, furs, precious and semiprecious stones.
- f. \$2,500 for loss by theft of firearms and related equipment.
- g. \$2,500 for loss by theft of silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold, platinum or pewter.
- h. \$5,000 on property, on the "residence premises", used primarily for "business" purposes.
- i. \$1,500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to loss to electronic apparatus and accessories described in category j. below.
- j. \$1,500 on electronic apparatus and accessories, while in or upon a "motor vehicle", but only if the apparatus is equipped to be operated by power from the "motor vehicle's" electrical system while still capable of being operated by other power sources.
- k. \$250 on tapes, records, discs or other media that can be used with any electronic apparatus, while in or upon a "motor vehicle".

4. Property Not Covered

We do not cover:

- a. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;
- b. Animals, birds or fish;
- c. "Motor vehicles".

(1) This includes:

- (a) Their accessories, equipment and parts; or
- (b) Electronic apparatus and accessories designed to be operated solely by power from the electrical system of the "motor vehicle".

The exclusion of property described in (a) and (b) above applies only while such property is in or upon the "motor vehicle".

(2) We do cover "motor vehicles" not required to be registered for use on public roads or property which are:

- (a) Used to service an "insured's" residence; or
- (b) Designed to assist the handicapped;

- d. Aircraft meaning any contrivance used or designed for flight, including any parts whether or not attached to the aircraft.

We do cover model or hobby aircraft not used or designed to carry people or cargo;

- e. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
- f. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";
- g. Property in an apartment regularly rented or held for rental to others by an "insured. However, this exclusion does not apply to the "residence premises" if the words UNIT OWNERS RENTAL are shown in the Declarations;
- h. Property rented or held for rental to others off the "residence premises";
- i. "Business" data, including such data stored in:
 - (1) Books of account, drawings or other paper records; or

(2) Computers and related equipment.

We do cover the cost of blank recording or storage media, and of prerecorded computer programs available on the retail market;

- j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds except as provided in Additional Coverage 7. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money;
- k. Grave markers, except as provided in Additional Coverage 12. Grave Markers; or
- l. Water or steam.

COVERAGE D - LOSS OF USE

The limit of liability for Coverage D is the total limit for the coverages in 1. Additional Living Expense, 2. Fair Rental Value and 3. Civil Authority Prohibits Use below.

1. **Additional Living Expense.** If a loss by a Peril Insured Against under this policy to covered property or the building containing the property makes the "residence premises" not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living. However, additional living expense due to "fungi", other microbes or rot remediation will not be paid in addition to any amounts paid or payable under Additional Coverage 15. Limited "Fungi", Other Microbes Or Rot Remediation.

Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

2. **Fair Rental Value.** If a loss covered under Section I makes that part of the "residence premises" rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in. However, fair rental value due to "fungi", other microbes or rot remediation will not be paid in addition to any amounts paid or payable under Additional Coverage 15. Limited "Fungi", Other Microbes Or Rot Remediation.

Payment will be for the shortest time required to repair or replace such premises.

Written proof that part of the "residence premises" is rented, was held for rental at the time of loss or has been rented within the 24 months prior to the date of loss is required.

3. **Civil Authority Prohibits Use.** If a civil authority prohibits you from use of the "residence premises" as a result of direct physical damage to neighboring premises caused by a Peril Insured Against under this policy, we cover resulting 1. Additional Living Expense and 2. Fair Rental Value as provided above for no more than two weeks. Neighboring premises means a premises in sufficient proximity to the "residence premises" that there exists a reasonable risk that the peril affecting the neighboring premises could endanger either the "residence premises" or the safety of its occupants while in the "residence premises".

4. **Loss Or Expense Not Covered.** We do not cover loss or expense due to cancellation of a lease or agreement.

The periods of time under 1. Additional Living Expense, 2. Fair Rental Value and 3. Civil Authority Prohibits Use above are not limited by expiration of this policy.

ADDITIONAL COVERAGES

Unless otherwise stated:

The following coverages are additional insurance; and They are subject to your deductible.

1. **Debris Removal.** We will pay your reasonable expense for the removal of:
 - a. Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or
 - b. Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit is available for such expense.

We do not pay for the removal of trees except as provided under 2. Tree Removal below.

2. **Tree Removal.** We will pay your reasonable expense, up to \$1,000, for the removal of one or more trees fallen on the "residence premises" as a result of a Peril Insured Against, provided the tree(s) damage(s) a covered structure.

The \$1,000 limit is the most we will pay in any one loss regardless of the number of fallen trees. No more than \$500 of this limit will be paid for the removal of any one tree.

3. Reasonable Repairs.

- a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.
- b. If the measures taken involve repair to other damaged property, we will pay only if that property is covered under this policy and the damage is caused by a Peril Insured Against.
- c. This coverage does not increase the limit of liability that applies to the covered property; or
- d. Relieve you of your duties, in case of a loss to covered property, described in **2.d.** under Section I – Conditions.

4. Trees, Shrubs And Other Plants. We cover trees, shrubs, plants or lawns, you solely own at the location of the "residence premises", for loss caused by the following Perils Insured Against:

- a. Fire or Lightning;
- b. Explosion;
- c. Riot or Civil Commotion;
- d. Aircraft;
- e. Vehicles not owned or operated by a resident of the "residence premises";
- f. Vandalism or Malicious Mischief; or
- g. Theft.

We will pay up to 10% of the limit of liability that applies to Coverage C for all trees, shrubs, plants or lawns. No more than \$500 of this limit will be paid for any one tree, shrub or plant. We do not cover property grown for "business" purposes.

5. Fire Department Service Charge. We will pay up to \$500 for your liability assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect covered property from a Peril Insured Against. We do not cover fire department service charges if the property is located within the limits of the city, municipality or protection district furnishing the fire department response.

No deductible applies to this coverage.

6. Property Removed. We insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for no more than 30 days while removed. This coverage does not change

the limit of liability that applies to the property being removed.

7. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money.

- a. We will pay up to the greater of \$1,000, or the higher amount, if any, shown in the Declarations for CREDIT CARD, for:

- (1) The legal obligation of an "insured" to pay because of the theft or unauthorized use of credit cards issued to or registered in an "insured's" name;
- (2) Loss resulting from theft or unauthorized use of an electronic fund transfer card or access device used for deposit, withdrawal or transfer of funds, issued to or registered in an "insured's" name;
- (3) Loss to an "insured" caused by forgery or alteration of any check or negotiable instrument; and
- (4) Loss to an "insured" through acceptance in good faith of counterfeit United States or Canadian paper currency.

No deductible applies to this coverage.

- b. All loss resulting from a series of acts:

- (1) Committed by any one person or group of persons acting in concert; or
- (2) In which any one person or group of persons acting in concert is concerned or implicated;

Is considered to be one loss.

- c. We do not cover:

- (1) Use of a credit card, electronic fund transfer card or access device:
 - (a) By a resident of your household;
 - (b) By a person who has been entrusted with either type of card or access device; or
 - (c) If an "insured" has not complied with all terms and conditions under which the cards are issued or the devices accessed; or
- (2) Loss arising out of "business" use or dishonesty of an "insured".

- d. If the coverage in **a.** applies, the following defense provisions also apply:

- (1) We may investigate and settle any claim or suit that we decide is appropriate. Our

duty to defend a claim or suit ends when the amount we pay for the loss equals our limit of liability.

- (2) If a suit is brought against an "insured" for liability under a.(1) or (2) above, we will provide a defense at our expense by counsel of our choice.
- (3) We have the option to defend at our expense an "insured" or an "insured's" bank against any suit for the enforcement of payment under a.(3) above.

8. Loss Assessment.

- a. We will pay up to \$1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by a Peril Insured Against under Coverage A, other than:

- (1) Earthquake; or
- (2) Land shock waves or tremors before, during or after a volcanic eruption.

The limit of \$1,000 is the most we will pay with respect to any one loss, regardless of the number of assessments. We will apply only one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

- b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.
- c. Section I Condition 17. Policy Period does not apply to this coverage.

9. Collapse.

- a. With respect to this Additional Coverage:
 - (1) Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its current intended purpose.
 - (2) A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse.
 - (3) A part of a building that is standing is not considered to be in a state of collapse

even if it has separated from another part of the building.

- (4) A building or any part of a building that is standing is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- b. We insure for direct physical loss to covered property involving collapse of a building or any part of a building if the collapse was caused by one or more of the following:
 - (1) The Perils Insured Against named under Coverage C;
 - (2) Decay that is hidden from view, unless the presence of such decay is known to an "insured" prior to collapse or there are visible signs of water damage and the "insured" has not taken prompt action to prevent further damage;
 - (3) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an "insured" prior to collapse;
 - (4) Weight of contents, equipment, animals or people;
 - (5) Weight of rain which collects on a roof; or
 - (6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.
- c. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included under b.(2) through (6) above, unless the loss is a direct result of the collapse of a building or any part of a building.
- d. This coverage does not increase the limit of liability that applies to the damaged covered property.

10. Glass Or Safety Glazing Material.

- a. We cover:
 - (1) The breakage of glass or safety glazing material which is part of a building, storm door or storm window and covered under Coverage A;
 - (2) The breakage of glass or safety glazing material which is part of a building, storm door or storm window and covered under

Coverage A when caused directly by earth movement; and

- (3) The direct physical loss to covered property caused solely by the pieces, fragments or splinters of broken glass or safety glazing material which is part of a building, storm door or storm window.

b. This coverage does not include loss:

- (1) To covered property which results because the glass or safety glazing material has been broken, except as provided in a.(3) above; or
- (2) To the "residence premises" if the building containing the "residence premises" has been vacant for more than 60 consecutive days immediately before the loss, except when the breakage results directly from earth movement as provided in a.(2) above. Vacant means substantially empty of personal property necessary to sustain normal occupancy. A dwelling being constructed is not considered vacant.

c. This coverage does not increase the limit of liability that applies to the damaged property.

11. Ordinance or Law.

- a. You may use up to the greater of 10%, or the higher percentage, if any, shown in the Declarations for ORDINANCE OR LAW, of the limit of liability that applies to Coverage A for the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:
 - (1) The construction, demolition, remodeling, renovation or repair of that part of property covered under Coverage A damaged by a Peril Insured Against;
 - (2) The demolition and reconstruction of the undamaged part of property covered under Coverage A, when that property must be totally demolished because of damage by a Peril Insured Against to another part of that property covered under Coverage A; or
 - (3) The remodeling, removal or replacement of the portion of the undamaged part of property covered under Coverage A, necessary to complete the remodeling, repair or replacement of that part of the property covered under Coverage A damaged by a Peril Insured Against.

b. You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in a. above.

c. We do not cover:

- (1) The loss in value to any property covered under Coverage A due to the requirements of any ordinance or law; or
- (2) The costs to comply with any ordinance or law which requires any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants in or on any property covered under Coverage A.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

d. The most we will pay for any increased costs to comply with any ordinance or law that becomes effective after the date of loss is \$5,000.

12. Grave Markers. We will pay up to \$5,000 for grave markers, including mausoleums, on or away from the "residence premises" for loss caused by a Peril Insured Against in Coverage C.

This coverage does not increase the limits of liability that apply to the damaged covered property.

13. Refrigerated Products Coverage. We insure, up to \$500, covered property stored in freezers or refrigerators on the "residence premises" for direct loss caused by:

- a. Loss of power to the refrigeration unit. Loss of power means the complete or partial interruption of electric power due to conditions beyond an "insured's" control. Loss of power must be caused by damage to:
 - (1) Generating equipment; or
 - (2) Transmitting equipment; or
- b. Mechanical failure of the unit which stores the property.

Coverage will apply only if you have maintained the refrigeration unit in proper working condition immediately prior to the loss.

This coverage does not increase the limit of liability for Coverage C.

We will pay only that part of the total of all loss payable that exceeds \$100. No other deductible applies to this coverage.

The Power Failure exclusion does not apply to this coverage.

- 14. Inflation Coverage.** We may adjust the limits of liability for Coverages A, C and D at the beginning of each successive policy term to reflect increases in the cost of insured property. The amount of such increase will be based on the data provided by the appraisal company shown in the Declarations. Payment of the required premium when due for the successive policy term will be sufficient to indicate your acceptance of the adjusted limits.

We will also adjust the limits of liability at the time of a loss by the same percentage pro rated from the effective date of the policy period or the effective date of change if you have requested a change to the limit of liability for Coverage A during the policy period.

15. Limited "Fungi", Other Microbes Or Rot Remediation.

- a. If a loss caused by a Peril Insured Against results in "fungi", other microbes or rot, we will pay for:
- (1) Remediation of the "fungi", other microbes or rot. This includes payment for the reasonable and necessary cost to:
 - (a) Remove the "fungi", other microbes or rot from covered property or to repair, restore or replace that property; and
 - (b) Tear out and replace any part of the building as needed to gain access to the "fungi", other microbes or rot;

- (2) Any reasonable and necessary increase in living expense you incur:

(a) So that your household can maintain its normal standard of living; or

(b) Loss of fair rental value;

if the "fungi", other microbes or rot makes the "residence premises" not fit to live in; and

- (3) Any reasonable and necessary testing or monitoring of air or property to confirm the absence, presence or level of the "fungi", other microbes or rot, whether performed prior to, during or after removal, repair, restoration or replacement.

- b. We will pay under this additional coverage only if:

(1) The covered loss occurs during the policy period;

(2) All reasonable means were used to save and preserve the property at the time of and after the covered loss; and

(3) We receive prompt notice of the covered cause of loss that is alleged to have resulted in "fungi", other microbes or rot.

- c. The most we will pay under this additional coverage is the limit of liability shown in the Declarations for Limited "Fungi", Other Microbes Or Rot Remediation. This is the most we will pay for the total of all loss or costs regardless of the:

(1) Number of locations or items of property insured under this policy; or

(2) Number of losses or claims made.

- d. This coverage does not increase the limit of liability that applies to the damaged property.

SECTION I - PERILS INSURED AGAINST

COVERAGE A – DWELLING

1. We insure against risk of direct physical loss to property described in Coverage A.
2. We do not insure, however, for loss:
 - a. Excluded under Section I – Exclusions;
 - b. Involving collapse or danger of collapse, except as provided in Additional Coverage 9.

Collapse under Section I – Property Coverages; or

- c. Caused by:

(1) Freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, or by discharge, leakage or overflow from within the system or appliance caused by freezing. This exclusion does

SECTION II - LIABILITY COVERAGES

COVERAGE E - PERSONAL LIABILITY

If a claim is made or a suit is brought against an "insured" for damages because of "bodily injury" or "property damage" caused by an "occurrence" to which this coverage applies, we will:

1. Pay up to our limit of liability for the damages for which an "insured" is legally liable. Damages include prejudgment interest awarded against an "insured"; and
2. Provide a defense at our expense by counsel of our choice, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when our limit of liability for the "occurrence" is exhausted by the payment of a judgment or settlement.

COVERAGE F - MEDICAL PAYMENTS TO OTHERS

We will pay the necessary medical expenses that are incurred or medically ascertained within three years

from the date of an accident causing "bodily injury". Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage does not apply to you or regular residents of your household except "residence employees". As to others, this coverage applies only:

1. To a person on the "insured location" with the permission of an "insured"; or
2. To a person off the "insured location", if the "bodily injury";
 - a. Arises out of a condition on the "insured location" or the ways immediately adjoining;
 - b. Is caused by the activities of an "insured";
 - c. Is caused by a "residence employee" in the course of the "residence employee's" employment by an "insured"; or
 - d. Is caused by an animal owned by or in the care of an "insured".

SECTION II - ADDITIONAL COVERAGES

We cover the following in addition to the limits of liability:

1. **Claim Expenses.** We pay:
 - a. Expenses we incur and costs taxed against an "insured" in any suit we defend;
 - b. Premiums on bonds required in a suit we defend, but not for bond amounts more than the Coverage E limit of liability. We need not apply for or furnish any bond;
 - c. Reasonable expenses incurred by an "insured" at our request, including actual loss of earnings (but not loss of other income) up to \$250 per day, for assisting us in the investigation or defense of a claim or suit; and
 - d. Interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies.
2. **First Aid Expenses.** We will pay expenses for first aid to others incurred by an "insured" for "bodily injury" covered under this policy. We will not pay for first aid to an "insured".

3. **Damage to Property of Others.** We will pay, at replacement cost, up to \$1,000 per "occurrence" for "property damage" to property of others caused by an "insured".

We will not pay for "property damage":

- a. To the extent of any amount recoverable under Section I;
- b. Caused intentionally by an "insured" who is 13 years of age or older;
- c. To property owned by an "insured";
- d. To property owned by or rented to a tenant of an "insured" or a resident in your household; or
- e. Arising out of:
 - (1) A "business" engaged in by an "insured";
 - (2) Any act or omission in connection with a premises owned, rented or controlled by an "insured", other than the "insured location"; or
 - (3) The ownership, maintenance, occupancy, operation, use, loading or unloading of aircraft, hovercraft, watercraft or "motor vehicles".



QBE INS
CORPORATION

Member of the QBE Insurance Group

Community Association Insurance Quotation

Association Type: **Residential Condominium**

CUSTOMER NUMBER:

Name Insured: **Condominium Association, Inc.**

QUOTATION DATE: **09/30/2014**

Address:

QUOTATION - POLICY PERIOD

FROM: **10/15/2014** TO: **10/15/2015**

QUOTATION PREMIUM

This quotation is based on information received from the applicant. Although the rules and rates shall remain in effect for the applicant for 60 days from the Quotation date, the premium quoted is an estimate only and is subject to adjustment. All coverage will be subject to the declarations, terms, conditions and exclusions of the actual policy. Coverage may also be subject to inspection of the premises.

DESCRIPTION OF PREMISES

Coverage is provided for two three-story brick veneer condominium buildings containing fifty-four residential units. The premises is located at

Please review the above description including specific street addresses and advise your agent of any discrepancies.

Agency: **Bouvier Insurance
29 North Main Street
West Hartford, CT 06107**



Community Association Underwriters of America, Inc.
2 Caufield Place
Newtown, PA 18940

VALUATION

A/C	MEANS ACTUAL COST	G/R/C	MEANS GUARANTEED REPLACEMENT COST *
A/C/V	MEANS ACTUAL CASH VALUE	I/R/C	MEANS INCREASED REPLACEMENT COST
A/L/S	MEANS ACTUAL LOSS SUSTAINED	M/V	MEANS MARKET VALUE
A/V	MEANS APPRAISED VALUE	R/C	MEANS REPLACEMENT COST
F/V	MEANS FACE VALUE		

PROPERTY DIRECT COVERAGE

COVERAGE	LIMIT OF INSURANCE	VALUATION	DEDUCTIBLE
* BUILDING AND STRUCTURES BUILDINGS	Guaranteed Replacement Cost	G/R/C	\$5,000 *
STRUCTURES	Guaranteed Replacement Cost	G/R/C	\$5,000
"UNITS" AND PRIVATE STORAGE AREAS ORIGINAL SPECIFICATIONS	Guaranteed Replacement Cost	G/R/C	\$5,000
ADDITIONAL INSTALLATIONS	Guaranteed Replacement Cost	G/R/C	\$5,000
COMMUNITY PERSONAL PROPERTY	Guaranteed Replacement Cost	G/R/C	\$5,000
STRUCTURAL GLASS AND SIGNS	Guaranteed Replacement Cost	G/R/C	\$250
BRIDGES, BULKHEADS, DOCKS, PIERS, RETAINING WALLS, WHARVES	\$10,000	R/C	\$500
SATELLITE DISHES AND ANTENNAS	\$10,000	R/C	\$500
NATURAL PROPERTY	\$10,000	R/C	\$0
Maximum per tree, plant, shrub, or lawn	\$500	R/C	\$0
NEWLY ACQUIRED OR CONSTRUCTED PROPERTY			
NEWLY ACQUIRED BUILDINGS AND STRUCTURES	\$250,000	R/C	\$5,000
NEWLY CONSTRUCTED BUILDINGS AND STRUCTURES	\$250,000	R/C	\$5,000
NEWLY ACQUIRED COMMUNITY PERSONAL PROPERTY	\$250,000	R/C	\$5,000
"MONEY" AND "SECURITIES"	\$15,000	F/V, M/V	\$0
COMPUTER EQUIPMENT, "MEDIA" AND SUPPLIES	\$25,000	R/C	\$500
PAPERS, RECEIVABLES AND RECORDS	\$10,000	A/C	\$0

PROPERTY DIRECT COVERAGE

COVERAGE	LIMIT OF INSURANCE	VALUATION	DEDUCTIBLE
"FINE ARTS"	\$15,000	A/V	\$500
"PERSONAL EFFECTS"			
Per Person	\$5,000	A/C/V	\$0
Per Occurrence	\$15,000	A/C/V	\$0
PERSONAL PROPERTY OF OTHERS			
Per Person	\$5,000	A/C/V	\$0
Per Occurrence	\$15,000	A/C/V	\$0
ELEVATOR COLLISION	\$100,000	R/C	\$0
OFF "PREMISES"	\$25,000	R/C	\$5,000
IN TRANSIT	\$25,000	R/C	\$5,000
X "RATABLE LIMIT"	\$6,975,000		

PROPERTY CONSEQUENTIAL COVERAGE

COVERAGE	LIMIT OF INSURANCE	VALUATION	DEDUCTIBLE
MAINTENANCE FEES AND ASSESSMENTS	FULL	A/L/S	\$0
COMMUNITY INCOME	FULL	A/L/S	\$0
EXTRA EXPENSE	FULL	A/C	\$0
ACCOUNTS RECEIVABLE EXPENSES	FULL	A/L/S	\$0
"MEDIA" COSTS	\$25,000	A/C	\$0
"VALUABLE PAPERS AND RECORDS" COSTS	\$25,000	A/C	\$0
ORDINANCE OR LAW COVERAGE			
COVERAGE FOR LOSS TO THE UNDAMAGED PORTION OF THE BUILDING	Guaranteed Replacement Cost	G/R/C	\$5,000
DEMOLITION COST COVERAGE	\$250,000	A/C	\$5,000

PROPERTY CONSEQUENTIAL COVERAGE

COVERAGE	LIMIT OF INSURANCE	VALUATION	DEDUCTIBLE
INCREASED COST OF CONSTRUCTION COVERAGE	\$250,000	I/R/C	\$5,000
INCREASED PERIOD OF RESTORATION COVERAGE	FULL	A/L/S, A/C	\$0
REMOVAL COVERAGES			
DEBRIS REMOVAL	\$250,000	A/C	\$0
PROPERTY REMOVAL	\$250,000	R/C	\$0
REMOVAL OF FALLEN TREES	\$10,000	R/C	\$0
Maximum per tree, shrub, or lawn	\$500	R/C	\$0

PROPERTY ADDITIONAL CAUSES OF LOSS

COVERAGE	LIMIT OF INSURANCE	VALUATION	DEDUCTIBLE
WORLDWIDE CRIME COVERAGES			
* "EMPLOYEE DISHONESTY"	\$100,000	A/L/S	\$0
"COMPUTER FRAUD"	\$50,000	A/C	\$0
"DEPOSITORS FORGERY"	\$50,000	A/C	\$0

PROPERTY SUPPLEMENTARY PAYMENTS

COVERAGE	LIMIT OF INSURANCE	VALUATION	DEDUCTIBLE
ARSON, VANDALISM, AND DELIBERATE AND MALICIOUS ACTS REWARD	\$5,000	10% of Paid Claim	\$0
FIRE DEPARTMENT SERVICE CHARGES	\$10,000	A/C	\$0
FIRE EXTINGUISHER RECHARGE	\$1,000	A/C	\$0
"POLLUTANT" CLEAN UP AND REMOVAL	\$25,000 Per 12 month Period	A/C	\$0

EARTHQUAKE AND "VOLCANIC ERUPTION"

COVERAGE	LIMIT OF INSURANCE	VALUATION	DEDUCTIBLE
EARTHQUAKE AND "VOLCANIC ERUPTION"	No Coverage		

* LIABILITY COVERAGE *

COVERAGE	LIMIT OF INSURANCE	TYPE OF LIMIT
* "BODILY INJURY" AND "PROPERTY DAMAGE"	\$2,000,000	"OCCURRENCE"
"PERSONAL INJURY" AND "ADVERTISING INJURY"	\$2,000,000	"OFFENSE"
"HIRED AUTO" AND "NONOWNED AUTO"	\$2,000,000	"OCCURRENCE"
PROPERTY DAMAGE LEGAL LIABILITY - REAL PROPERTY	\$1,000,000	"OCCURRENCE"
GARAGE AND PARKING AREA LEGAL LIABILITY		
	DEDUCTIBLE	
Comprehensive Coverage	\$500	\$25,000
Collision Coverage	\$500	\$25,000
MEDICAL PAYMENTS	\$5,000	"OCCURRENCE"
PRODUCTS/COMPLETED OPERATIONS	\$2,000,000	AGGREGATE
"EMPLOYERS LIABILITY" Coverage is provided on excess basis only	\$2,000,000	AGGREGATE

*** DIRECTORS AND OFFICERS LIABILITY COVERAGE ***

THIS COVERAGE PART PROVIDES CLAIMS MADE COVERAGE

COVERAGE	LIMIT OF INSURANCE
ERRORS AND OMISSIONS INSURANCE	
* EACH "LOSS"	\$2,000,000
EACH "POLICY YEAR"	\$2,000,000
RETAINED LIMIT	NONE

RETROACTIVE DATE

This insurance does not apply to "loss" from "wrongful acts" which took place before the Retroactive Date, if any, shown below:

RETROACTIVE DATE: NONE
(If "NONE" is shown no Retroactive Date applies)

ENVIRONMENTAL IMPAIRMENT LIABILITY COVERAGE

THIS COVERAGE PART PROVIDES CLAIMS MADE COVERAGE

COVERAGE	LIMIT OF INSURANCE
ENVIRONMENTAL IMPAIRMENT LIABILITY INSURANCE	
EACH "LOSS"	\$500,000
EACH "POLICY YEAR"	\$500,000
RETAINED LIMIT (Applicable to each "loss")	\$5,000

RETROACTIVE DATE

This insurance does not apply to "loss" which takes place before the Retroactive Date, if any, shown below:

RETROACTIVE DATE: NONE
(If "NONE" is shown no Retroactive Date applies)

AMENDATORY COVERAGE

FORM NUMBER	FORM TITLE	EDITION DATE
CAU 1000	Condominium Policy	07/01
CAU 1101	Signature Page	12/12
CAU 1130	Employee Dishonesty - Property Manager	07/01
CAU 1180	Property Manager Directors and Officers	07/01
CAU 1188	Power Failure or Interruption Coverage - Sump Pump	01/11
CAU 1207	Connecticut Changes - Amendatory Endorsement	06/10
CAU 1282	Connecticut Changes - Extended Reporting Period	10/08
CAU 1700 CT	"Fungus, " Wet Rot and Dry Rot Coverage	06/02
CAU 1926	Conditional Exclusion of Terrorism; Coverage for Certain Fire Losses	01/12
CAU 1930	Cap on Losses from "Certified Acts of Terrorism"	03/08
CAU 1985	Disclosure Pursuant To Terrorism Risk Insurance Act	01/12
CAU 1999	Exclusion of Certain Computer Related Losses	07/01
CAU 2200	Environmental Impairment Liability Coverage Part	07/01



POLICYHOLDER DISCLOSURE

Notice of Terrorism Insurance Coverage

Coverage for acts of terrorism is included in your quote. You are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2007, the definition of an act of terrorism has changed. As defined in Section 102 (1) of the Act: the term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from "certified acts of terrorism" may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. **However, other policy provisions, such as nuclear and pollution exclusions, will still apply.**

Under the formula, the United States Government generally reimburses 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.

You should be aware that the Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits United States Government reimbursement as well as insurers' liability for losses resulting from "certified acts of terrorism" when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

We are providing you with the terrorism coverage available under the Terrorism Risk Insurance Act. The premium for the coverage is set forth below and does not include any charges for the portion of loss covered by the United States government under the Act.

Terrorism Premium (Certified Acts): **\$476**

Applicant/Named Insured:
Account #: