

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITATION OF COVERAGE FOR TERRORISM – SUB-LIMIT ON ANNUAL AGGREGATE BASIS

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	
SCHEDULE PART II – Exception: Non-applicability Of Terrorism Sub-Limit To Certain Fire Losses (refer to Paragraph B.3.):				
State(s)				
SCHEDULE PART III – Terrorism Aggregate Limit				
Terrorism Aggregate Limit			\$	
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:

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:

- 1.** That involve the following or preparation for the following:
 - a.** Use or threat of force or violence; or
 - b.** Commission or threat of a dangerous act; or
 - c.** Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and

2. When one or both of the following applies:

- a.** 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
- b.** 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. Application Of Exclusions

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

2. Limitation Of Amount Of Coverage For Acts Of Terrorism

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 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.

The Terrorism 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. If covered loss or damage from an incident of "terrorism" does not exhaust the Terrorism 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. When the Terrorism 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" in that annual policy period.

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.

Amounts payable under a Coverage Extension, Additional Coverage or similar provision in this Coverage Form do not increase the Terrorism Sub-Limit.

3. 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.3.**, 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".

4. 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 threshold is 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 are added to Paragraph **D. Liability And Medical Expenses Limit Of Insurance** in **Section II – Liability**:

Subject to Paragraphs **D.4.a.** and **D.4.b.**, as applicable, the Terrorism Aggregate Limit shown in the Schedule of this endorsement is the most we will pay for all "bodily injury", "property damage", "personal and advertising injury" and medical expenses under Paragraph **A.** Coverages arising out of terrorism.

Paragraphs **D.2.** and **D.3.** continue to apply to damages arising out of "terrorism". Those limits will only be available if, and to the extent that, limits are available under the Terrorism Aggregate Limit.