

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CONDITIONAL LIMITATION OF COVERAGE FOR
TERRORISM – SUB-LIMIT ON ANNUAL AGGREGATE
BASIS (RELATING TO DISPOSITION OF FEDERAL
TERRORISM RISK INSURANCE ACT)**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

SCHEDULE PART I – Applicability Of Terrorism Sub-Limit:

Description Of Property Or Coverage*	Terrorism Sub-Limit
*If a description is entered in the first column of the Schedule (or if such applicability information is entered in the Declarations) but the amount of the corresponding sub-limit is left blank, refer to Paragraph B.1.b. in this endorsement for information on the amount of the sub-limit.	

SCHEDULE PART II – Exception: Non-Applicability Of Terrorism Sub-Limit To Certain Fire Losses
(refer to Paragraph **B.2.**):

State(s):

SCHEDULE PART III – Terrorism Aggregate Limit:

Terrorism Aggregate Limit: \$
Information required to complete Part III of this Schedule, if not shown above, may be shown in the Declarations or another Terrorism Aggregate Limit endorsement attached to this policy. Refer to Paragraphs C.4. and C.5. , in this endorsement for information on how the Terrorism Aggregate Limit applies.
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Section I – Property and Section II – Liability
are amended as follows:

1. Applicability Of The Provisions Of This Endorsement

a. The provisions of this endorsement become applicable commencing on the date when any one or more of the following first occurs. But if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.

(1) The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this Coverage Form; or

(2) A renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:

(a) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or

(b) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or

(c) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this policy.

b. If the provisions of this endorsement become applicable, such provisions:

(1) Supersede any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism" and/or "other acts of terrorism", but only with respect to loss or injury or damage from an incident(s) of terrorism (however defined) that occurs on or after the date when the provisions of this endorsement become applicable; and

(2) Remain applicable unless we notify you of changes in these provisions, in response to federal law.

c. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this policy, that addresses "certified acts of terrorism" and/or "other acts of terrorism", will continue in effect unless we notify you of changes to that endorsement in response to federal law.

2. The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.

"Terrorism" means activities against persons, organizations or property of any nature:

a. That involve the following or preparation for the following:

(1) Use or threat of force or violence; or

(2) Commission or threat of a dangerous act; or

(3) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and

b. When one or both of the following applies:

(1) The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or

- (2) It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

For the purpose of this endorsement, the term "terrorism" will apply only to an incident in which the total of insured damage to all types of property in the coverage territory ("coverage territory") exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions. Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the threshold is exceeded.

B. Section I – Property is amended as follows:

1. Limitation Of Amount Of Coverage For Acts Of Terrorism

- a. When coverage applies to loss or damage caused by "terrorism", the full Limit of Insurance on the affected property or coverage does not apply to such loss or damage. Instead, the following limitation (sub-limit) applies to the loss or damage. The limitation applies even if another Covered Cause of Loss contributes concurrently or in any sequence to the loss or damage, except as otherwise provided in this endorsement.

Subject to Paragraphs **1.b.**, **1.c.** and **1.d.** below, the sub-limit is the most we will pay for the total of all covered loss or damage caused by one or more incidents of "terrorism" in an annual policy period. Amounts payable under a Coverage Extension, Additional Coverage or similar provision in this Coverage Form do not increase the sub-limit.

If an incident of "terrorism" begins during one annual policy period and ends during the following annual policy period, the only amount of coverage available is the sub-limit (or balance of it) applicable to the annual policy period in which such incident began, subject to Paragraphs **1.b.**, **1.c.** and **1.d.** below.

- b. If the provisions of this endorsement supersede (see Paragraph **A.1.b.**) during the policy period, an endorsement that provided a sub-limit on loss or damage from terrorism (however defined), this endorsement does not provide a new or additional sub-limit. Instead, the amount of the sub-limit shown in the superseded endorsement (or balance of that amount), if not exhausted, will apply.
- c. If this Coverage Form did not contain a sub-limit for terrorism (however defined) before the provisions of this endorsement become applicable, the sub-limit in this endorsement begins to apply on the date when the provisions of this endorsement become applicable. In that case, the sub-limit will only apply to loss or damage from incidents of "terrorism" that begin on or after that date.
- d. If covered loss or damage from an incident of terrorism (however defined) does not exhaust the sub-limit, then the balance of that sub-limit is available for covered loss or damage from another incident(s) that occurs in the same annual policy period. The sub-limit for an annual policy period could be exhausted by payments under this endorsement, or under a superseded endorsement (pursuant to Paragraph **1.b.**), or under both endorsements. When the sub-limit for an annual policy period is exhausted, there is no further coverage for loss or damage caused by another incident(s) of terrorism (however defined) in that annual policy period.

2. Exception: Non-Applicability Of The Terrorism Sub-Limit To Certain Fire Losses

The following exception applies only with respect to property located in the states indicated in Part II of the Schedule of this endorsement, if covered under the Coverage Form. The exception relates only to loss or damage caused by "terrorism".

When covered direct loss or damage attributable to fire exceeds the amount of the sub-limit, we will pay the full amount of the fire loss, up to the Limit of Insurance on the affected property, subject to policy provisions including Deductible and Valuation. In that circumstance, the Limit of Insurance is the most we will pay for the total of all covered direct loss or damage by fire and any other effect of the "terrorism" and any other Covered Cause of Loss that contributes concurrently or in any sequence to the loss or damage.

When covered direct loss or damage attributable to fire is less than the sub-limit, then the sub-limit is the most we will pay for the total of fire and any other covered loss or damage.

This Paragraph, **B.2.**, does not apply to insurance provided under Business Income and/or Extra Expense coverages or endorsements that apply to those coverages. Therefore, when a sub-limit is shown for those coverages, the sub-limit for those coverages is the maximum recoverable regardless of whether fire is an effect of "terrorism".

3. Loss Payment

With respect to the coverage provided by this endorsement:

The section of the Loss Payment Property Loss Condition contained in this policy, which limits loss payment when the Limit Of Insurance for the lost or damaged property is less than 80% of the replacement cost at the time of loss, does not apply.

C. Section II – Liability is amended as follows:

1. For the purposes of this endorsement, the term "terrorism" will also apply to an incident in which fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
 - a. Physical injury that involves a substantial risk of death; or
 - b. Protracted and obvious physical disfigurement; or
 - c. Protracted loss of or impairment of the function of a bodily member or organ.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds in Paragraph **A.2.** or **C.1.** are exceeded.

2. Coverage provided by this insurance for "bodily injury", "property damage" or "personal and advertising injury", arising out of "terrorism", is subject to the Terrorism Aggregate Limit as described in Paragraph **C.3.** of this endorsement.

3. The following provisions are added to Paragraph **D. Liability And Medical Expenses Limit Of Insurance** in **Section II – Liability**:

Subject to Paragraph **D.4.a.** or **D.4.b.**, whichever applies, the Terrorism Aggregate Limit shown in the Schedule is the most we will pay for the sum of all damages because of all:

- a. "Bodily injury", "property damage" and medical expenses; and
- b. "Personal and advertising injury" arising out of "terrorism".

Paragraphs **D.2.** and **D.3.** continue to apply to "bodily injury", "property damage", "personal and advertising injury" and medical expenses, as applicable, arising out of "terrorism" but only if, and to the extent that, a limit of insurance is available under the Terrorism Aggregate Limit.

4. If the provisions of this endorsement supersede (see Paragraph **A.1.b.**), during the policy period, an endorsement that provided a Terrorism Aggregate Limit on injury or damage arising out of terrorism (however defined), this endorsement does not provide a new or additional Terrorism Aggregate Limit. Instead, the amount of the Terrorism Aggregate Limit shown in the superseded endorsement (or balance of that amount), if not exhausted, will apply. If that amount is exhausted by payments under the provisions of either endorsement or a combination of the two, no coverage remains under either endorsement.
5. If this Coverage Form did not contain a Terrorism Aggregate Limit for terrorism (however defined), before the provisions of this endorsement become applicable, the Terrorism Aggregate Limit in this endorsement begins to apply on the date when the provisions of this endorsement become applicable. In that case, the Terrorism Aggregate Limit will only apply to injury or damage arising out of an incident(s) of "terrorism" covered under this Coverage Form after that date.

D. The following provision is added to **Section I – Property and **Section II – Liability**:**

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for loss or injury or damage that is otherwise excluded under this Policy.