

AGENDA
SUN VALLEY AIR SERVICE BOARD MEETING
KETCHUM CITY HALL
480 EAST AVENUE NORTH
KETCHUM, ID
September 23, 2020 - 2:00 P.M.

CALL TO ORDER

ROLL CALL

PUBLIC COMMENT

REMARKS FROM THE CHAIR

REMARKS FROM THE BOARD

CONSENT AGENDA *All items listed under the Consent Agenda will be approved in one motion without discussion unless any Board Member requests that the item be removed for individual discussion and possible action.*

1. Approval of Air Service Board Minutes of July 29, 2020 (Action Item);
2. Receive and File Financials: 1% Local Option Tax Report – June and July, 2020 (Action Item);

ACTION/DISCUSSION

3. Authorization for Payment of Bills on-hand through September 18, 2020 (Action Item);
4. Action regarding renewal of insurance coverage with ICRMP for the Insurance Policy Year October 1, 2020 – September 30, 2021 (Action Item);
5. **EXECUTIVE SESSION** – Pursuant to Idaho Code § 74-206 (d) to consider records that are exempt from disclosure as provided in Chapter 1, Title 74, Idaho Code and Idaho Code § 74-206 (e) to consider preliminary negotiations involving matters of trade or commerce in which the governing body is in competition with governing bodies in other states or nations (Action Item);
6. Report from Fly Sun Valley Alliance and Sun Valley Marketing Alliance (No Documents) (Action Item);
7. Discussion and adoption of Contract Exhibit B – Adopted Budget and Payment Percentages of budgeted contract expense for Sun Valley Marketing Alliance for FY 2021 (See Packet Page 122) (Action Item);
8. Discussion of contract amendments for Fly Sun Valley Alliance, with adoption of amended Contract and approval of Contract Exhibit A – Scope of Services and Contract Exhibit B – Adopted Budget and Payment Percentages of budgeted contract expense for Fly Sun Valley Alliance for FY 2021 (See Packet Pages 132-149) (Action Item);

ADJOURNMENT (Action Item)

Please Note: *The agenda is subject to revisions. Any person in need of assistance to attend or participate should contact the City Clerk of the city at which the meeting is scheduled prior to the meeting. Air Service Board Packets are online at <http://svairserviceboard.org>*

**SUN VALLEY AIR SERVICE BOARD
MEETING MINUTES
July 29, 2020 at 2:00 PM**

Present: Neil Bradshaw – Mayor, City of Ketchum
Peter M. Hendricks – Mayor, City of Sun Valley
Martha Burke – Mayor, City of Hailey (via Gotomeeting)
Jacob Greenberg – Chairman, Blaine County (via Gotomeeting)

Absent: None

Staff: Suzanne Frick – City Administrator, City of Ketchum
Heather Dawson – City Administrator, City of Hailey (via Gotomeeting)
Walt Femling – City Administrator, City of Sun Valley

CALL TO ORDER

Mayor Hendricks called the meeting to order at 2:02 PM.

PUBLIC COMMENT

None.

REMARKS FROM THE CHAIR

None.

REMARKS FROM THE BOARD

None.

CONSENT AGENDA

1. Approval of Air Service Board Minutes of May 27, 2020.
2. Approval of Air Service Board Minutes of June 11, 2020.
3. Receive and File Financials:
 - a. 1% Local Option Tax Report – April and May 2020

Motion to approve the consent agenda, *in toto*.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Neil Bradshaw, Mayor of Ketchum
SECONDER:	Martha Burke, Mayor of Hailey
AYES:	Bradshaw, Burke, Hendricks

ACTION/DISCUSSION/PRESENTATIONS

4. Discussion and action regarding a proposal for auditing services for FY 2020.

City Administrator Dawson mentioned that this service is the same as in the past for auditing services, at a slightly higher rate.

Motion to approve audit auditing services for Fiscal Year 2020.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Neil Bradshaw, Mayor of Ketchum
SECONDER:	Martha Burke, Mayor of Hailey
AYES:	Bradshaw, Burke, Hendricks

5. Authorization for Payment of Bills on-hand through July 24, 2020.

Motion to approve the bills on-hand as of July 24, 2020.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Neil Bradshaw, Mayor of Ketchum
SECONDER:	Martha Burke, Mayor of Hailey
AYES:	Bradshaw, Burke, Hendricks

6. Fly Sun Valley Alliance air service update.

Carol Waller, Director for Fly Sun Valley Alliance, gave an update. She stated that we were having a great winter and then COVID hit. It affected our March numbers and the capacity was reduced. She then went over a summary of the seat capacity and shared that they did not know what was going to happen with passenger demand. They strove to keep their key routes. They are now in the process of forecasting and planning for 2021, which is difficult. The fact that we have the LOT and the continued investment in air service and marketing is critical in recovering this pandemic. The Board asked a few questions including what airlines are doing to which Waller stated that they are all doing short-term planning, and nobody is operating under typical scenarios.

7. Sun Valley Marketing Alliance update.

Scott Fortner, Executive Director of Visit Sun Valley, stated that there are over 10 billion dollars of air credits available so there will be an opportunity to maintain the markets and limit risk. It's exciting that we are getting a new ski lift and Sun Valley Resort's partnership with Vail is a great opportunity as well. He mentioned that they are monitoring and setting themselves up to be reactionary for when things improve. Right now, they are finding that there is more interest in wellness and recreating outdoors. Chairman Greenberg asked about the need for marketing to which Fortner responded that they need to be ready and well positioned in order to take advantage of the opportunities when people are comfortable again with travel. Mayor Bradshaw asked a few clarifying questions.

8. Consideration and adoption of the proposed Sun Valley Air Service Board Budget for FY 2021 for the expenditure of Local Option Tax (LOT) revenues received by the Sun Valley Air Service Board for taxes payable from the period of 10/1/20 through 9/30/21.

Mayor Bradshaw noted that each City has a different view on the LOT estimates, which is evidence of how little we actually know about our future revenue. And, regarding the auto-renew contracts with the Fly Sun Valley Alliance and with Visit Sun Valley, he thinks we should modify the contracts in case we do not meet our revenues. Also, he believes we should take the more conservative approach with the budget. Mayor Burke stated that she would take a more conservative approach as well. Mayor Hendricks stated that he also agrees with the conservative approach and prefers, of the two budget options presented, option two, which does not appropriate any fund balance.

Mayor Hendricks opened the public hearing at 2:37 PM.

Carol Waller stated that what has been said makes sense. If her memory serves her correctly, the contract does limit the payouts based on the revenues received.

Hearing no further comment, Mayor Hendricks closed the public hearing at 2:38 PM.

Motion to adopt the second proposed Sun Valley Air Service Board budget for FY 2021, in the amount of \$2,134,000 for the expenditure of Local Option Tax (LOT) revenues received by the Sun Valley Air Service Board for taxes payable from the period 10/1/20 through 9/30/21.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Martha Burke, Mayor of Hailey
SECONDER:	Neil Bradshaw, Mayor of Ketchum
AYES:	Bradshaw, Burke, Hendricks

EXECUTIVE SESSION – Pursuant to Idaho Code § 74-206 (d) to consider records that are exempt from disclosure as provided in Chapter 1, Title 74, and Idaho Code § 74-206 (e) to consider preliminary negotiations involving matters of trade or commerce in which the governing body is in competition with governing bodies in other states or nations.

Motion to move into Executive Session at 2:40 PM.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Neil Bradshaw, Mayor of Ketchum
SECONDER:	Martha Burke, Mayor of Hailey
AYES:	Bradshaw, Burke, Hendricks

Motion to return to open session at 3:15 PM.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Martha Burke, Mayor of Hailey
SECONDER:	Neil Bradshaw, Mayor of Ketchum
AYES:	Bradshaw, Burke, Hendricks

ADJOURNMENT

Motion to adjourn at 3:16 PM.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Martha Burke, Mayor of Hailey
SECONDER:	Neil Bradshaw, Mayor of Ketchum
AYES:	Bradshaw, Burke, Hendricks

Meeting adjourned at 3:16 PM.

Peter M. Hendricks, Chair

Neil Bradshaw, Secretary/Treasurer

**Sun Valley Air Service Board
1% LOT Revenue Report
Through July 30, 2020**

1% LOT Generated	1% LOT Received	1% LOT Contribution				Expenses		Funds for Contracts
		Sun Valley	Ketchum	Hailey	TOTAL	Communities' Direct Costs	SVASB Administrative Budget	
Fund Balance								276,103.00
Oct-19	Dec-19	42,483.21	157,256.28	6,949.77	206,689.26	-6,499.45	-3,025.00	197,164.81
Nov-19	Jan-20	30,482.35	141,838.87	3,119.36	175,440.58	-6,374.26	-75.00	168,991.32
Dec-19	Feb-20	87,478.39	305,354.66	8,158.93	400,991.98	-6,621.20	-75.00	394,295.78
Jan-20	Mar-20	61,767.98	209,883.25	13,700.73	285,351.96	-6,892.75	-75.00	278,384.21
Feb-20	Apr-20	87,305.33	217,731.51	9,895.21	314,932.05	-6,706.29	-75.00	308,150.76
Mar-20	May-20	35,370.70	140,091.28	5,068.25	180,530.23	-6,469.75	-75.00	173,985.48
Apr-20	Jun-20	8,317.41	54,068.51	1,830.27	64,216.19	-6,311.09	-675.00	57,230.10
May-20	Jul-20	11,309.86	99,877.06	1,530.29	112,717.21	-6,296.39	-75.00	106,345.82
Jun-20	Aug-20	41,448.17	202,900.69	4,849.00	249,197.86	-6,459.01	-75.00	242,663.85
Jul-20	Sep-20	71,983.70	239,431.65	10,399.15	321,814.50	-6,730.97	-75.00	315,008.53
Aug-20	Oct-20	0.00	0.00	0.00	0.00	-6,221.41	-75.00	-6,296.41
Sep-20	Dec-20	0.00	0.00	0.00	0.00	-6,221.41	-75.00	-6,296.41
Total		477,947.10	1,768,433.76	65,500.96	2,311,881.82	(77,803.98)	(4,450.00)	

Fly SV Alliance		SVMA	
Budget	1,400,000	Budget	1,770,000
Remaining	292,935 21%	Remaining	358,741 20%

1% LOT Generated	1% LOT Received	Funds for Contracts	% of Available Funds				% of Available Funds Owed			
			Owed	Funds for Contract	Invoiced Amount	Available Funds	Funds for Contract	Invoiced Amount	Available Funds	
		276,103.00	50%	138,051.50			50%	138,051.50		
Oct-19	Dec-19	197,164.81	40%	78,865.92	78,865.92		60%	118,298.89	118,298.89	
Nov-19	Jan-20	168,991.32	40%	67,596.53	-		60%	101,394.79	-	
Dec-19	Feb-20	394,295.78	40%	157,718.31	-		60%	236,577.47	-	
Jan-20	Mar-20	278,384.21	40%	111,353.68	336,668.52		60%	167,030.53	505,002.79	
Feb-20	Apr-20	308,150.76	40%	123,260.30	-		60%	184,890.46	-	
Mar-20	May-20	173,985.48	40%	69,594.19	330,905.99		60%	104,391.29	427,333.25	
Apr-20	Jun-20	57,230.10	50%	28,615.05	-		50%	28,615.05	-	
May-20	Jul-20	106,345.82	50%	53,172.91	81,787.96		50%	53,172.91	81,787.96	
Jun-20	Aug-20	242,663.85	50%	121,331.93	-		50%	121,331.92	-	
Jul-20	Sep-20	315,008.53	50%	157,504.26	278,836.19		50%	157,504.27	278,836.19	
Aug-20	Oct-20	-6,296.41	50%	-	-		50%	-	-	
Sep-20	Dec-20	-6,296.41	60%	-	-		40%	-	-	
Total				1,107,064.58	1,107,064.58			1,411,259.08	1,411,259.08	

SUN VALLEY AIR SERVICES BOARD

INVOICES TO BE PAID

Through July 24, 2020

Fly Sun Valley Alliance	June 2020 Invoice	\$ 121,331.93
Fly Sun Valley Alliance	July 2020 Invoice	\$ 157,504.26
Sun Valley Marketing Alliance	June 2020 Invoice	\$ 121,331.93
Sun Valley Marketing Alliance	May 2020 Invoice	\$ 157,504.26
White Peterson Law Firm	July 2020 Invoice	\$ 805.00
White Peterson Law Firm	August 2020 Invoice	\$ 955.00
ICRMP Annual Premium	September 2020	\$ 1,546.00

Total Invoices June through August, 2020 **\$ 560,978.38**

Fly Sun Valley Alliance Inc.

PO Box 6316
Ketchum, ID 83340

Invoice

Date	Invoice #
6/30/2020	252

Bill To
Sun Valley Air Service Board Attn: Grant G & Kathleen S City of Ketchum

P.O. No.	Terms	Project
	Due on receipt	

Quantity	Description	Rate	Amount
	1% LOT Collections June 2020 – FSVA Contract Services August 2020	121,331.93	121,331.93
		Total	\$121,331.93

Fly Sun Valley Alliance Inc.

PO Box 6316
Ketchum, ID 83340

Invoice

Date	Invoice #
7/31/2020	253

Bill To
Sun Valley Air Service Board Attn: Grant G & Kathleen S City of Ketchum

P.O. No.	Terms	Project
	Due on receipt	

Quantity	Description	Rate	Amount
	1% LOT Collections July 2020 – FSVVA Contract Services September 2020	157,504.26	157,504.26
		Total	\$157,504.26



FSVA CONTRACT SERVICES RENDERED TO SUN VALLEY AIR SERVICE BOARD AUGUST 2020

AIR SERVICE

AIR SERVICE DEVELOPMENT

- Reviewed/monitored/analyzed weekly flight booking reports, monthly performance reports
- Ongoing research/analysis of seat, enplanements, load factors, fares for SUN and competitive markets
- Finalized FY21 contract terms with airlines re: winter schedules/costs. Renewed LOCs as required. Reviewed winter schedules with airport and TSA for operational feasibility.
- Continued discussions/data gathering/analysis for update of Strategic Plan for FY21-24 due to new circumstances
- Ongoing communication/meetings with airlines, M&H consultant, FMAA, customers, stakeholders
- Prepared materials for Air Service Board reports, invoices, etc. Attended meetings as needed.
- Participated in Idaho Legislative Interim Air Service Committee meetings
- Worked with VSV and other partners on air service marketing efforts, promotional air voucher management.

LOCAL AIR MARKETING/COMMUNITY OUTREACH

- Provided information via monthly FSVA Enews and social media channels; updated website as needed
- Created/coordinated/executed FSVA/FMA joint local public outreach campaign via local publications
- Created/executed ongoing FSVA local marketing & PR for air service (*print, digital*)
- Attended various community and stakeholder meetings (online/tele) to continue information outreach efforts
- Participated in Blaine Economic Business Recovery Committee
- Provided information regarding air service to inquiries from local and other travelers

RESEARCH/OTHER

- Continued online summer air passenger survey via airport WIFI, monitored results
- Continued work on compiling/tracking relevant news and comparative data and information on air service



FSVA CONTRACT SERVICES RENDERED TO SUN VALLEY AIR SERVICE BOARD SEPTEMBER 2020

AIR SERVICE

AIR SERVICE DEVELOPMENT

- Reviewed/monitored/analyzed weekly flight booking reports, monthly performance reports
- Ongoing research/analysis of seat, enplanements, load factors, fares for SUN and competitive markets
- Finalized FY21 contracts (winter) with airlines. Ongoing review of winter schedules with airport and TSA.
- Continued discussions/data gathering/analysis for update of Strategic Plan for FY21-24 due to new circumstances
- Ongoing communication/meetings with airlines, M&H consultant, FMAA, customers, stakeholders
- Prepared materials for Air Service Board reports, invoices, etc. Attended meetings as needed.
- Participated in Idaho Legislative Interim Air Service Committee meetings
- Worked with VSV and other partners on air service marketing efforts, promotional air voucher management.

LOCAL AIR MARKETING/COMMUNITY OUTREACH

- Provided information via monthly FSVA Enews and social media channels; updated website as needed
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RESEARCH/OTHER

- Continued online summer air passenger survey via airport WIFI, monitored results
- Continued work on compiling/tracking relevant news and comparative data and information on air service

SUN VALLEY MARKETING ALLIANCE, INC.

PO Box 4934
Ketchum, ID 83340 US
208-726-3423
Scott@VisitSunValley.com
www.visitsunvalley.com

Invoice



BILL TO
Air Service Board PO Box 3801 Ketchum, ID 83340

INVOICE #	DATE	TOTAL DUE	DUE DATE	TERMS	ENCLOSED
1191	09/23/2020	\$121,331.93	10/23/2020	Net 30	

ACTIVITY	QTY	RATE	AMOUNT
Air Service Board Air Service Board Contract - Add'l 1% LOT for Direct Air Service Marketing - June 2020	1	121,331.93	121,331.93

Thank you for the continued support, ASB.

BALANCE DUE

\$121,331.93

SUN VALLEY MARKETING ALLIANCE, INC.

PO Box 4934
Ketchum, ID 83340 US
208-726-3423
Scott@VisitSunValley.com
www.visitsunvalley.com

Invoice



BILL TO
Air Service Board PO Box 3801 Ketchum, ID 83340

INVOICE #	DATE	TOTAL DUE	DUE DATE	TERMS	ENCLOSED
1221	09/23/2020	\$157,504.27	10/23/2020	Net 30	

ACTIVITY	QTY	RATE	AMOUNT
Air Service Board Air Service Board Contract - Add'l 1% LOT for Direct Air Service Marketing - July 2020	1	157,504.27	157,504.27

Thank you for the continued support, ASB.

BALANCE DUE

\$157,504.27

VISIT SUN VALLEY

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September 2020 Operational Highlights | July - August

Executive Summary

As summer begins to wind down, we're beginning to reflect back on an extremely atypical season. It was an environment that we have not seen before. While hotel and airline bookings were soft, town felt vibrant.

We're slowly seeing data points trickle in to give us a better picture of how the optics connected to the figures. As we expected, hotel occupancy took a hit due to the lack of group business that makes a significant share of rooms sold. Load factors for flights were also down related to the fear of traveler sentiment. Occupancy numbers on planes are a bit of a moving target as Alaska Airlines has limitations on their capacity to accommodate spacing. Regardless, air travel was and anticipatedly will remain slow. General aviation (noncommercial) shows us that there were more people willing to fly private despite the Allen & Company not being hosted this year. Where we start to see signs of the busy town feeling comes from the Ketchum LOT reports. July figures show retail receipts up 17% and condo receipts up 18%.

The end results paint a better than expected summer season. It showed us a shift from the first-time visitor to those who were familiar with the destination, people who were looking to escape the city and spend an extended time here as well as those adventurous road trippers looking for open spaces.

From a marketing perspective, we were pleased to see that the results aligned with our messaging and directives. Leveraging our open spaces to those that were familiar with us proved to be the right tactics.

As we look toward the future, we will continue with the similar tactics from the summer learnings with an emphasis on the outdoors and general uncrowded nature of our Valley. Fall will skew towards drive markets and those looking for remote working/learning opportunities. Winter will hit home on our plethora of winter activities, limited lift lines, and guided experiences. We will continue to flush out our winter plan with our creative, media buying and PR teams. Careful attention to the progression of COVID-19 will be at the forefront as we look at winter timing, messages, education and outlets.

DestiMetrics Occupancy Reports:

- July
 - Occupancy – paid: 49.9% v. 71% in 2019 = **-30%**
 - Occupancy - pure: 55.8% v. 78.4% in 2019 = **-28.9%**
 - Room Nights:
 - Available: 20,782 21,072 in 2019 = **-1.4%**
 - Sold: 10,375 v. 14,948 in 2019 = **-30.6%**
 - ADR: \$278 v. \$345 in 2019 = **-19%**
- August
 - Occupancy – paid: 47% v. 62.4% in 2019 = **-24.7%**
 - Occupancy - pure: 53% vs. 79.2% in 2019 = **-24%**
 - Room Nights:
 - Available: 20,724 v. 21,232 in 2019 = **-2.4%**
 - Sold: 9,733 v. 13,239 in 2019 = **-26.5%**
 - ADR: \$267 v. \$316 in 2019 = -

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Social Media

We're excited to have Cody Richmond managing our social media accounts. He has been staying on top of the ever-evolving changes with the platform algorithms, responding to comments, crafting blogs and beyond.

More Touchpoints

- [Facebook](#) followers: July +184 August +13
- [Instagram](#) followers: 500 gained since June
- [Website](#) July - August 2020 sessions to visitsunvalley.com was up +1% compared to the same period last year. Our session duration or time on site was up +29% Our organic search traffic is up +1%.
- TripAdvisor once again changed their packaging now requiring a \$50,000 minimum for their destination sponsorship. We decided to forego this partnership for the time being.
- Continual content building and distribution of Visit Sun Valley Facebook page & Instagram account
- [Internally composed and distributed a variety of blog pieces including:](#)
 - [24hrs in Sun Valley – September – Rebecca Rusch – Rebecca's Private Idaho](#)
 - [20 Things to Know Before You go Camping or RVing](#)
 - [Ways to Capitalize on Remote Learning in Sun Valley](#)
 - [How Well Do You Know Your Mountains](#)
 - [What We're Made Of – The Sun Valley Wellness Festival](#)
 - [24hrs in Sun Valley – August – Heather LaMonica Deckard – Wellness Festival](#)
 - [2020 Sun Valley Summer & Fall Events](#)
 - [8 places to Catch Up on Work in Sun Valley, Idaho](#)
 - [What We're Made Of – Warfield Distillery & Brewery](#)

Marketing & Advertising

Our 2020 summer advertising campaign has ended, and we will be launching our fall efforts in the coming weeks. We're excited to have a partnership with Matador Network and Airstream that will highlight a road trip by former pro skier Kina Pickett and his family to the area. Blog stories and social content will be distributed throughout the visit. In addition to this partnership, we will be running Instagram and YouTube placements. We will be avoiding Facebook as the election builds steam.

For winter, we have a series of content captured last winter that will take flight in December and January. Partnerships include video efforts with [Matador Network](#), [Teton Gravity Research](#) and [Information Matrix](#). We are working through additional planning with Two Things and Backbone to round out our plan.

PR

PR has been a major component of our current efforts amidst the COVID-19 pandemic. We have worked closely with our PR firm, Fahlgren-Mortine, where appropriate to help guide local stakeholders on addressing the incoming media inquiries. We are looking forward to hosting an influencer and a couple of journalists in the coming weeks.

Our summer messaging relied heavily on engaging the drive markets, the open spaces/outdoor recreation, wellness and Dark Skies opportunities.

VISIT SUN VALLEY

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More Touchpoints

- Sun Valley Mentions & Features
 - [Mind Body Green](#) | Go the Distance: 4 Ways to Rejuvenate, Relax, and Stay Safe on Vacation
 - [Sip Northwest](#) | Dine Like Hemingway
 - [Travel + Leisure](#) | 10 Best Fall Vacations for Foliage Views, Fewer Crowds, and Stunning Scenery
 - [Trips to Discover](#) | 11 Best Stops on an Epic Idaho Road Trip
 - [Unofficial Networks](#) | 3 Major American Ski Resorts to Avoid the Crowds
 - [US Travel & World News](#) | 10 Best Things to Do in Sun Valley
 - [AAA Magazine](#) | 11 Outdoor Destinations for Art Lovers
 - [Indagare](#) | A Great American West Road Trip Through Idaho, Montana & Wyoming National Parks
 - [The Washington Post](#) | At the Central Idaho Dark Sky Reserve, socially distanced stargazing
 - [Mix 106](#) | 5 Funky Hotels to Stay In

Visitor Center

- Current Operating Hours: 10am-4pm Monday – Saturday
- Distributed 200 'Mindfulness in the Mountain's masks'
 - 750 more arrived 9/10/2020
 - Added 'Mindfulness in the Mountains' fliers to the following properties: Limelight Hotel, Hotel Ketchum, Tamarack Lodge, BW Plus Kentwood Lodge, BW Tyrolean Lodge, Knob Hill Inn, Natural Retreats Sun Valley, Alpine Lodging Sun Valley, Pennay's at River Run, Les Saison, and Thunder Springs
- Two staff members to stay on furlough due to 'high risk' status
- Tours: Regional History Museum, Argyros, Knob Hill Inn, Good Riddance, SNRA, Hailey Chamber, Capelet Consign, PK's, Broschofsky Gallery, Country Cousin, and CrankTank
- August Visitors
 - 923 Visitors (up from 658 in July)
 - 95 Calls Answered (down from 139 in July)
 - Receiving constant positive feedback about VC agent attitude and level of service
- Additional Projects
 - Train and assume membership responsibilities
 - Connect with the 60+ Associate Members
 - Meet with Restaurant Advisory Committee Member(s) and begin restaurant outreach
 - Assist with Associate Member invoicing
 - Ambassador/Volunteer Program

VISIT SUN VALLEY

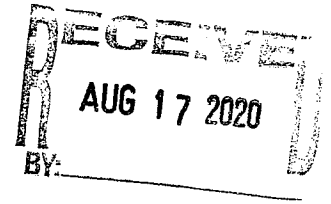
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Community/Membership, Administration and Finance

- Membership
 - Kami assisting Aly in closing out this fiscal year
 - 7 waived Non-Profits (less \$1,050 in collections)
 - 27 new 'free' members to date
- Attended Meetings
 - Lodging Association Meeting – weekly
 - 'Long Term Recovery Committee' Meetings – weekly
 - Fly Sun Valley Alliance Board Meetings - bi-monthly
 - Air Service Board Meetings - bi-monthly
 - Sun Valley Economic Development Board Meetings
 - "Local Business Mastermind" recovery group – weekly
 - DestiMetrics DMO Roundtables – weekly
 - Advisory Committee - bi-weekly
 - City of Ketchum Budget Readings
 - Visit Sun Valley Board Meeting – August 12
 - Winter Planning Roundtable - August 19
 - DMA West Webinar - September 2
 - Wood River Tourism Coalition - September 10
 - *Upcoming:*
 - ICORT Virtual Workshops
 - VSV Board Strategic Session - October 15
 - Visit Sun Valley Community Meeting – November 11

WHITE PETERSON

ATTORNEYS AT LAW
CANYON PARK AT THE IDAHO CENTER
5700 EAST FRANKLIN ROAD, SUITE 200
NAMPA, IDAHO 83687
TEL (208) 466-9272
FAX (208) 466-4405
FED ID # 82-0309660



Sun Valley Air Service Board
c/o Heather Dawson
City of Hailey
115 MainSt. S, Suite H
Hailey ID 83333

Page: 1
07/31/2020
Account No: 25911-000M
Statement No: 140842

Joint Powers Agreement

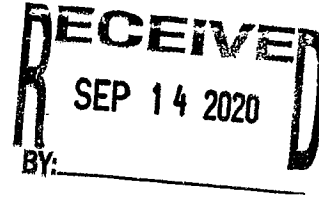
	Previous Balance			\$530.00
		Fees		
			Hours	
07/21/2020	MAJ	Review on LOT ordinances. Verification email to N. Bradshaw re appropriate statement of the question requested for opinion; confirming scope of research and opinion.	0.40	
07/22/2020	MAJ	Revised and finalized legal opinion draft on use of LOT for indirect markets question.	0.70	
		For Current Services Rendered	1.10	275.00
		Total Current Work		275.00
	Balance Due			<u>\$805.00</u>

Please include account number 25911.000 on your remittance.

A finance charge of 1.5% per month, compounded monthly, (19.6% Annual Percentage Rate) is charged on any balance remaining after the last day of the month in which the statement is sent, unless other arrangements have been made.

WHITE PETERSON

ATTORNEYS AT LAW
CANYON PARK AT THE IDAHO CENTER
5700 EAST FRANKLIN ROAD, SUITE 200
NAMPA, IDAHO 83687
TEL (208) 466-9272
FAX (208) 466-4405
FED ID # 82-0309660



Sun Valley Air Service Board
c/o Heather Dawson
City of Hailey
115 MainSt. S, Suite H
Hailey ID 83333

Page: 1
08/31/2020
Account No: 25911-000M
Statement No: 141200

Joint Powers Agreement

	Previous Balance			\$805.00
		Fees		
			Hours	
08/27/2020	MAJ	Quick review on incentives program documents from Carol Waller in preparation for future discussion.	0.20	
08/31/2020	MAJ	Full review on documents from Carol Waller; review on notes from previous conversation with P Kirsch.	0.40	
		For Current Services Rendered	0.60	150.00
		Total Current Work		150.00
	Balance Due			<u>\$955.00</u>

Please include account number 25911.000 on your remittance.

A finance charge of 1.5% per month, compounded monthly, (19.6% Annual Percentage Rate) is charged on any balance remaining after the last day of the month in which the statement is sent, unless other arrangements have been made.



Member Owned Member Driven

Idaho Counties Risk Management Program
PO Box 15249
3100 S Vista Ave , Ste 300
Boise, ID 83715
208.336.3100

SANDY MOSER, CPCU
UNDERWRITING AND TECHNOLOGY MANAGER

June 1, 2020

Sun Valley Air Service Board
Susan Roberts
PO Box 416
Sun Valley, ID 83353

RE: 2020-2021 Membership Renewal Estimate

Dear Susan:

Listed below is the estimated member contribution amount for the upcoming October 1, 2020 to September 30, 2021 policy renewal period. Your ICRMP agent should have already provided you with this information to assist you with your annual budget preparations. A renewal invoice will be mailed directly from ICRMP on September 1, 2020 along with a summary of policy changes.

2020-2021 Base Member Contribution:	\$1,546
Risk Management Discount Program:	\$0
2020-2021 Billed Member Contribution.	\$1,546

Thank you for your continued membership and as always, feel free to contact me at 208-246-8212 or smoser@icrmp.org.

Sincerely,

Sandy

Sandy Moser,
Underwriting and Technology Manager

August 31, 2020

Sun Valley Air Service Board
Walt Femling, City Administrator
PO Box 416
Sun Valley, ID, 83353

RE: Renewal of your ICRMP Insurance Policy and Cancellation of Independent Insurance Agent Betty Urbany of Bisnett Insurance

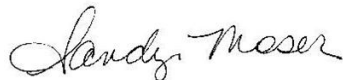
Dear Governing Board,

Per our records, Betty Urbany of Bisnett Insurance was your ICRMP approved insurance agent. Effective September 1, 2020 ICRMP has cancelled this agent/agency's appointment and therefore they are no longer authorized to represent or assert affiliation with ICRMP.

Please contact me as soon as possible at 208-246-8212 or smoser@icrmp.org to discuss your agent options. For your convenience in the interim we are attaching your renewal policy, proof of insurance cards for vehicles and premium invoice via email.

We apologize for any inconvenience this transition creates.

Respectfully,



Sandy Moser, CPCU
Underwriting Manager

August 28, 2020

Sun Valley Air Service Board
Board of Commissioners
PO Box 416
Sun Valley, ID, 83353

RE: ICRMP Insurance Policy Changes effective October 1, 2020

Dear Governing Board,

ICRMP has served Idaho public entities as a stable and reliable source of risk management resources as well as liability and property insurance for thirty-five years. We work closely with our members' governing boards, elected officials and administrative staff to facilitate your public duties while reducing risk exposure.

Attached to this letter is a Summary of Policy Changes for your ICRMP Multi-lines Insurance policy effective October 1, 2020. While we provide you a summary of policy changes every year, there are two specific changes that I want to highlight for this renewal.

EMPLOYMENT PRACTICES LIABILITY DEDUCTIBLE

There are numerous accidental happenings a public entity can face but taking adverse employment actions is not an accident. Employment actions are instead intentional, conscious decisions that can have significant financial impact on this Program. Employees are one of your biggest assets and one of your largest risk exposures. The employment practices liability insurance we provide protects you when an employee sues over employment-related issues. The ICRMP insurance policy pays to defend you against claims of wrongful employment practices and pays to cover damages if you are found liable. Wrongful employment practices claims are usually related to:

- Sexual Harassment
- Wrongful Termination
- Wrongful Discipline or Demotion
- Discrimination
- Equal Employment Opportunity Commission/Idaho Human Rights Commission

We continue to see a significant rise in both the number of employment practices claims and the amounts paid to defend and settle claims. Due to this rising claim frequency and severity we are amending our employment practices liability coverage to include a per claim deductible of \$5,000.00. The specific terms are detailed in your policy effective October 1, 2020 and in the attached Summary of Policy Changes. We understand the burden this deductible could have on a public entity's budget, so we are offering to waive it if you take the following risk management steps:

1. You must consult with us before taking any adverse employment actions, including termination or suspension of employment, and
2. You must follow all reasonable advice provided by us or an attorney assigned by us with respect to such employment action.

Please contact Carl Ericson, Risk Management Legal Counsel at 208-246-8209 or cericson@icrmp.org to begin the waiver process prior to taking an adverse employment action.

CYBER LIABILITY

Another insurance coverage that is experiencing significant claim growth is Cyber Liability. This coverage protects your entity for liability claims for data privacy breaches, as well as ransomware, data recovery costs and breach responses. Due to the increasing frequency and severity claim trends for members and the insurance marketplace, we must increase the deductible for this coverage. Effective October 1, 2020, your Cyber Liability per claim deductible will be \$10,000.00. If you are not already taking part in proactively reducing your cyber claim exposure by participating in ICRMP's KnowBe4 cyber liability risk management program, please do so as this could reduce your deductible.

If you have questions about any of the policy changes discussed, please contact me at 208-246-8212 or smoser@icrmp.org.

Sincerely,



Sandy Moser, CPCU
Underwriting Manager

SUMMARY OF ICRMP PUBLIC ENTITY POLICY CHANGES
October 1, 2020 through September 30, 2021

A. SECTION I. GENERAL INSURING AGREEMENT

Item 1: A. (1.) (g.) – CLARIFY

Clarified the general insuring agreement that no coverage exists without a demand for damages, unless specifically stated we will do so in the applicable coverage section.

B. SECTION II. GENERAL DEFINITIONS

Item 1: A. (25.) *Vehicle* – CLARIFY

Adopted the definition from standardized commercial property insurance and replaced every instance of "automobile" with "vehicle".

Item 2: A. (13.) *Insured Property* – CLARIFY

Adopted the definition from standardized commercial general property insurance and replaced every instance of "covered property" with "insured property". We also included watercraft as a type of mobile equipment.

C. SECTION V. PROPERTY INSURANCE

Item 1: Limit of Indemnification – *Debris Removal* - REDUCTION

Added the following provision to the sub-limit for Debris Removal as follows: We will pay the lesser of 25% of property damage, loss or limit shown which is \$2,500,000.

Item 2: Limit of Indemnification Increase – *Earthquake* - BROADEN

Increased the Sub-limit from \$50,000,000 to \$62,500,000 per occurrence and/or in the annual aggregate with all Public Entity members combined in this policy year. In addition, modified the term Earth Movement and replaced with Earthquake. Only those losses defined by the loss of earthquake will be sub-limited as above. Earth movement losses are not subject to the sub-limit of earthquake.

Item 3: Limit of Indemnification Increase – *Flood Type 1* - BROADEN

Increased the Sub-limit from \$5,000,000 to \$12,500,000 per occurrence and/or in the annual aggregate with all Public Entity members combined in this policy year.

Item 4: Limit of Indemnification Increase – *Flood Type2* - BROADEN

Increased the Sub-limit from \$50,000,000 to \$62,500,000 per occurrence and/or in the annual aggregate with all Public Entity members combined in this policy year.

Item 5: Limit of Indemnification Increase – *Inadvertently Omitted Items* - BROADEN

Increased the Sub-limit from \$500,000 to \$2,500,000 per occurrence and/or in the annual aggregate for multiple occurrences.

Item 6: Limit of Indemnification Increase – *Operational Disruption* - BROADEN

Increased the overall sub-limit for Operational Disruption from \$4,000,000 per occurrence to \$5,000,000 per occurrence. Increased the Extra Expense sub-limit as detailed in the

specific condition from \$1,000,000 per occurrence to \$2,000,000 per occurrence.

Item 7: Reduced Limit – *Data Restoration Related to Valuable Papers* - REDUCTION

Reduced the sub-limit from \$500,000 per occurrence to \$250,000 per occurrence.

Item 8: Removed Sub-Limit – *Automobiles & Mobile Equipment* - BROADEN

Removed aggregate sub-limit of \$1,000,000 per occurrence and \$10,000,000 in annual aggregate for multiple items per occurrence while not in use.

Item 9: Removed Sub-Limit – *Water/Sewer Backup* - BROADEN

Removed aggregate sub-limit of \$1,000,000 from the loss related to water and/or sewer backup.

Item 10: Definition B. (4.) – *Earth Movement* - CLARIFY

Clarified that the definition of earth movement does not include loss or damage caused by or resulting from flood, regardless of any other cause or event contributing concurrently or in any other sequence to the loss. Additionally, "seaquakes", "submarine landslides" and "avalanches" are no longer a defined loss under earth movement.

Item 11: Definition B. (6.) – *Fine Arts* - CLARIFY

Removed the terms "furs, jewelry, precious stones" as a defined fine art.

Item 12: Definition B. (10.) – *Lease Interest* - CLARIFY

Added the definition to clarify the meaning of the term.

Item 13: Definition B. (11.) – *Net Lease Interest* - CLARIFY

Added the definition to clarify the meaning of the term.

Item 14: Definition B. (18.) – *Soft Costs* - CLARIFY

Added a definition to clarify the meaning of the term.

Item 15: Definition B. (20.) – *Vacant* - CLARIFY

Adopted the standard definition from commercial insurance language. And removed the word "unoccupied".

Item 16: Definition B. (21.) – *Vacant Property* - CLARIFY

Adopted the standard definition from commercial insurance language.

Item 17: Specific Condition C. (1.) – *Additional Coverages* - CLARIFY

Made clear and rearranged the section to clearly state the listed items are in addition to building values as stated on the schedule of values.

Item 18: Specific Condition C. (1.) (d.) – *Fire Brigade Charges* - BROADEN

Added new sub-limit of \$25,000 per occurrence for expenses related to this item.

Item 19: Specific Condition C. (1.) (e.) – *Operational Disruption Expense* - BROADEN

Increased sub-limit from \$4,000,000 per occurrence to \$5,000,000 per occurrence.

Item 20: Specific Condition C. (1.) (f.) – *Property in the Course of Construction* - BROADEN

We clarified to add "soft costs" to this sub-limit. In the prior policy it was referred to as "Professional Fees" and had a sub-limit of \$1,000,000. Now, it is included within this sub-limit of \$5,000,000.

Item 21: Specific Condition C. (1.) (h.) – *Valuable Papers/Records* - CLARIFY

Amended to clarify what the additional coverage triggers of loss. Additionally, added standardized commercial insurance language.

Item 22: Specific Condition C. (3.) – *Consequential Reduction in Value* - REDUCTION

Added standardized commercial insurance language to clarify the reduction in value on merchandise that is part of pairs or sets.

Item 23: Specific Condition C. (7.) – *Inadvertently Omitted Property* - BROADEN

Increased limit from \$500,000 per occurrence to \$2,500,000 per occurrence for insured property inadvertently omitted from the schedule of values.

Item 24: Specific Condition C. (16.) (c.) – *Property in Transit* - REDUCTION

Added standardized commercial insurance language for property in transit.

Item 25: Specific Condition C. (16.) (i.) – *All other Insured Property* - BROADEN

Removed valuation provision regarding replacement cost as per the value in your schedule of values. That was a limiting factor to the maximum loss.

Item 26: Exclusion D. (1.) (b.) – *Animals* - REDUCTION

Added the word "animals" to items not covered when damage is directly or indirectly caused by the item. This does not apply to collision with animals.

Item 27: Exclusion D. (1.) (c.) – *Depletion* - REDUCTION

Added the word "depletion" to items not covered when damage is directly or indirectly caused by the item.

Item 28: Exclusion D. (1.) (d.) – *Corrosion* - REDUCTION

Added the words "corrosion and erosion" to items not covered when damage is directly or indirectly caused by the item.

Item 29: Exclusion D. (1.) (j.) – *Theft* - CLARIFY

Clarified the exclusion related to losses from any fraudulent, dishonest or criminal act, but not limited to "theft, committed alone or in collusion with others at any time by any insured.

Item 30: Exclusion D. (2.) (a.) – Pavements - REDUCTION

Added the word "pavements" to items not covered when damage is directly or indirectly caused to them.

Item 31: Exclusion D. (4.) (k.) – Underground Wiring - REDUCTION

Added the word "underground wiring" to items not covered when damage is directly or indirectly caused to them.

Item 32: Exclusion D. (4.) (o.) – Power Production - REDUCTION

Added an exclusion that we do not cover loss to equipment used to produce power or gas for distribution to third parties.

Item 33: Exclusion D. (4.) (p.) – Fine Arts - REDUCTION

Added an exclusion that we do not cover loss or damage from any repairing, restoration or retouching process related to fine arts.

Item 34: Property Claim Deductibles – REDUCTION

The per claim property insurance deductible can vary from policy year to policy year depending upon your annual member contribution (premium). Deductibles vary per member based upon choices made by you. Please refer to your policy for your specific per claim property deductible for this coming policy year.

D. SECTION VI. CRIME INSURANCE

Item 1: Limits of Indemnification - 1 – Employee Dishonesty, Loss Inside Premises & Loss Outside Premises – REDUCTION AND BROADEN

Limits of indemnification for all insuring agreements within the Crime Insurance Section (as of last policy year) are based on net operating budgets as reported by you to us. Tiered limits based on budget are: \$100,000, \$250,000 or \$500,000. Accordingly, the deductibles for crime losses are adjusted and based on the limits provided. Tiers are as follows:

- Operating budgets less than \$100,000 - per claim limit and annual aggregate is \$100,000 with a \$2,500 per claim deductible.
- Operating budgets between \$100,000 to \$2,500,000 – per claim limit and annual aggregate is \$250,000 with a \$5,000 per claim deductible.
- Operating budget greater than \$2,500,000, per claim limit and annual aggregate is \$500,000 with a \$5,000 per claim deductible.

E. SECTION VII. AUTOMOBILE LIABILITY INSURANCE

Item 1: Definition 1 – Insured - CLARIFY

Replaced the word "using" with "in" to clarify our intent to who is an insured in this section of our policy.

F. SECTION IX. LAW ENFORCEMENT LIABILITY INSURANCE

Item 1: Insuring Agreement 1 (a.) – Incidental Medical Liability - CLARIFY

Moved condition Incidental Medical Liability to the Insuring Agreement section to clarify this is part of the coverage for Law Enforcement Liability section.

G. SECTION XI. EMPLOYMENT PRACTICES LIABILITY INSURANCE

Item 1: Condition 2 – *Deductible* - REDUCTION

Added a deductible for claims for damages brought forth under this coverage section brought by any employee directly or indirectly reporting to you relating to personnel-related actions or omissions shall have the deductible apply as listed below. This deductible applies for any claim arising out of wrongful termination, constructive discharge, retaliation, breach of employment contract, violation of due process rights relating to employment and/or any other constitutional or statutory rights, unlawful discrimination, employment sexual harassment, employment harassment of any type, assault, battery, and/or any claim resulting from or related to any type of unlawful or unfair employment practice. This deductible applies whether the alleged damages arise from negligent, intentional or any other type of otherwise wrongful conduct. You will be responsible for the below referenced deductible of any settlement, judgment, or legal defense costs paid by us on your behalf with respect to any employment practices liability claims filed against you. However, this deductible will be waived if you consult with us before such employment action, including termination or suspension of employment, and followed all reasonable advice provided by us or an attorney assigned by us with respect to such employment action. The referenced deductible amount will be billed to you by us for any settlement, judgment or legal defense costs paid as the claim progresses. For each and every claim filed related to this coverage as detailed above, the deductible is as follows during the policy period: \$5,000.

H. SECTION XIII. SEXUAL MOLESTATION OR SEXUAL ABUSE LIABILITY INSURANCE

Item 1: Insuring Agreement A (1.) – *Sexual Molestation or Sexual Abuse Liability* - CLARIFY

Clarified text to simplify that all sexual molestation or sexual abuse bodily injury claims or related sexual molestation or sexual abuse bodily injury claims will be deemed one claim per the text as written. In addition, we clarified that the absolute first sexual molestation or sexual abuse occurrence must be on or after the retroactive date listed on the declarations page.

I. SECTION XV. ENDORSEMENTS

Item 1: #1 Accidental Discharge of Pollutants. – BROADEN

Increased the aggregate for multiple occurrences per policy period limit from \$100,000 to \$500,000.

Item 2: #2 Cyber & Technology Liability Endorsement. – BROADEN

Amended text throughout endorsement to align with language provided by the reinsurer. Added new sub-limits and/or coverages as listed:

- PCI DSS – Increased from \$500,000 to \$1,000,000 per occurrence.
- Data Breach Response – Increased from \$500,000 to \$1,000,000 per occurrence.
- Social Engineering Fraud – Increased from \$100,000 to \$250,000 per occurrence.

Item 3: #2 Cyber & Technology Liability Endorsement. – REDUCTION

Increased per claim deductible from current property deductible (varies by member) to higher amounts depending on the annual operating budget for the member. The deductibles are as follows:

- Operating budgets over \$10,000,000 - \$25,000 per claim deductible, unless you are participating in an approved Cyber Risk Management Program like the one offered by ICRMP (KnowBe4), then it will be reduced to \$10,000 per claim.
- Operating budgets less than \$10,000,000 - \$10,000 per claim deductible, unless participating in an approved program like KnowBe4, then it will be reduced to \$5,000.
- Your specific deductible is stated on your insurance policy.

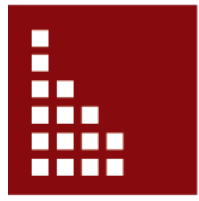
Item 4: #7 Attorney Consultation Reimbursement Defense Endorsement. – BROADEN

Amended text to include a reference to "defense costs" instead of "attorney fees". Additionally, added a definition for defense costs. Also, increased the per claim limit from \$1,500 per claim to \$2,500 per claim.

J. OTHER ITEMS

Item 1: Defense Limits Aggregate. – BROADEN

Removed the annual aggregate for defense costs limits related to liability sections of the insurance policy.



ICRMP

Policy Year

2020-2021

PUBLIC ENTITY

Multi-Lines Insurance

Policy

Issued for:

Sun Valley Air Service Board

Issued by:

Idaho Counties Risk Management Program

3100 Vista Avenue, Suite 300, Boise, ID 83705

Phone: (208) 336-3100 ~ Fax: (208) 336-2100

www.icrmp.org

August 31, 2020

TO: Sun Valley Air Service Board

RE: Terrorism Coverage for Policy Year Effective October 1, 2020

Dear Valued ICRMP Member:

Following the events of September 11, 2001, the nation's largest insurers took their case to Congress concerning their ability to withstand the financial consequences of additional terrorist acts that might take place on American soil. As a consequence, Congress enacted the Terrorism Risk Insurance Act (TRIA) that is intended to protect insured property owners by assuring that their property insurers are not overwhelmed by terrorism-driven claims. Local government risk sharing pools generally were excluded from TRIA.

Because ICRMP is regulated under Idaho law as a reciprocal insurer, federal law requires ICRMP to offer complete terrorism property coverage to its Members. In accordance with the Terrorism Risk Insurance Act, as extended on December 26, 2007, we are required to offer you coverage of all of the property we insure that your entity lists on our schedule of values against any "certified act of terrorism". We are providing property coverage by including the peril of terrorism as a cause of loss in Section V-Property of your renewal policy.

This is your ***formal notice*** as required by Federal Law and disclosure that there is not an additional premium for this coverage. The Terrorism Risk Insurance Act, as extended on December 26, 2007 by the enactment of the Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIPRA), is a U.S. Treasury Department program under which the federal government would share, with regulated insurance carriers, the risk of loss from terrorist attacks. The Act applies when the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, certifies that an event meets the definition of a "certified act of terrorism". Certified acts of terrorism can also include foreign or domestic acts of terrorism, but they still must be certified as such by the Federal officers listed above.

Sincerely,

Sandy Moser
Underwriting Manager

PUBLIC ENTITY MULTI-LINES INSURANCE POLICY DECLARATIONS

ISSUED BY IDAHO COUNTIES RISK MANAGEMENT PROGRAM, UNDERWRITERS
3100 Vista Avenue, Suite 300
Boise, Idaho 83705
(208) 336-3100

Named Insured:	Sun Valley Air Service Board
Address:	PO Box 416 Sun Valley, Idaho 83353
Application Date:	August 1, 2020
Policy Number:	40A15014100120
Policy Period:	From: October 1, 2020 To: October 1, 2021
	<i>Both dates above at 12:01 AM</i>
Member Contribution:	\$1,546
<p>NOTICE REGARDING INSURANCE GUARANTY ASSOCIATION</p> <p>As required by Article VIII, Section 4 and Article XII, section 4 of the Idaho Constitution and Idaho Code Section 41-3603(10), the ICRMP Program is not a participant in the Idaho Insurance Guaranty Association. As such, ICRMP Subscribers are not responsible for the costs of private insurer insolvencies, nor are they or claimants against them entitled to any of the protections which participation in the Guaranty Association would provide. This notice is provided in cooperation with the Idaho Insurance Guaranty Association. For additional information concerning this notice, contact ICRMP at 208-336-3100.</p>	

PROPERTY

Section V limit of indemnification is \$200,000,000 per occurrence and this limit is for all property coverages and all limits of indemnification combined for all public entity members collectively.

<i>Insuring Agreements</i>	<i>Limit of Indemnification</i>	<i>Coverage Basis</i>	<i>Deductible</i>
<i>Buildings, Structures & Property, Mobile Equipment and Vehicle Physical Damage</i>			
<u>Sublimits:</u>			
Claim Preparation Fees & Expenses	\$100,000	Per covered occurrence.	The first \$1,000 per covered occurrence is applicable to Section V, Insuring Agreements 1 and 2, excepting flood and earthquake losses.
Debris Removal	\$2,500,000 (lesser of 25% of property damage, loss or limit shown)	Per covered occurrence.	
Earthquake	\$62,500,000	Per covered occurrence and/or in the Annual Aggregate with all Public Entity members combined in this policy year.	
Employee/Volunteer Property	\$50,000	Per occurrence.	
Evacuation Expenses	\$50,000	Per covered occurrence and/or in the aggregate for multiple occurrences in this policy year.	
Fire Brigade/Extinguishing	\$25,000	Per occurrence.	
Fine Arts	\$1,000,000	Per Covered occurrence and/or in the Annual Aggregate for multiple occurrences in this policy year.	
Flood Type 1*	\$12,500,000	Per Covered occurrence and/or in the Annual Aggregate with all Public Entity members claims combined in this policy year.	
Flood Type 2**	\$62,500,000	Per Covered occurrence and/or in the Annual Aggregate with all Public Entity members claims combined in this policy year.	
Inadvertently Omitted Items	\$2,500,000	Per Covered occurrence and/or in the Annual Aggregate for multiple occurrences in this policy year.	
Increased Cost of Construction	\$10,000,000	Per covered occurrence.	
Landscape Items	\$25,000	Per covered occurrence.	
Newly Acquired Property	\$10,000,000/120 days	Per covered occurrence and within 120 days of acquisition.	
Operational Disruption Expense	\$5,000,000	Per covered occurrence and includes sublimits as listed under heading.	
• Data Restoration	\$250,000	Per covered occurrence and is included in the \$5,000,000 limit.	
• Extra Expense	\$2,000,000	Per covered occurrence and is included in the \$5,000,000 limit.	
• Expediting Expense	\$500,000	Per covered occurrence and is included in the \$5,000,000 limit.	
• Leasehold Interest	\$1,000,000	Per covered occurrence and is included in the \$5,000,000 limit.	
Property in Course of Construction	\$5,000,000	Per covered occurrence.	
Property in Transit	\$1,000,000	Per covered occurrence.	
Protection & Preservation of Property	\$250,000	Per covered occurrence.	
Service Animals	\$25,000	Per covered occurrence.	
Unmanned Aircraft (Drones)	\$50,000	Per covered occurrence.	
Valuable Papers and Records	\$1,000,000	Per covered occurrence and includes sublimits as listed under heading.	
• Data Restoration Related to Valuable Papers and Records	\$250,000	Per covered occurrence and/or in the aggregate for multiple occurrences in this policy year.	

----- CRIME INSURANCE-Section VI-----

<i>Insuring Agreements</i>	<i>Limit of Indemnification</i>	<i>Coverage Basis</i>	<i>Deductible</i>
1. <i>Employee Dishonesty</i>	\$500,000	Per covered occurrence and in the aggregate for all claims annually.	The first \$5,000 of any loss in this section.
2. <i>Loss Inside Premises</i>	\$500,000	Per covered occurrence and in the aggregate for all claims annually.	
3. <i>Loss Outside Premises</i>	\$500,000	Per covered occurrence and in the aggregate for all claims annually.	

----- OCCURRENCE LIABILITY COVERAGES -----

<i>Section and/or Insuring Agreements</i>	<i>Indemnification Limit for Covered Claims Brought Pursuant to Title 6, Ch. 9, Idaho Code</i>	<i>Indemnification Limit for All Other Covered Claims</i>	<i>Defense Cost Limit for Covered Claims</i>	<i>Coverage Basis</i>
AUTO LIABILITY- SECTION VII				
1. <i>Automobile Liability (Accident Outside State of Idaho)</i>	\$500,000	\$3,000,000	\$2,000,000	Per covered accident.
<i>Automobile Liability (Accident Inside State of Idaho)</i>	\$500,000	\$500,000	Included in above	Per covered accident.
2. <i>Automobile Medical Payments</i>	\$5,000 \$100,000	\$5,000 \$100,000	Not Applicable	Each person. Each accident.
3. <i>Uninsured / Underinsured Motorists</i>	\$100,000 \$300,000	\$100,000 \$300,000	Included in above	Each person. Each accident.
GENERAL LIABILITY- SECTION VIII				
1. <i>General Liability</i>	\$500,000	\$3,000,000	\$2,000,000	Per covered occurrence.
<i>Sublimits:</i>				
Sewer Backup	\$500,000	\$500,000	Included in above	Per covered occurrence.
Fire Suppression Liability	\$500,000	\$500,000	Included in above	Per covered occurrence.
LAW ENFORCEMENT LIABILITY- SECTION IX				
1. <i>Law Enforcement Liability</i>	\$500,000	\$3,000,000	\$2,000,000	Per covered occurrence.

ANNUAL AGGREGATE INDEMNIFICATION LIMIT FOR POLICY PERIOD FOR SECTIONS VII, VIII, IX, X, XI, XII, XIII, XIV, AND XV COMBINED IS \$5,000,000.

-----CLAIMS MADE LIABILITY COVERAGES -----

<i>Section and/or Insuring Agreements</i>	<i>Indemnification Limit for Covered Claims Brought Pursuant to Title 6, Ch. 9, Idaho Code</i>	<i>Indemnification Limit for All Other Covered Claims</i>	<i>Defense Cost Limit for Covered Claims</i>	<i>Coverage Basis</i>
<p><i>ERRORS & OMISSIONS LIABILITY – SECTION X</i></p> <p align="center"><u>CLAIMS MADE COVERAGE</u> Retroactive Date: February 21, 2011</p> <p>1. <i>Errors & Omissions Liability</i></p>	\$500,000	\$3,000,000	\$2,000,000	Per covered claim.
<p><i>EMPLOYEE BENEFITS LIABILITY – SECTION XI</i></p> <p align="center"><u>CLAIMS MADE COVERAGE</u> Retroactive Date: February 21, 2011</p> <p>1. <i>Employee Benefits Liability</i></p>	\$500,000	\$3,000,000	\$2,000,000	Per covered claim.
<p><i>EMPLOYMENT PRACTICES LIABILITY – SECTION XII</i></p> <p align="center"><u>CLAIMS MADE COVERAGE</u> Retroactive Date: February 21, 2011</p> <p>1. <i>Employment Practices Liability</i></p>	\$500,000	\$3,000,000	\$2,000,000	The first \$5,000 per covered claim as detailed within the coverage section. Per covered claim.
<p><i>SEXUAL MOLESTATION/SEXUAL ABUSE LIABILITY – SECTION XIII</i></p> <p align="center"><u>CLAIMS MADE COVERAGE</u> Retroactive Date: February 21, 2013</p> <p>1. <i>Sexual Molestation/Sexual Abuse Liability</i></p>	\$500,000	\$3,000,000	\$2,000,000	Per covered claim.
<p><i>CHEMICAL SPRAYING ACTIVITIES LIABILITY – SECTION XIV</i></p> <p align="center"><u>CLAIMS MADE COVERAGE</u> Retroactive Date: February 21, 2011</p> <p>1. <i>Chemical Spraying Activities Liability</i></p>	\$500,000	\$500,000	\$500,000	Per covered claim and/or in the aggregate for multiple claims.

ANNUAL AGGREGATE INDEMNIFICATION LIMIT FOR POLICY PERIOD FOR SECTIONS VII, VIII, IX, X, XI, XII, XIII, XIV, AND XV COMBINED IS \$5,000,000.

SECTION XV – ENDORSEMENTS

<i>Insuring Agreements</i>	<i>Limit of Indemnification</i>	<i>Defense Cost Limit</i>	<i>Coverage Basis and/or Aggregate</i>	<i>Deductible</i>
#1 - Accidental Discharge of Pollutants Amendatory Endorsement	\$100,000	Not applicable	Per covered occurrence and \$500,000 in the annual aggregate for multiple claims.	The first \$1,000 of any loss for Endorsement #1.
#2 – Cyber & Technology Liability Amendatory Endorsement CLAIMS MADE COVERAGE Retroactive Date: Third Party Coverages October 1, 2015 <ol style="list-style-type: none"> 1. Media 2. Privacy & Cyber Security 3. Privacy Regulatory Defense, Awards & Fines 4. PCI DSS First Party Coverages <ol style="list-style-type: none"> 1. Business Interruption-Loss of Business Income 2. Business Interruption-Extra Expense 3. Data Recovery 4. Cyber-Extortion & Ransomware 5. Data Breach Response & Crisis Management 6. Dependent Business Interruption-Loss of Business Income 7. Dependent Business Interruption-Extra Expense 8. Dependent Business Interruption-System Failure 9. System Failure Loss of Business Income 10. System Failure Extra Expense 11. Social Engineering Financial Fraud 	<ol style="list-style-type: none"> \$1,000,000 \$1,000,000 \$1,000,000 \$1,000,000 \$1,000,000 \$1,000,000 \$1,000,000 \$1,000,000 \$1,000,000 \$1,000,000 \$1,000,000 \$1,000,000 \$100,000 \$1,000,000 \$1,000,000 \$250,000 	Included in limit of indemnification	Per Covered Claim and \$10,000,000 in the aggregate annually with all ICRMP Members Collectively insured by this Endorsement for multiple claims.	The first \$10,000 of any loss for Endorsement #2.
#3 – Public Land Fire Suppression Amendatory Endorsement	\$500,000	Not applicable	Per covered occurrence and/or in the aggregate for multiple claims subject to annual aggregate.	
#4 - Terrorism Liability Amendatory Endorsement	\$500,000	\$500,000	Per covered occurrence and/or in the aggregate for multiple claims subject to annual aggregate.	
#5 – Asbestos Remediation Amendatory Endorsement	\$0	Not applicable	Per covered occurrence.	The first \$1,000 of any loss for Endorsement # 5.
#6 – Equipment Breakdown Endorsement <ol style="list-style-type: none"> 1. Spoilage 2. Service Interruption 3. Expediting Expense 4. Gross Earnings & Extra Expense 5. Hazardous Substance 6. Ammonia Contamination 7. Electronic Data and Media 8. CFC Refrigerants 9. Computer Equipment 	<ol style="list-style-type: none"> \$500,000 \$2,500,000 \$500,000 \$1,000,000 \$1,000,000 \$500,000 \$1,000,000 \$100,000 \$5,000,000 	Not applicable for endorsement	Per covered occurrence for each limit and sublimit as listed. This endorsement's limit of indemnification is \$100,000,000 per occurrence for all equipment breakdown coverages and all limits of indemnification combined for all public entity members collectively.	The first \$1,000 of any loss for Endorsement #6.
#7 – Attorney Consultation Reimbursement Amendatory Endorsement	\$0	\$2,500	Per covered claim and \$50,000 in the aggregate for multiple claims.	

ANNUAL AGGREGATE INDEMNIFICATION LIMIT FOR POLICY PERIOD FOR SECTIONS VII, VIII, IX, X, XI, XII, XIII, XIV, AND XV COMBINED IS \$5,000,000.

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SECTION I - GENERAL INSURING AGREEMENT

- A. Unless otherwise stated in a specific subsequent section or endorsement, the following General Insuring Agreements apply to all sections of this policy. Certain provisions in this policy restrict coverage or limit damage amounts. The entire policy should be read carefully to determine **your** rights and duties, and to determine what is and is not covered.
1. Idaho Counties Risk Management Program, Underwriters (ICRMP) agrees with the **named insured** as listed in the declarations pages of this policy made a part hereof, in consideration of the payment of the member contribution and subject to the limits of indemnification, insuring agreements, conditions, exclusions and other terms of this policy, as follows:
 - a. **We** will provide the insurance described in this policy and declarations pages if **you** have paid the member contribution and have complied with all policy provisions and conditions.
 - b. The insurance set forth in this policy is subject to the limits of indemnification as indicated on the declarations pages or as set forth within the policy or any other endorsements issued during this term.
 - c. The liability insuring agreements afforded by this policy responding to covered claims for **damages** brought pursuant to Title 6, Chapter 9, Idaho Code (the Idaho Tort Claims Act) are expressly limited to five hundred thousand dollars (\$500,000) per **occurrence**. It is the express intent of ICRMP to limit exposure and coverage to the limit of \$500,000 per covered claim, **accident, occurrence**, or loss as established by statute. Any reference to liability indemnification amounts in excess of five hundred thousand dollars (\$500,000) contained in this policy shall not apply to claims brought pursuant to the Idaho Tort Claims Act.
 - d. By acceptance of this policy **you** agree that the declarations pages accurately indicate the coverages **you** have purchased.
 - e. All limits of indemnification, including annual aggregate, are as stated in the declarations pages or within the accompanying policy.
 - f. The insurance provided by this policy applies to any covered claim or lawsuit filed and maintained only within the fifty (50) states, including the District of Columbia, of the United States of America.
 - g. In regard to defense of claims or lawsuits, **we** may investigate or settle any covered claim or **suit** against **you**. **We** will provide a defense with counsel of **our** choice, at **our** expense, if **you** are sued for a covered claim, unless specifically stated in the applicable coverage section that no coverage exists without a demand for **damages**. **Our** obligation to defend any claim or **suit** ends when either:
 - (1) The amount of loss or **damages we** pay equals the limit(s) of indemnification afforded as listed in the declaration pages under this policy; or
 - (2) The defense costs incurred by **us** equal the defense costs limit for covered claims afforded under this policy either for an individual claim, or in the aggregate as listed in the declaration pages under this policy.
 2. **Entire Agreement.** This policy, when read in concert with the Joint Powers Subscriber Agreement, embodies the entirety of the agreement existing between **you** and **us** relating to this Insurance. **You** acknowledge that **you** are responsible for maintaining information about **your** insurance needs and **you** have no power to bind ICRMP to provide insurance beyond that expressed in this policy, its endorsements, and its attendant declaration pages.
 3. **Titles.** The titles in this policy are only for reference. The titles do not in any way affect the provisions of this policy.

SECTION II - GENERAL DEFINITIONS

- A. Unless otherwise stated or amended in a specific subsequent section or endorsement, the following definitions are applicable to all sections and endorsements of this policy.
1. "**Accident**" means a sudden, unexpected and unintended event.
 2. "**Aircraft**" means any contrivance used or designed to carry people in flight.
 3. "**Bodily Injury**" means physical injury, sickness, disease, shock, fright, mental injury or anguish, emotional distress, or disability sustained by a natural person, including death resulting from any of these. **Bodily Injury** does not include sexual molestation.
 4. "**Damages**" means monetary compensation to be awarded through judgment in a court proceeding or through settlement agreed to by **us** to compensate a claimant for harm suffered.
 5. "**Discrimination**" means any actual or alleged:
 - a. Violation of any employment discrimination law; or
 - b. Disparate treatment of, or the failure or refusal to hire a person because he or she is or claims to be a member of a class which is or is alleged to be legally protected.
 6. "**Employee Benefit Program**" means group life insurance, group accident or health insurance, or group dental, vision and hearing plans, retirement, profit sharing, unemployment insurance, or any other benefit provided that no one other than an employee of the **named insured** may subscribe to such insurance or plans and such benefits are made generally available to those employees who satisfy the plan's eligibility requirements.
 7. "**Employment Sexual Harassment**" means any actual, attempted or alleged unwelcome sexual advances, requests for sexual favors or any other verbal or physical conduct of a sexual nature of a person by another person, or persons acting in concert, which causes harm when:
 - a. Submission to or rejection of such unwelcome conduct is made either explicitly or implicitly a condition of a person's employment, or basis for employment decisions affect a person; or
 - b. Such conduct has the purpose or effect of unreasonably interfering with a person's work performance or creates an intimidating, hostile or offensive work environment.
 8. "**Employment Harassment**" means any actual or alleged harassment, other than **employment sexual harassment**, which creates a work environment that interferes with job performance, or creates an intimidating, hostile or offensive work environment.
 9. "**First Aid**" means the rendering of emergency medical treatment at the time of an **accident** and only when other licensed medical professional care is not immediately available.
 10. "**First Made**" means when **you** first give written notice to **us** that a claim has been made against **you**, but not later than the end of this policy period or any extended reporting period **we** provide. Reports of incidents or circumstances made by **you** to **us** as part of risk management or loss control services shall not be considered notice of a claim.
 11. "**Fungi**" means any organism of the plant kingdom Fungi, which lacks chlorophyll and vascular tissue, including but not limited to, yeast, mold, mildew, rust, smut, mushrooms, spores, mycotoxins, or any other substances, odors, or byproducts arising out of the current or past presence of fungi.

12. "Insured" means:
 - a. The **Named Insured** and
 - b. Any current or former elected or appointed official serving as a volunteer or employee of the **named insured**, as well as any volunteer or employee of the **named insured** while acting within the scope of their duties as such. This does not include any appointed or elected official or employee who is serving the **named insured** as an independent contractor.
13. "Insured Property" means the following property as listed on **your** schedule of values, unless excluded elsewhere in this policy, to the extent of the interest in such property:
 - a. Real property, including but not limited to buildings, remodeling, installations, and construction in which **you** have an insurable interest.
 - b. Personal Property:
 - (1) Owned by **you**, including **your** interest as a tenant in improvements and betterments; or
 - (2) Of **your** officers and employees of **your** property; or
 - (3) Of others in **your** custody to the extent **you** are under obligation to keep insured for physical loss or damage;
 - c. **Mobile equipment, vehicles, unmanned aircraft system** and watercraft **you** own, rent, or lease.
14. "Mobile Equipment" means equipment such as earthmovers, tractors, diggers, farm machinery, forklifts, contractors' equipment, medical equipment, etc., that even when self-propelled, are not considered **vehicles**.
15. "Named Insured" means the public entity identified in the declarations pages of this policy.
16. "Occurrence" means an **accident** or a continuous or repeated exposure to conditions which result in **personal injury** or **property damage** during the policy period. All **personal injury** to one or more persons and/or **property damage** arising out of an **accident** or a continuous or repeated exposure to conditions shall be deemed one **occurrence**.
17. "Personal Injury" means **bodily injury**, mental anguish, shock, sickness, disease, disability, wrongful eviction, malicious prosecution, humiliation, invasion of rights of privacy, libel, slander or defamation of character, piracy and any infringement of copyright of property, erroneous service of civil papers, assault, battery and disparagement of property.
18. "Pollutant(s)" means:
 - a. Those materials that can cause or threaten damage to human health or human welfare or cause or threaten damage, deterioration, loss of value, marketability or loss of use to property;
 - b. Any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, metals and waste, including debris and trash and materials to be recycled, reconditioned or reclaimed;
 - c. Bacteria, **fungi**, mold, mildew, virus, silica, or hazardous substances as listed in the Federal Water Pollution Control Act, Clean Air Act, Resource Conservation and Recovery Act of 1976, Toxic Substances Control Act or as designated by the U.S. Environmental Protection Agency or any other governing authority.
19. "Premises" means any real property or land possessed and controlled by **you** in **your** capacity as a possessor.
20. "Property Damage" means physical damage to or destruction of tangible property, including loss of use resulting from such physical damage or destruction.

21. "**Retaliation**" means any actual or alleged wrongful termination or other adverse employment action by any **insured** against a person or persons on account of:
- Assistance, testimony or cooperation with a proceeding or investigation regarding alleged violations of law; or
 - Exercise or attempted exercise of rights protected by law; or
 - Disclosure or threat to disclose to a superior or to any governmental agency alleged violations of the law; or
 - Refusal to violate any law.
22. "**Suit**" means a civil proceeding in which **damages** because of **bodily injury, property damage** or **personal injury** to which this insurance policy applies are alleged.
23. "**Terrorism**" means an act or series of acts, including the use of force or violence, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s), committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public or any section of the public in fear for such purposes. Terrorism shall also include any act which is verified or recognized by the United States Government as an act of Terrorism.
24. "**Unmanned Aircraft System**" means an unmanned aircraft and the equipment necessary for the safe and efficient operation of that aircraft. An unmanned aircraft is a component of an unmanned aircraft system. An unmanned aircraft is an aircraft that is operated without the possibility of direct human intervention from within the or on the aircraft.
25. "**Vehicle**" means any automobile, truck, van, bus, motorcycle or other conveyance licensed for use on public roads.
26. "**We**", "**Us**" and "**Our**" means Idaho Counties Risk Management Program, Underwriters (ICRMP).
27. "**Wrongful Act**" means the actual or alleged negligent performance of a legal duty or responsibility or failure to perform a legal duty or responsibility, or any error, misstatement, act or omission respectively by **you**, performed in a tortious manner pursuant to the Idaho Tort Claims Act or unlawful violations of civil rights pursuant to Federal law arising out of public office or position. **Wrongful act** is not a **wrongful employment practice act**, as defined elsewhere in this policy.
28. "**Wrongful Employment Practice Act**" means any actual or alleged employment-related act or omission in the form of one or more of the following:
- Discrimination**;
 - Employment-related libel, slander, defamation;
 - Employment sexual harassment** or **employment harassment**;
 - Negligent hiring, supervision, training or retention.
 - Retaliation**;
 - Violation of the Family Medical Leave Act;
 - Wrongful discipline, deprivation of career opportunity, or evaluation;
 - Wrongful termination.
29. "**You**" and "**Your**" means the **named insured** identified in the declarations pages of this policy.

SECTION III – GENERAL CONDITIONS

- A. Unless otherwise stated in a specific subsequent section or endorsement, the following conditions are applicable to all sections and endorsements of this policy.
1. **Apportionment.** In the event a **suit** alleges a claim which is covered by the terms of this policy and a claim which is not covered by the terms of this policy, **our** obligation for the costs of defense and payment of any award or settlement for **damages** shall be limited to only those sums related to a covered claim.
 2. **Assignment.** **Your** interests in this insurance may not be assigned.
 3. **Bankruptcy and Insolvency.** In the event of **your** bankruptcy or insolvency or any entity **you** comprise, **we** shall not be relieved of the payment of any claim by **you** or against **you** or the liquidator, receiver or statutory successor of **you** under this policy without diminution because of **your** insolvency provided that **you** have timely paid **your** member contributions.
 4. **Cancellation and Nonrenewal.**
 - a. Cancellation.
 - (1) **You** may cancel this policy by mailing or delivering to **us** advance written notice of cancellation. Cancellation will be effective on the later of the date requested by **you** or the date **we** receive the request.
 - (2) **We** may cancel this policy as follows:
 - (a) If this policy has been in effect for sixty (60) days or less, and is not a renewal of a policy **we** issued, **we** may cancel this policy by mailing or delivering to **you** written notice of cancellation at least:
 - (i) Ten (10) days before the effective date of cancellation if **we** cancel for nonpayment of member contribution; or
 - (ii) Thirty (30) days before the effective date of cancellation if **we** cancel for any other reason.
 - (b) If this policy has been in effect for more than sixty (60) days, or is a renewal of a policy **we** issued, **we** may cancel this policy by mailing or delivering to **you** written notice of cancellation to **you** at least:
 - (i) Ten (10) days before the effective date of cancellation if **we** cancel for nonpayment of member contribution; or
 - (ii) Thirty (30) days before the effective date of cancellation if **we** cancel for one or more of the following reasons:
 1. Nonpayment of member contribution;
 2. Fraud or material misrepresentation made by **you** or with **your** knowledge in obtaining a policy, continuing the policy or in presenting a claim under the policy;
 3. Acts or omissions on **your** part which increase any hazard insured against;
 4. Change in the risk which materially increases the risk of loss after the policy has been issued or renewed including, but not limited to, an increase in exposure due to regulation, legislation or court decision;

5. Loss of or decrease in reinsurance which provided **us** with coverage for all or part of the risk insured;
 6. A determination by the Director of Insurance that continuation of this policy would jeopardize **our** solvency or place **us** in violation of the insurance laws of Idaho or any other state; or
 7. Violation or breach by **you** of any policy terms or conditions other than nonpayment of member contribution.
- b. Nonrenewal.
- (1) If **we** elect to not renew this policy, **we** will mail or deliver to **you** a written notice of intention not to renew at least forty-five (45) days prior to the expiration date of the policy.
 - (2) If notice is not mailed or delivered at least forty-five (45) days before the expiration date of this policy, this policy will remain in effect until forty-five (45) days after notice is mailed or delivered.
 - (3) **We** will not mail or deliver this notice if:
 - (a) **We** have offered to renew this policy; or
 - (b) **You** have obtained replacement coverage; or
 - (c) **You** have agreed in writing to obtain replacement coverage.
5. **Currency.** The member contribution and losses under this insurance are payable in currency of the United States.
 6. **Deductibles.** In each case of loss covered by this policy, **we** will be liable only if **you** sustain a loss in a single **occurrence** greater than the underlying limit or the applicable deductible specified in the declarations pages, insuring agreements or endorsements, and only for its share of that greater amount. In the event of any **occurrence** resulting in loss or damage insured against under this policy for which two or more deductibles apply, the total deductible shall not exceed the single largest deductible applicable to the **occurrence**.
 7. **Dispute Resolution Procedure.** **You** and **we** agree that it is in **our** mutual interest to have a dispute resolution procedure in order to address potential disputes and disagreements as to whether or not a claim is covered by the terms and conditions of this policy. **You** and **we** agree that the dispute resolution procedure as set out in the Joint Powers Subscriber Agreement currently in force as of the effective date of this policy shall apply to address any potential disputes and disagreements as to coverage.
 - a. Inapplicable to Certain Disputes and Disagreements:
 - (1) These dispute resolution procedures do not apply to the appraisal condition set forth in the specific conditions applicable to the property Insuring Agreements in section V of this policy, or to the arbitration condition set forth in the specific conditions applicable to the Automobile Liability Insuring Agreements set out in section VII of this policy.
 - (2) These dispute resolution procedures do not apply in any way to **our** decisions regarding terms of claim settlement, claim payment amount, or the claim investigation process.
 8. **Duties After Occurrence, Accident, Wrongful Act, Wrongful Employment Practice Act, Claim or Suit.**
 - a. **You** must see to it that **we** are notified as soon as practicable of an **occurrence** which may reasonably result in a claim. To the extent possible, notice should include:
 - (1) How, when and where the **occurrence, claim, accident, wrongful act, wrongful employment practice act** or **suit** took place;

- (2) The names, addresses and telephone numbers of any injured persons and witnesses; and
 - (3) The nature and location of any injury or damage arising out of the **occurrence, accident, wrongful act, wrongful employment practice act, claim or suit**.
- b. If a claim is made or **suit** is brought against any **insured, you** and any involved **insured** must:
- (1) Immediately send **us** copies of any claims, demands, notices, summonses or legal papers received in connection with the claim, **occurrence, accident, wrongful act, wrongful employment practice act, claim or suit**;
 - (2) See that **we** receive written notice of the claim or **suit** as soon as practicable;
 - (3) Authorize **us** to obtain records and other information, and provide a sworn statement, if requested;
 - (4) Cooperate with **us** in the investigation, or defense of the claim or **suit**, including but not limited to, attendance at hearings and trials, securing and giving evidence, and obtaining the attendance of witnesses; and
 - (5) Assist **us**, upon **our** request, in the enforcement of any right against any person or organization which may be liable to **you** because of injury or damage to which this Insurance may also apply.
- c. **You** shall not, except at **your** own risk, voluntarily make a payment, assume any obligation, or incur any expense, other than for **first aid**, without **our** consent.
- d. **Your** failure to comply with the foregoing duties shall constitute a material breach deemed prejudicial to **us**, thereby entitling **us** to refuse any coverage for the **occurrence, accident, wrongful act, wrongful employment practice act, claim or suit**, or any duties arising therefrom.
- e. Reports of incidents or circumstances made by **you** to **us** as part of risk management or loss control services shall not be considered notice of a claim.
9. **Extended Reporting Periods.** All coverage sections designated as claims-made are conditioned as follows if this policy is cancelled or not renewed for any reason, other than for non-payment of member contribution or non-compliance with the terms and conditions of this policy:
- a. **We** will provide an Extended Reporting Period of thirty (30) days duration following immediately upon the effective date nonrenewal or cancellation, to apply to a claim brought forth under the applicable coverage section which is **first made** against **you** in writing to **us** but only by reason of a **wrongful act, occurrence, claim or wrongful employment practice act** which first commences and was sustained subsequent on or after the retroactive date set forth in the declarations pages and prior to the effective date of this policy's cancellation or termination, and which is otherwise afforded by all coverages within this policy.
 - b. If, however, this policy is immediately succeeded by a similar claims-made insurance policy with any insurer, in which the retroactive date is the same as or earlier than that shown in the declarations pages of this policy, the succeeding policy shall be deemed to be a replacement of this policy, and the extended reporting period will not apply. Once in effect, an extended reporting period cannot be canceled.
 - c. The extended reporting period does not reinstate or increase the limit(s) of indemnification applicable to any coverages of this policy.
10. **Inspections, Audit and Verification of Values.** **We** shall be permitted, but not obligated, to review or inspect **your** property, operations, records, and books, at any reasonable time. Neither **our** right to make inspections or conduct reviews, nor the making thereof, nor any report thereon, shall constitute an undertaking on behalf of or for the benefit of **you** or others, to determine or warrant that such property or operations are safe or healthful. **We** will have no liability to **you** or any other person because of any inspection or failure to inspect. It is **your** responsibility to disclose accurate statements of values.

11. **Loss Payments.** When it has been determined that **we** are liable under this policy, **we** shall pay losses in excess of the stated deductible up to the limits of indemnification stated in the declarations pages. **Our** obligation to make loss payments shall arise as amounts owed are determined.
12. **Misrepresentation and Fraud.** This policy shall be void in entirety if, whether before or after a loss, you have:
 - a. Willfully concealed or misrepresented any material fact or circumstance concerning this insurance, the subject thereof, any insurance claim, or the interest of any **insured**.
 - b. Made any attempt to defraud us; or
 - c. Made any false swearing.
13. **Mitigation.** In the event of a loss covered under this policy, **you** must take all reasonable steps to prevent further loss or damage.
14. **Multiple Insureds, Claims, Suits or Claimants.** The limits of indemnification as stated in the declarations pages is the most we will pay on **your** behalf under this policy regardless of the number of:
 - a. **Insureds**;
 - b. Claims made or **suits** brought; or
 - c. Persons or organizations making claims or bringing **suits**.
15. **No Benefit to Bailee.** **We** will not recognize any assignment or grant any coverage for the benefit of any person, entity or organization holding, storing or transporting **your** property, regardless of any other provision of this policy.
16. **Non-Stacking of Insurance Coverage.** No individual or entity entitled to coverage under any coverage section of this policy shall recover duplicate payment for the same elements of loss under other coverage sections of this policy, or other policies written by **us**.
17. **Non-Stacking of Limits.**
 - a. **Claims Made Coverage – Single Claim.**
 - (1) All claims arising out of the same Errors and Omissions Liability **wrongful act** or a series of related Errors and Omissions Liability **wrongful acts** (Section X); or
 - (2) All claims arising out of the same Employee Benefit Liability **wrongful act** or a series of related Employee Benefit Liability **wrongful acts** (Section XI); or
 - (3) All claims arising out of the same Employment Practices Liability **wrongful employment practice act** or a series of related Employment Practices Liability **wrongful employment practice acts** (Section XII); or
 - (4) All claims arising out of the same Sexual Molestation or Sexual Abuse bodily injury occurrence or a series of related Sexual Molestation or Sexual Abuse bodily injury occurrences (Section XIII); or
 - (5) All claims arising out of the same Chemical Spraying Activities Liability occurrence or a series of related Chemical Spraying Activities Liability occurrences (Section XIV),

shall be treated as a single claim considered **first made** against an **insured** during the policy period or any extended reporting period when the first of such claims is made. Only the affected coverage section's limits of indemnification as stated in the declarations page for that policy period apply to such single claim.

- b. **Multiple Insuring Agreements – Single Claim.** If a single claim is covered under two or more Insuring Agreements within a coverage section of this policy, our claim payment shall be limited to the higher limit(s) of indemnification as shown in the declarations page, and its corresponding deductible, if any, for that coverage section. If the affected Insuring Agreements have equal limits of indemnification, only one set of limits of indemnification, and its corresponding deductible, if any, shall apply and it shall be the Insuring Agreement of the coverage section **we** deem to provide primary coverage for the claim.
- c. **Multiple Coverage Sections – Single Claim.** If a single claim is covered under two or more coverage sections of this policy, our claim payment shall be limited to that coverage section with the higher limits of indemnification as shown in the declarations page, and its corresponding deductible, if any, of this policy. If the affected coverage sections have equal limits of indemnification, only one set of limits of indemnification, and its corresponding deductible, if any, shall apply and it shall be the coverage section of this policy **we** deem to provide primary coverage for the claim.
- d. **Multiple Coverage Sections – Related Claims; Claims Made Coverage.** If:
- (1) Two or more claims are covered under two or more coverage sections of this policy, or under any preceding or succeeding policy **we** issue, that provide claims made coverage; and
 - (2) These claims are made against the same **insured** or the same perpetrator, or against two or more **insureds** acting in concert or against two or more perpetrators acting in concert; and
 - (3) Without regard to number of ICRMP policy periods over which the acts, errors, omissions, occurrences, events, **accidents** or **wrongful acts** take place,
- such related claims shall be treated as a single claim considered **first made** during the policy period or during any extended reporting period when the first of such covered claims is made. Any claim payment(s) we make with respect to such single claim shall be limited to the coverage section and corresponding limits of indemnification as shown in the declarations page, and its corresponding deductible, if any, of the policy when the claim was considered **first made**.
- e. **Multiple Coverage Sections – Related Claims; Occurrence Coverage.** If:
- (1) Two or more claims are covered under two or more coverage sections of this policy, or under any preceding or succeeding policy we issue, providing occurrence-based coverage; and
 - (2) These claims are made against the same **insured** or the same perpetrator, or against two or more **insureds** acting in concert or against two or more perpetrators acting in concert; and
 - (3) Without regard to number of ICRMP policy periods over which the occurrences take place,
- such related claims shall be treated as a single claim. The date of the first covered occurrence will determine the policy and its respective coverage section applicable to such single claim. Any claim payment(s) we make with respect to such single claim shall be limited to that policy's coverage section and its corresponding limits of indemnification as shown in the declarations page, and its corresponding deductible, if any.
- f. **Multiple Coverage Sections – Related Claims; Claims Made / Occurrence Coverage.** If:
- (1) Two or more claims are covered under two or more coverage sections of this policy, or under any preceding or succeeding policy we issue, that individually provide claims made coverage or occurrence-based coverages; and
 - (2) These claims are made against the same **insured** or the same perpetrator, or against two or more **insureds** acting in concert or against two or more perpetrators acting in concert; and
 - (3) Without regard to number of ICRMP policy periods over which the acts, errors, omissions, occurrences, events, **accidents** or **wrongful acts** take place,

such related claims shall be treated as a single claim. The policy and its corresponding coverage section that shall apply to such single claim shall be determined by the earlier of:

- (4) The date the first covered act, error, omission, occurrence, event, **accident** or **wrongful act, wrongful employment practice act**, or other covered loss takes place with respect to claims made coverage, conditioned upon that date being on or after the retroactive date, if any, and before the end of the applicable policy period; or
- (5) The date the first covered occurrence takes place with respect to occurrence-based coverage.

Any claim payment(s) we make with respect to such single claim shall be limited to the coverage section and corresponding limits of indemnification as shown in the declarations page, and its corresponding deductible, if any, of the policy determined by subparagraphs (4.) and (5.) above.

18. Notice of Member Contribution or Coverage Changes.

- a. **We** will mail or have delivered to **you** through **your** independent agent, at the last known mailing address, written notice of the following for a subsequent year at least thirty (30) days prior to the expiration date of this policy:
 - (1) A total member contribution increase greater than ten percent (10%) which is the result of a comparable increase in member contribution rates.
 - (2) Changes in deductibles.
 - (3) Reductions in limits of indemnification.
 - (4) Reductions in coverage.
- b. If **we** fail to provide at least thirty (30) day notice, the policy previously provided to **you** shall remain in effect until thirty (30) days after such notice is given or until the effective date of a replacement policy or self-insurance obtained by **you**, whichever occurs first.
- c. For purposes of this provision, notice is considered given on the date of mailing of the notice to **you**. Proof of mailing of conditions of renewal to the last known mailing address of **you** shall be sufficient proof of notice.

19. Other Insurance.

- a. If **you** have other insurance (whether primary, excess or contingent), against loss covered by this Insurance, **we** shall be liable, under the terms of this Insurance only as excess of other insurance, collectable or not. Notwithstanding the foregoing, **you** may purchase insurance specifically in excess of this insurance. Such excess insurance shall not be considered "other insurance" for purposes of this condition.
- b. **We** will not be liable for any loss to the extent that **you** have collected such loss from others. Any other insurance that would have provided primary coverage in the absence of the policy will not be considered excess.
- c. **You** are permitted to have other insurance for all, or any part, of any deductible in this policy. The existence of such other insurance will not prejudice recovery under this policy. If the limits of liability of such other insurance are greater than this policy's applicable deductible, this policy's insurance will apply only after such other insurance has been exhausted.
- d. In the event this policy is deemed to contribute with other insurance, the limit of liability applicable at each **insured property**, for purposes of such contribution with other insurers, will be the latest amount described in this policy or the latest **insured property** value listed on **your** schedule of values.

20. **Policy Modification.** This policy contains all the agreements between **you** and us concerning this insurance. **You** or **we** may request changes to this policy. This policy can only be changed by endorsements issued by **us** and made a part of this policy. Notice to any agent or knowledge possessed by any agent or by any other person will not:
 - a. Create a waiver, or change any part of this policy; or
 - b. Prevent us from asserting any rights under the provisions of this policy.
21. **Reporting Property on Your Schedule of Values.** Coverage is conditioned upon information being entered into the online ICRMP e-Agent website.
22. **Salvage.** The salvage value of **your** damaged property may be credited against the amount **we** pay to replace **your** damaged property if **you** retain said property.
23. **Subrogation/Recovery/Right of Reimbursement.** If **we** make payment under this policy to **you** or on **your** behalf, and **you** or the person or entity for whom payment was made has a right to recover **damages**, **we** will be subrogated to that right. **You** must do whatever is necessary to enable **us** to exercise **our** rights and must do nothing to prejudice **our** rights. **We** may prosecute an action or pursue other lawful proceedings in **your** name for the recovery of these payments, and **you** must cooperate and assist **us** at **our** request. Any recovery from subrogating proceedings, less costs incurred by us in such proceedings, will be payable to you in the proportion that the amount of (1) any applicable deductible and/or (2) any provable uninsured loss, bears to the entire provable loss amount.
24. **Suit Against Us.** No **suit**, action or proceeding for the recovery of any claim will be sustained in any court of law or equity unless the following procedures are satisfied:
 - a. As a condition precedent to filing **suit**, **you** have fully complied with all the provisions of this policy and the ICRMP Joint Powers Subscriber Agreement;
 - b. Any **suit** against **us** arising from a claim or loss must be filed within the State of Idaho allowable statute of limitations from the date we take our final action with respect to the claim or loss;
 - c. No one shall have any right to join **us** as a party to any action against an **insured**.
25. **Terms of Policy to Conform to Statutes.** In the event any terms of this policy are determined to be in conflict with the statutes of the State of Idaho, they are hereby amended to conform to such statutes.

SECTION IV - GENERAL EXCLUSIONS

- A. Unless otherwise stated in a specific subsequent section or endorsement, the following exclusions are applicable to all sections of this policy. This policy does not cover in whole or in part, arising directly or indirectly out of, or resulting from any **personal injury, bodily injury, damages**, claim, **property damage**, damage to **insured property, wrongful act, wrongful employment practice act**, cost, expense or any other type of loss, however characterized for:
1. **Aircraft.** This policy does not cover any claim resulting from or arising out of the ownership, maintenance, use or entrustment to others of any **aircraft**, airfields, runways, or fueling stations related to aviation activities.
 2. **Asbestos, Dioxin or Polychlorinated Biphenyls.** This policy does not cover any claim caused by, resulting from, or contributed to by:
 - a. The use of, sale of, installation of, removal of, abatement of, distribution of, containment of, or exposure to asbestos, asbestos products, asbestos-containing material, asbestos fibers, asbestos dust, dioxin or polychlorinated biphenyls; or
 - b. The actual or threatened abatement, mitigation, removal or disposal of asbestos, asbestos products, asbestos-containing material, asbestos fibers, asbestos dust, dioxin or polychlorinated biphenyls; or
 - c. Any supervision, instructions, recommendations, warnings or advice given, or which should have been given in connection with parts a. and b. above; or
 - d. Any obligation of the covered party to indemnify or contribute with any party in connection with parts a., b. or c. above.
 3. **Bids or Estimates.** This policy does not cover any claim arising out of estimates of probable costs, or cost estimates being exceeded, or for faulty preparation of bid specifications or plans.
 4. **Civil and Criminal Penalties.** This policy does not cover any claim resulting from any civil penalties, criminal penalties, fines or obligations to pay for public services rendered where such obligation is imposed or provided for pursuant to any federal, state, or local law, statute, ordinance, or regulation, however characterized, except as expressly provided elsewhere, herein.
 5. **Claims by Members against Past or Present Public Officials.** This policy does not cover the interest of any past or present employee, elected official, or agent arising out of any claim for money **damages**, monetary reimbursement or specific performance brought against such employee, elected official or agent by the **named insured** by whom the public official, employee, elected official or agent was employed or retained. Also excluded are those claims brought by an elected official, or by one appointed to fill an elected position for a **named insured** against another official of the same **named insured**, or the **named insured** itself, arising out of a dispute or interpretation involving the relative governmental authority of the elected officials of the **named insured**.
 6. **Contractual Liability.** This policy does not cover a claim where the alleged harm for which compensation is sought derives from:
 - a. The performance or nonperformance of terms of a contract, whether written, oral or implied, or concerns the measure of payment related to contract performance, derives from fines, penalties or administrative sanctions imposed by a governmental agency, or is generated by intergovernmental determination, calculation, handling or allocation of funds according to the law. The claims for which this policy provides defense and indemnification must arise out of conduct of a tortious nature or be premised upon allegations of unlawful violation of civil rights pursuant to state or federal law.
 - b. The interests of the State of Idaho or the United States Government, or their officers, agents, employees, volunteers, officials or trustees, for their conduct and activities arising out of or in any way related to any written, oral or implied contract or agreement with **you**, or otherwise. Each governmental entity shall be responsible for its own conduct and activities under any contract.

7. **Course and Scope.** This policy does not cover any claim resulting from an act or omission outside the course and scope of employment or any act performed with malice or criminal intent. This exclusion applies regardless of whether any **insured** is actually charged with, or convicted of, a crime.
8. **Cyber Liability.** This policy does not cover:
- a. Any claim, notification costs, **credit monitoring expenses**, forensic expenses, loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data; public relations expenses or any other loss; costs or expenses arising directly or indirectly out of, resulting from, caused by or contributed to by losses related to computer-connected access to and/or computer disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of non-public information, except for that data that is required to be disclosed under the Idaho Public Records Act; or
 - b. Any functioning or malfunctioning of the internet or similar facility, or of any intranet or private network or similar facility, including but not limited to computer virus. For this exclusion, computer virus shall mean a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic 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'; or
 - c. Any corruption, destruction, distortion, erasure or other loss or damage to data, software, or any kind of programming or instruction set; or
 - d. Loss of use or functionality whether partial or entire of data, coding, program, software, any computer or computer system or other device dependent upon any microchip or embedded logic, and any ensuing liability or failure of the **insured** to conduct business; or
 - e. The failure of any of the following, whether owned by you or others due to the inability of these items to correctly recognize, process, or accept one or more dates or times as their true calendar date or time:
 - (1) Data processing equipment, software, data, or media;
 - (2) Hardware or software-based computer operating systems;
 - (3) Microprocessors;
 - (4) Integrated circuits; or,
 - (5) Any other electronic equipment, computerized equipment, or similar devices;
9. **Eminent Domain.** This policy does not cover any claim arising out of or in any way connected with the operation of the principles of eminent domain, condemnation proceedings, inverse condemnation, annexation, regulatory takings, land use regulation, or planning and zoning activities or proceedings, however any such matters may be characterized, whether such liability accrues directly against **you** or by virtue of any agreement entered into by or on **your** behalf
10. **Employee Benefits.** This policy does not cover any employee benefit related claim:
- a. Arising directly or indirectly out of the failure of any investment in or by any **employee benefit program** including but not limited to stocks, bonds or mutual funds to perform as represented by an **insured** or by any party authorized by an **insured** to offer benefits to employees.
 - b. Arising directly or indirectly out of the negligence, financial failure or breach of contract by any health or employee benefit provider that the **named insured** contracts with to provide employee benefits.

- c. Based upon an **insured's** failure to comply with any law concerning worker's compensation, unemployment insurance, social security or disability benefits.
 - d. Arising out of an insufficiency of funds to meet any obligations under any plan included in the **employee benefit program**.
 - e. For benefits to the extent that such benefits are available, with reasonable effort and cooperation of the **insured**, from the applicable funds accrued or other collectible insurance.
 - f. For errors in providing information on past performance of investment vehicles or advice given by an **insured** to participate or not to participate in or by any **employee benefit program**.
 - g. Arising directly or indirectly out of insolvency, poor performance, misrepresentation, or any other wrongful conduct of any **employee benefit program** provider.
 - h. For which any **insured** is liable because of liability imposed on a fiduciary by the Employee Retirement Security Act of 1974, as now or hereafter amended, or by any similar federal, state or local laws.
11. **Employee Defendants in Criminal Actions.** This policy does not cover any obligation of a **named insured** to make payments pursuant to Idaho Code § 6-610A, which provides for the payment of defense costs on behalf of certain employees of governmental entities who are named as defendants in a criminal action.
12. **Fungi.** This policy does not cover any claim caused by, arising out of, contributed to or resulting from or produced by:
- a. Any fungus(i) or spore(s);
 - b. Any solid, liquid, vapor or gas produced by or arising out of any fungus(i) or spore(s);
 - c. Any material, product, building component, or building structure that contains, harbors, nurtures or acts as a medium for any fungus(i) or spore(s);
 - d. Any intrusion, leakage, or accumulation of water or any other liquid that contains, harbors, nurtures or acts as a medium for fungus(i) or spore(s);
 - e. The actual or threatened abatement, mitigation, removal or disposal of fungus(i) or spore(s) or any material, product, building component, or building structure that contains, harbors, nurtures or acts as a medium for any fungus(i) or spore(s);
 - f. Any supervision, instructions, recommendations, warnings or advice given, or which should have been given in connection with subparagraphs a. through e. above; or
 - g. Any obligation to indemnify or contribute with any party in connection with subparagraphs a. through f. above. For this exclusion fungus(i) includes, but is not limited to, any form or type of mold, mushroom or mildew and spore(s) include any reproductive body produced by or arising out of any fungus(i).
13. **Hostile or Warlike.** This policy does not cover any claim for:
- a. Hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack by any:
 - (1) Government or sovereign power (de jure or de facto);
 - (2) Military, naval or air force; or
 - (3) Agent or authority of any party specified in (1) or (2) above.

- b. Discharge, explosion or use of any nuclear device, weapon or material employing or involving nuclear fission, fusion or radioactive force, whether in time of peace or war and regardless of who commits the act.
 - c. Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an event.
 - d. Seizure or destruction under quarantine or custom regulation, or confiscation by order of any governmental or public authority.
 - e. Risks of contraband, or illegal transportation or trade.
14. **Limits on Defense of Claims or Suit.** Notwithstanding any other provision of this policy, **we** will have no duty to investigate or defend any claim, **suit**, dispute, disagreement or other proceeding seeking relief or redress in any form other than money **damages**, including but not limited to costs, fees, fines, penalties or expenses which any **insured** may become obligated to pay as a result of a consent decree, settlement, adverse judgment for declaratory relief or injunctive relief. Such denial of investigation or defense includes, but shall not be limited to any claim, **suit**, dispute, disagreement or other proceeding:
- a. By or on behalf of any **named insured**, whether directly or derivatively, against:
 - (1) Any other **named insured**; or
 - (2) Any other federal, state or local governmental entity or political subdivision.
 - b. By the spouse, domestic partner, child, parent, brother or sister of any **insured** for consequential injury as a result of any injury to an **insured**; or
 - c. Involving any intergovernmental agreement where any **named insured** is a party to the agreement(s).
15. **Incidental Medical Liability.** This policy does not cover any claim arising out of the rendering of or failure to render the following professional health care services:
- a. Medical, surgical, dental, x-ray or nursing service or treatment or the furnishing of food or beverages in connection therewith; or
 - b. Any professional medical service by a physician, except supervisory physicians as defined by Idaho Code § 6-902A (2) (b), and only when performing those duties as outlined in Idaho Code § 6-902A (2) (a).; or
 - c. Any professional medical service by a physician's assistant, nurse practitioner or nurse; or
 - d. Furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances.
16. **Intentional Acts.** This policy does not cover any claim resulting from an act or omission intended or expected or deliberated on from the standpoint of any **insured** to cause **personal injury, bodily injury** or **property damage** to others or damage to **insured property**. This exclusion applies even if the **personal injury, bodily injury** or **property damage** is of a different kind or degree, or is sustained by a different person or property, than that intended or expected or deliberated on. This exclusion shall not apply to a claim resulting from the use of reasonable force to protect persons or property, or in the performance of a duty of the **insured**.
17. **Intergovernmental Claims.** This policy does not cover any claim alleging loss or damage arising or in any way related to a dispute or disagreement between an ICRMP member and another governmental entity, including another political subdivision, a state or the government of the United States involving any of the following:
- a. Claims of loss or damage between an ICRMP member and another governmental entity wherein there has been no **accident** or allegation of actual **bodily injury** or **property damage**.

- b. The respective authority of public agencies to use governmental powers, irrespective of the style or nature of such claim.
 - c. The respective duty of public agencies to use governmental powers, irrespective of the style or nature of such claim.
 - d. Intergovernmental disputes or disagreements concerning the exercise of powers or acceptance or assignment of duties by governmental entities to carry out public activities whether **damages** are claimed as a result of such dispute or disagreement, or not.
 - e. Claims in any way related to allocation of financial responsibilities between or among public agencies.
18. **Investigatory, Disciplinary or Criminal Proceedings.** This policy does not cover any claim arising from any investigatory, disciplinary or criminal proceeding against an **insured**, except that **we** may at **our** own option, associate counsel in the defense of any such investigatory, administrative or disciplinary proceeding. Should **we** elect to associate counsel, such election shall not constitute a waiver or estoppel of any rights **we** may have pursuant to the terms, conditions, exclusions and limitations of this policy.
19. **Lead.** This policy does not cover any claim caused by or contributed to by lead as described in parts a. through d. below:
- a. **Bodily injury, property damage or personal injury** arising out of, resulting from, caused by or contributed to by the toxic or pathological properties of lead, lead compounds or lead contained in any materials;
 - b. Any cost or expense to abate, mitigate, remove or dispose of lead, lead compounds or materials containing lead;
 - c. Any supervision, instructions, recommendations, warnings or advice given, or which should have been given in connection with parts a. or b. of this subsection above; or
 - d. Any obligation to share **damages** with or repay someone else who must pay **damages** in connection with parts a., b. or c. of this subsection.
20. **Miscalculation or Legality of Assessments.** This policy does not cover any claim involving miscalculation or legality of assessments, adjustments, disbursements, fees, licenses or the collection of taxes, fines or penalties, including those imposed under the Internal Revenue Code or any state or local law, however described.
21. **Nuclear, Chemical and Biological Incident.** This policy does not cover a claim arising, loss or damage directly or indirectly caused by or resulting from any of the following regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss from:
- a. Nuclear detonation, reaction, radiation, radioactive contamination or hazardous properties of nuclear material of any type, however caused or characterized, including any loss or damage by fire resulting therefrom;
 - b. The dispersal, application or release of, or exposure to, chemical or biological materials or agents that are harmful to property or human health, whether controlled or uncontrolled, or due to any act or condition incidental to any of the foregoing, whether such loss be proximate or remote, or be in whole or in part caused by, contributed to or aggravated by any physical loss or damage insured against by this policy, however such dispersal, application, release or exposure may have been caused.
22. **Opinion, Treatment, Consultation or Service.** This policy does not cover any claim based upon or attributable to the rendering or failure to render any opinion, treatment, consultation or service, if such opinion, treatment, consultation or service was rendered or failed to have been rendered while any **insured** was engaged in any activity for which they received compensation from any source other than as a public entity or an employee of a public entity.

23. **Pollution.** This is an absolute pollution exclusion. It is the intention of **you** and **we** that there is absolutely no coverage arising out of or relating to **pollutants**, however characterized or defined. This policy does not cover any injury, loss, damage, costs, fines, penalties or expenses of any kind directly or indirectly arising out of the actual, alleged or threatened existence, discharge, dispersal, release or escape of **pollutants** or negligence in any way related thereto:
- a. At or from **premises you** now, or in the past, have owned, rented or occupied, including but not limited to **premises** that **you** have operated or managed as an involuntary possessor; or
 - b. At or from any site or location used by or for **you** or others for the handling, storage, disposal, processing or treatment of waste at any time; or
 - c. That at any time involves the transportation, handling, storage, treatment, disposal or processing by or for **you** or any person or organization for whom **you** may be legally responsible:
 - (1) At or from any site or location on which **you** or any contractors or subcontractors working directly or indirectly on **your** behalf are performing operations; or
 - (2) If the **pollutants** are brought on or to the site or location in connection with such operations; or
 - (3) If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the **pollutants**;
 - d. Whether caused or alleged to have been caused by the **named insured** or any other person, entity or third-party, however characterized; or
 - e. Arising out of any direction, request or order of any governmental agency, court of law, or other authority, that **you** test for, monitor, clean up, remove, contain, treat, detoxify or neutralize **pollutants**, including any and all costs or attorney's fees associated therewith; or
 - f. Arising out of the failure of the **named insured** to prevent or regulate **pollutants** generated or caused by any other person, entity, or third-party, however characterized; and
 - g. This exclusion shall not apply to tear gas or mace as applied by law enforcement personnel within the scope of their duties.
24. **Professional Board.** This policy does not cover any claim for any **insured** arising out of the rendering of or failure to render services as a member of a formal accreditation or similar board or committee of an **insured**, or as a person charged with the duty of executing directives of any such board or committee or officer or director, or other official of any organization, other than the **named insured**. This exclusion does not apply if an **insured** is serving at the direction of or on behalf of the **named insured** and is acting within the scope of their duties as such.
25. **Punitive Damages.** This policy does not cover any claim for exemplary or punitive **damages**, however characterized.
26. **Silica.** This policy does not cover any claim caused by or contributed to by silica as described in paragraphs a. and b. below:
- a. **Bodily injury, property damage, or personal injury** arising out of, resulting from, caused by, or contributed to by silica, exposure to silica or the use of silica, except for road or pedestrian way maintenance applications or operations;
 - b. Any **damages**, loss, cost or expense arising out of any:
 - (1) claim or **suit** by or on behalf of any governmental authority or any other alleged responsible party because of, or request, demand, order or statutory or regulatory requirement that any covered party or any other person or entity should be, or should be responsible for:

- (i) Assessing the presence, absence, amount or effects of silica;
 - (ii) Identifying, sampling or testing for, detecting, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, abating, disposing of or mitigating silica; or
 - (iii) Responding to silica in any way other;
- (2) supervision, instructions, recommendations, warnings or advice given, or which should have been given in connection with any of the paragraphs a. or b. above; or
 - (3) obligation to share **damages** with or repay someone else in connection with any of the provisions of paragraphs a. or b. above.
27. **Terrorism.** This policy does not cover any claim loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with or any action taken in controlling, preventing, suppressing **terrorism** whether controlled or uncontrolled, proximate or remote, sudden or over any length of time, or which is contributed to or aggravated by any other cause or event. Such **terrorism** is excluded regardless of any other cause or event occurring concurrently or in any sequence with such **terrorism**, whether followed by fire or other perils, and whether certified as **terrorism** or not by the United States government.
28. **Wages.** This policy does not cover any claim for back wages or legal penalties to which an employee is lawfully entitled for work performed, including any claim for wages, **damages**, liquidated damages or any other form of compensation, however characterized, pursuant to, or derived in any way, from an employer's responsibility to comply with the Fair Labor Standards Act or other state or federal statute directing the manner or amount of payment of compensation to employees.
29. **Watercraft.** This policy does not cover any claim involving the ownership, maintenance or use, including loading and unloading, of watercraft over fifty (50) feet in length.
30. **Workers' Compensation and Other Benefits Laws.** This policy does not cover any claim to any obligation for which **you** may be held liable under any workers' compensation, unemployment compensation, disability benefits law, employer's liability, or under any similar federal, state or local law, ordinance, rule or regulation, however characterized, as well as any claim or **suit** by a spouse, domestic partner, child, parent or sibling of an **insured** as a consequence of **personal injury** to an **insured**.

SECTION V – PROPERTY INSURANCE

A. Property Insurance Provided

The following insurance provided is applicable to this Section only and may amend insuring agreements located in Section I General Insuring Agreement of this policy. Also, the below insurance provided is subject to Section II General Definitions, Section III General Conditions and Section IV General Exclusions of this policy, unless amended as stated within this Section.

1. **Buildings, Structures and Property.** *We* agree to pay *you*, or on *your* behalf, for an **occurrence** of direct accidental physical loss of or direct accidental physical damage, including **terrorism**, to **your insured property** provided such loss or damage occurs during the policy period specified in the declaration pages.
2. **Mobile Equipment and Vehicle Physical Damage.** *We* agree to pay *you*, or on *your* behalf, for an **occurrence** of direct accidental physical loss of or direct accidental physical damage including **terrorism**, to any **vehicle or mobile equipment** owned by *you*, or any **vehicle or mobile equipment** for which *you* have an obligation to provide adequate insurance because of an ownership or possessory interest, provided such loss or damage occurs during the policy period specified in the declaration pages.

B. Definitions Applicable to Property Insurance Provided

The following definitions are applicable to this Section only. They may amend definitions located in Section II General Definitions of this policy.

1. **"Actual Cash Value"** means the amount it would cost to repair or replace **insured property**, on the date of loss, with material of like kind and quality, with proper deduction for obsolescence and physical depreciation.
2. **"Computer System"** means a system of computer hardware, software, and associated electronic devices that *you* operate or own.
3. **"Earthquake"** means a shaking or trembling of the earth that is tectonic or seismic in origin.
4. **"Earth Movement"** means any natural or man-made earth movement, including but not limited to **earthquake**, landslides, subsidence or volcanic eruption regardless of any other cause or event contributing concurrently or in any other sequence of loss. However, physical damage by fire, explosion, or sprinkler leakage resulting from **earth movement** will not be considered to be loss by **earth movement** within the terms and conditions of this section. All **earth movement** within a continuous 168-hour period will be considered a single **earth movement**; the beginning of such period shall be determined by *you*. This definition does not include loss or damage caused by or resulting from **flood**, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.
5. **"Electronic Data and Media"** means all forms of data, converted data, electronically converted data and/or programs and/or applications and/or instructions and/or media vehicles employed.
6. **"Fine Arts"** means manuscripts; paintings; etchings; pictures; murals; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; antique furniture; antique jewelry; bric-a-brac; porcelains; and similar property of rarity, historical value, or artistic merit excluding **vehicles**, coins, stamps, precious metals, watercraft, **aircraft**, money, securities.
7. **"Flood"** means a general and temporary condition of partial or complete inundation of normally dry land areas from:
 - a. Flood, or rising waters, waves, tide, or tidal water;
 - b. The unusual and rapid accumulation or runoff of surface water from any source; or,
 - c. Mudslide or mud flow caused by accumulation of water on or under the ground; the overflow of inland or tidal waters outside the **normal** watercourse or natural boundaries;

- d. The release of water, the rising, overflowing or breaking of boundaries of natural or man-made bodies of water, or the spray therefrom.
 - e. However, physical damage by fire, explosion or sprinkler leakage resulting from **flood** is not considered to be loss by **flood** within the terms and conditions of this policy. All flooding within a continuous 168-hour period will be considered a single **flood**; the beginning of such period shall be determined by **you**.
8. "**Flood Insurance Rate Map**" means the official map of a community on which the administrator has designated the special hazards are applicable to the community.
 9. "**Functional Replacement Cost**" means the cost of replacing damaged **insured property** with similar property that will perform the same function but may not be identical to the damaged **insured property**.
 10. "**Lease Interest**" means the excess rent paid for the same or similar replacement property over actual rent payable plus cash bonuses or advance rent paid (including maintenance or operating charges) for each month during the unexpired term of **your** lease.
 11. "**Net Lease Interest**" means that sum which placed at 3% interest rate compounded annually would equal the **lease interest** (less any amounts otherwise payable).
 12. "**Normal**" means the condition that would have existed had no physical loss or damage occurred.
 13. "**Occurrence**" means any one loss, disaster, casualty or series of losses, disasters or casualties, arising out of one event. When the term applies to loss or losses from the perils of tornado, cyclone, hurricane, windstorm, snow or ice storm, hail, volcanic eruption, riot, riot attending a strike, civil commotion, and vandalism and malicious mischief, one event shall be construed to be all losses arising during a continuous period of 72 hours. When filing a loss, **you** may elect the moment at which the 72-hour period shall be deemed to have commenced, which shall not be earlier than the first loss to the **insured property** occurs.
 14. "**Operational Disruption Expense**" means costs incurred by the **named insured** in order to continue as nearly as practicable the **normal** operation of **your** public entity immediately following a covered loss. This includes the loss of any income, net of expenses, incurred during the **period of restoration** of the operation of the public entity.
 15. "**Period of Restoration**" means that period of time that begins with the date of the direct physical loss of or direct physical damage to **insured property** and ends with the date when such part of the **insured property** as has been lost or damaged could, with the exercise of **your** due diligence or dispatch, be rebuilt, or replaced.
 16. "**Replacement Cost**" means the cost to repair, rebuild or replace with new materials of like kind, size and quality, without deduction for depreciation.
 17. "**Schedule of Values**" means those records describing **insured property** as entered into the ICRMP database by **you** or **your** independent insurance agent and kept on file with **us**.
 18. "**Soft Costs**" means:
 - a. **Interest expense**;
 - b. General overhead-developer expenses and additional real estate taxes;
 - c. Legal or professional fees;
 - d. Marketing expenses and advertising expenses;
 - e. Debt service payments and insurance premiums;
 - f. Refinancing charges and bond interest;
 - g. Founders fees and miscellaneous operating expenses.

19. **“Special Flood Hazard Area”** means the areas of ***flood insurance rate map*** which are identified as Zones A, AO, AH, AI — A30, AE, A99, AR, AR/A, AR/AE, AR/A1 — A30, AR/AH, AR/AO, V, V1-V30, and VE. For purposes of determining which areas qualify as ***special flood hazard areas*** as specified above, only those ***flood insurance rate maps*** which were in effect at the time of the ***flood*** loss shall apply.
20. **“Vacant”** means containing inadequate contents to perform customary business operations.
21. **“Vacant Property”** means a building is ***vacant*** or unoccupied if less than 10% of the total square footage is owned, rented or leased by ***you*** and used by ***you*** to conduct customary operations, excluding common areas such as lobbies and garages. Buildings under construction or renovation shall not be considered ***vacant***.
22. **“Valuable Papers and Records”** means written, printed or otherwise inscribed documents, securities, and records including but not limited to books, maps, films, drawings, abstracts, evidence of debt, deeds, mortgages, mortgage files, manuscripts and micro or electronically/magnetically inscribed documents, but not including the monetary value of monies and/or securities

C. Specific Conditions Applicable to Property Insurance Provided

The following conditions are applicable to this Section only. They may amend conditions located in Section III General Conditions of this policy.

1. **Additional Coverages.** This section includes various additional coverages for physical loss or damage insured by this section. These additional coverages as stated and sublimited below are subject to the applicable overall limit of indemnification within section V which is \$200,000,000 per ***occurrence*** and this limit is for all property coverages and all limits of indemnification combined with all public entity members collectively. Also, the below sublimited additional coverages are subject to the policy and this section provisions, including applicable exclusions and deductibles, and apply on a per ***occurrence*** or ***accident*** basis, unless otherwise stated. These additional coverages will only apply after coverage is afforded under the insurance provided in Section A above. The additional coverages are as follows:
 - a. **Claim Preparation Fees and Expenses.** This additional coverage provides for the actual costs ***you*** incur for reasonable fees payable to ***your*** accountants, architects, auditors, engineers, or other professionals for producing and certifying any particulars or details contained in ***your*** books or documents, or such other proofs, information or evidence required by us resulting from an insured loss payable under this section for which ***we*** have accepted coverage. Coverage will not include the fees and costs of attorneys, public adjusters, and loss appraisers, all including any of their subsidiary, related or associated entities either partially or wholly owned by them or retained by them for the purpose of assisting them. Claim preparation fees and expenses are limited to a maximum of \$100,000 per ***occurrence***.
 - b. **Debris Removal.** This additional coverage provides for the reasonable and necessary costs incurred to remove debris from ***your insured property*** that remains as a direct result of physical loss or damage resulting from an insured loss payable under this section for which ***we*** have accepted coverage. This additional coverage does not cover the costs of removal of contaminated uninsured property or the contaminant in or on uninsured property whether or not the contamination results from insured physical loss or damage. Contamination includes, but is not limited to, the presence of a ***pollutant*** or hazardous material. Debris removal expenses are limited to \$2,500,000 or 25% of the loss, whichever is the lesser, per ***occurrence***.
 - c. **Increased Cost of Construction.** This additional coverage provides for the reasonable and necessary costs incurred, described below, to satisfy the minimum requirements of the enforcement of any law or ordinance regulating the demolition, construction, repair, replacement or use of buildings or structures, resulting from an insured loss payable under this section for which ***we*** have accepted coverage provided:
 - (1) Such law or ordinance is in force on the date of insured physical loss or damage; and
 - (2) Its enforcement is a direct result of such insured physical loss or damage; and
 - (3) This additional coverage does not cover any loss due to any law or ordinance with which ***you*** should have complied before the loss.

- (4) This additional coverage provides for the cost to repair or rebuild the physically damaged portion of such property with materials and in a manner to satisfy such law or ordinance and the cost to:
- (i.) Demolish the physically undamaged portion of such property insured; and
 - (ii.) Rebuild it with materials and in a manner to satisfy such law or ordinance to the extent that such costs result when the total demolition of the physically damaged **insured property** is required to satisfy such law or ordinance.
- (5) This additional coverage excludes any costs incurred as a direct or indirect result of enforcement of any laws or ordinances regulating any form of contamination including but not limited to the presence of a **pollutant** or hazardous material.
- (6) The maximum liability for this additional coverage at each **insured property** in any occurrence will not exceed the actual cost incurred in demolishing the physically undamaged portion of the property insured plus the lesser of:
- (i.) The reasonable and necessary cost incurred, excluding the cost of land, in rebuilding on another site; or
 - (ii.) The cost of rebuilding on the same site.
- d. **Fire Brigade Charges and Extinguishing Expenses.** This additional coverage provides for expenses resulting from a covered loss from fire brigade charges and any extinguishing expenses which you incur, and loss and disposal of fire extinguishing materials expended resulting from an insured loss payable under this section for which **we** have accepted coverage. These expenses are sublimited to \$25,000 per occurrence.
- e. **Operational Disruption Expense.** This additional coverage provides for **operational disruption expenses** resulting from damage to **insured property** arising out of a covered loss under this section during the **period of restoration** resulting from an insured loss payable under this section for which **we** have accepted coverage.. The maximum amount **we** will pay for all expenses related **to operational disruption expense** is \$5,000,000 per covered occurrence and includes all sublimits as listed below. The following sublimits apply:
- (1) The maximum amount we will pay is \$250,000 for **operational disruption expenses** for any one occurrence or in the aggregate for multiple occurrences for damages involving actual interruption of the use of **your computer system** when caused by a covered loss, provided that the disruption is directly caused by damage to **your computer system**.
 - (2) The maximum amount we will pay is \$500,000 for expediting expenses to cover the reasonable and necessary costs you incur to pay for the temporary repair of insured damage to **your insured property** and to expedite the permanent repair or replacement of such damaged property. This additional coverage does not cover costs recoverable elsewhere in this section or of permanent repair or replacement of damaged property.
 - (3) The maximum amount we will pay is \$1,000,000 for leasehold interest loss and is subject to the following:
 - (i.) If the lease agreement requires continuation of rent; and if the property is wholly untenable or unusable, the actual rent payable for the unexpired term of the lease; or if the property is partially untenable or unusable, the proportion of the rent payable for the unexpired term of the lease.
 - (ii.) If the lease is canceled by the lessor pursuant to the lease agreement or by the operation of law; the **lease interest** for the first three months following the loss; and the **net lease interest** for the remaining unexpired term of the lease.
 - (iii.) The leasehold interest does not insure any increase in loss resulting from the suspension, lapse or cancellation of any license, or from **you** exercising an option to cancel the lease; or from **your** act or omission that constitutes a default under the lease.

- (iv.) In addition, there is no coverage for **your** loss of leasehold interest directly resulting from damage to contents or personal property.
- (4) The maximum amount we will pay is \$2,000,000 for extra expense loss and is for the reasonable and necessary extra costs incurred by **you** of the following during the **period of restoration** resulting from an insured loss payable under this section for which **we** have accepted coverage and is outlined below:
- (i.) Extra expenses to temporarily continue as nearly as **normal** as practicable the conduct of **your** operation and extra costs of temporarily using property or **your** facilities or others;
 - (ii.) Less any value remaining at the end of the **period of restoration** for property obtained in connection with the above.
- (5) Extra expense does not cover:
- (i) Any loss of income.
 - (ii) Costs that normally would have been incurred in conducting the operation during the same period had no physical loss or damage occurred.
 - (iii) Cost of permanent repair or replacement of property that has been damaged or destroyed.
 - (iv) Any expense recoverable elsewhere in this section.
- f. **Property in the Course of Construction.** This additional coverage provides for projects in the course of construction up to a per occurrence limit of \$5,000,000 for each structures as listed per the **schedule of values** resulting from an insured loss payable under this section for which **we** have accepted coverage. This includes the necessary **soft costs**.
- g. **Protection and Preservation of Property.** This additional coverage provides for reasonable and necessary costs incurred for actions to temporarily protect or preserve **insured property**, provided such actions are necessary due to actual, or to prevent immediately impending, insured physical loss or damage to such **insured property** resulting from an insured loss payable under this section for which **we** have accepted coverage. For this condition, reasonable and necessary includes, but is not limited to:
- (1) Fire department fire-fighting charges imposed as a result of responding to a fire in, on or exposing the **insured property**;
 - (2) Costs incurred of restoring and recharging fire protection systems following an insured loss; and
 - (3) Costs incurred for the water used for fighting a fire in, on or exposing the **insured property**.
 - (4) This additional coverage is subject to the deductible provisions that would have applied had the physical loss or damage occurred.
- h. **Valuable Papers and Records, and Electronic Data and Media.** This additional coverage provides for physical loss or damage to **valuable papers and records** and **electronic data and media** following physical damage or damage to **insured property** resulting from an insured loss payable under this section for which **we** have accepted coverage. The maximum amount **we** will pay for any one **occurrence** or in the aggregate for multiple **occurrences** is \$250,000 to restore data lost by **you** for an actual interruption of the use of **your computer system** when caused by a covered loss. The maximum amount **we** will pay for all other losses to **valuable papers and records** that are not electronic data or media is \$1,000,000 for any one **occurrence**. This additional coverage excludes loss or damage to property described below:
- (1) Currency, money or securities;
 - (2) Property held as samples or for sale or for delivery after sale;
 - (3) Errors or omissions in processing, programming or copying unless physical damage not excluded by this policy results, in which event, this coverage will insure only such resulting damage.

- (4) Deterioration, inherent vice, vermin or wear and tear; all unless physical damage not excluded by this policy results, in which event this coverage will only insure such resulting damage.
2. **Appraisal.** The appraisal process is available to determine the value of a covered loss but is not available to determine whether a loss is covered.
- a. If **you** and **we** fail to agree on the amount of loss, each will, on the written demand of either, select a competent and disinterested appraiser. Each will notify the other of the appraiser selected within thirty (30) days of such demand. The two appraisers shall first select a competent, disinterested umpire. If the two appraisers fail to agree upon an umpire within thirty (30) days, **you** and **we** shall jointly move to have an umpire selected by a district judge in the State of Idaho to select an umpire. The appraisers shall then identify each item of physical damage or loss and appraise the amount of loss. The appraisal shall include a detailed breakdown of the costs necessary to repair or replace the item and shall state separately the **actual cash value** and **replacement cost** value as of the date of loss and the amount of loss, for each item of physical loss or damage. If the appraisers fail to agree within fourteen (14) days, they shall submit their differences to the umpire.
- b. The umpire shall review the appraisals prepared by the appraisers selected by **you** and **us** and shall inspect the property prior to preparing the appraisal. The appraisers for **you** and **us** shall be afforded the opportunity to attend the umpire's inspection of the property and provide sufficient input to allow the umpire to understand the nature and reasons for the differences between the appraisals. After inspecting the property and receiving input from the appraisers, the umpire shall identify each item of physical loss or damage and shall appraise the amount of loss for each item. The umpire's appraisal shall include a detailed breakdown of the costs necessary to repair or replace the item and shall state separately the **actual cash value** and **replacement cost** value as of the date of the loss. An award agreed to in writing by any two of the three appraisers will determine the amount of loss. The appraisal award is subject to all terms of the coverage document and may be reduced by the application of a deductible called for by this policy.
- c. **You** and **we** will each:
- (1) Pay its chosen appraiser; and
 - (2) Bear equally the other expense of the appraisal and umpire.
 - (3) A demand for appraisal shall not relieve **you** of **your** continuing obligation to comply with the terms and conditions of this policy. **We** will not be held to have waived any of its right by any act relating to appraisal.
3. **Consequential Reduction in Value.** This section covers the reduction in value of insured merchandise that is a part of pairs, sets or components, directly resulting from physical loss or damage insured by this section to other insured parts of pairs, sets or components of such merchandise. If settlement is based on a constructive total loss, **you** will surrender the undamaged parts of such merchandise to **us**.
4. **Deductibles.** In each case of loss covered by this section, **we** will only be liable if **you** sustain a loss in a single occurrence greater than the underlying limit or the applicable deductible listed on the declarations page and only for its share of that greater amount.
- a. Flood Type 1: As respects buildings or structures wholly or partially situated in a **special flood hazard area** the following deductibles shall apply separately for loss from the peril of **flood**, as covered and defined under the National Flood Insurance Program:
- (1) For all coverages insured against under this section, if **you** purchase coverage from the National Flood Insurance Program, the deductible shall be the greater of the amount recoverable from the National Flood Insurance Program or the **actual cash value**, not to exceed \$500,000. This deductible shall apply for each building or each structure for real property, and for contents at each building or each structure.
 - (2) For all coverages insured against under this section, if **you** do not purchase coverage from the National Flood Insurance Program, or the property is not eligible for coverage from the National Flood Insurance Program, or in the event the National Flood Insurance Program lapses or is discontinued, the deductible shall be \$ 500,000 at each building or each structure for real property, \$500,000 for contents at each building or each structure, and \$500,000 each for any other **insured property**.

- (3) If the community is participating in the Emergency Program under the National Flood Insurance Program, \$500,000 as noted within this condition: Deductibles, a. (1) above is replaced with \$100,000. If the property is eligible for coverage in the Emergency Program, \$500,000 as noted within this condition, Deductible a. (2) is replaced with \$100,000.
 - (4) However, these deductibles shall not apply to **insured property** located outside of an area designated as a **special flood hazard area** nor to ensuing physical loss, or damage or destruction not otherwise excluded herein. Further, the deductibles described under this condition, a., paragraphs (1), (2), and (3) above shall apply individually.
 - b. Flood Type 2: For all other **flood** losses, the deductible shall be as stated on the declarations pages at the beginning of this policy.
 - c. As respects losses from other covered losses, a deductible per occurrence for all **insured property** shall be as stated on the declarations pages at the beginning of this policy.
5. **Earth Movement.** This section covers physical loss or damage caused by **earth movement**.
 6. **Flood.** This section covers physical loss or damage caused by or resulting from **flood**, sublimited as listed in declaration pages.
 7. **Inadvertently Omitted Property:** **We** will pay up to \$2,500,000 of the repair or **functional replacement cost**, whichever is less, for **insured property** inadvertently omitted from **your schedule of values**.
 8. **Landscaping Items.** **We** will pay for damage to **your** outdoor trees, shrubs, plants or harvested crops as a result of an **accident**. The most **we** will pay in any one **occurrence** is \$25,000.
 9. **Newly Acquired Property:** This section covers **insured property** rented, leased, purchased or newly constructed by **you** after the inception date of this policy, but prior to the expiration date. All newly acquired property shall be reported to **us** via the **schedule of values** within one hundred twenty (120) days from the date of acquisition in order for coverage to continue and shall be limited to \$10,000,000.
 10. **Professional Fees.** This policy is extended to cover reasonable and necessary expenses incurred by **you** for architects, engineers or other necessary design professionals who assist **you** in rebuilding from **your** loss under this section. Professional fees are limited to \$1,000,000 per **occurrence**.
 11. **Property of Employees or Volunteers.** Employee or volunteer-owned personal property located within **insured property** is covered up to a per **occurrence** limit of \$50,000. Coverage provided shall be secondary to any primary coverage available to employees or volunteers.
 12. **Property in Transit.** This section covers **insured property**, while being transported by **you**, up to a per **occurrence** and/or in the aggregate limit of \$1,000,000 per policy period.
 13. **Schedule of Values.** Except for **vehicles**, buildings, other outdoor structures and a summary accounting of all items included as contents within a building, other **insured property** need not be identified in the **schedule of values** if the value of the individual item is less than \$100,000. It is **your** responsibility, working with **your** independent insurance agent or reporting directly to **us** via the **schedule of values**, to make sure all **insured property** valued over \$100,000 is listed on **your schedule of values**. Further, items **you** list on the **schedule of values**, but excluded by the language within this policy, are not covered.
 14. **Terrorism.** This section covers physical loss or damage caused by or resulting from **terrorism**.
 15. **Unmanned Aircraft System.** **We** will pay up to \$50,000 per **occurrence** for physical damage to unmanned aircraft (drones) weighing less than 50 pounds and incapable of travelling more than 100 miles per hour.

16. **Valuation of Loss.** Adjustment of the physical damage loss amount under this section will be computed as of the date of loss at the **insured property**, and for no more than **your** interest in the **insured property**, subject to the applicable sublimits either stated in the below text or on the declarations pages:
- a. On **mobile equipment**, watercraft, and **vehicles**:
 - (1) The cost to repair or replace the property with new **mobile equipment**, watercraft or **vehicles** of like kind and quality at the time of the loss, if less than or equal to two years from December 31 of the model year.
 - (2) The lesser of the **actual cash value** at the time of the loss or the cost to repair if greater than two years from December 31 of the model year.
 - (3) If not repaired or replaced, the **actual cash value**.
 - b. Stock in process, the value of raw materials and labor expended plus the proper proportion of overhead charges.
 - c. Property in transit:
 - (1) Property shipped to or on **your** account will be valued at **your** actual invoice. Included in the value are accrued costs and charges legally due. Charges may include **your** commission as selling agent.
 - (2) Property **you** sold and shipped to or for the purchaser's account will be valued at **your** selling invoice amount. Prepaid or advanced freight costs are included.
 - (3) Property not under invoice will be valued at the actual cash market value at the description point on the date of **occurrence** less any charges saved which would have become due and payable upon arrival at destination.
 - d. Finished goods manufactured by **you**, the regular cash-selling price at the **insured property** where the loss happens, less all discounts and charges to which the finished goods would have been subject had no loss happened.
 - e. Raw materials, supplies and other merchandise not manufactured by **you**:
 - (1) If repaired or replaced, the actual expenditure incurred in repairing or replacing the damaged or destroyed property, or
 - (2) If not repaired or replaced, the **actual cash value**.
 - f. **Fine arts** articles, the lesser of and not to exceed \$1,000,000 per occurrence only if the item cannot be replaced with other like kind and quality:
 - (1) The reasonable and necessary cost to repair or restore such property to the physical condition that existed on the date of loss;
 - (2) Cost to replace the article; or
 - (3) Current market value at time of loss.
 - (4) In the event a **fine arts** article is part of a pair or set, and a physically damaged article cannot be replaced, or repaired or restored to the condition that existed immediately prior to the loss, **we** will be liable for the lesser of the full value of such pair or set or the amount designated on the **schedule of values**, not to exceed our sublimit as stated above or in the declarations pages. **You** agree to surrender the pair or set to **us**.

g. **Valuable Papers and Records**, and **Electronic Data and Media**.

- (1) On data, programs or software stored on electronic, electro-mechanical, or electro-magnetic data processing or production equipment:
 - (i) The cost to repair, replace or restore data, programs or software including the costs to recreate research and engineer;
 - (ii) If not repaired, replaced or restored within two years from the date of loss, the blank value of the media.
- (2) On all other **Valuable Papers and Records**, and **Electronic Data and Media**, the lesser of the following:
 - (i) The cost to repair or restore, including the cost to recreate, research and engineer the item to the condition that existed immediately prior to the loss;
 - (ii) The cost to replace the item.

h. **Vacant Property**:

- (1) if the building or leased **premises** has been **vacant** for a period of more than ninety (90) consecutive days before the loss or damage occurs, **we** will not pay for any loss or damage caused by any of the following:
 - (i) Vandalism
 - (ii) Sprinkler leakage
 - (iii) Building glass breakage
 - (iv) Water damage
 - (v) Theft, or attempted theft
- (2) With respect to direct physical loss or damage, other than from caused listed above, and not otherwise excluded by this policy, **we** will reduce the amount **we** would otherwise pay for the loss or damage by 15%.

i. On all other **insured property**, the loss amount will not exceed the lesser of the following:

- (1) The cost to repair;
- (2) The cost to rebuild or replace on the same site with new materials that are like size, kind and quality;
- (3) The cost in rebuilding, repairing or replacing on the same or another site, but not to exceed the size and operating capacity that existed on the date of loss;
- (4) The selling price of real property or machinery and equipment, other than stock, offered for sale on the date of loss;
- (5) The cost to replace unrepairable electrical or mechanical equipment, including computer equipment, with equipment that is the most functionally equivalent to that damaged or destroyed, even if such equipment has technological advantages and/or represents an improvement in function and/or forms part of a program of system enhancement.
- (6) The increased cost of demolition, if any, resulting from loss covered by this section, if such property is scheduled for demolition;

- (7) The unamortized value of improvements and betterments, if such property is not repaired or replaced at **your** expense; or
- (8) The **actual cash value** if such property is:
 - (i) Useless to **you**; or
 - (ii) Not repaired, replaced or rebuilt on the same or another site within two years from the date of loss.
- (9) **You** may elect not to repair or replace **insured property** lost, damaged or destroyed. Loss settlement may be elected on the lesser of repair or **replacement cost** basis if the proceeds of such loss settlement are expended on other capital expenditures related to **your** operations within two years from the date of loss. As a condition of collecting on this item, such expenditure must be unplanned as of the date of loss and be made at an **insured property** under this section. This item does not extend to the additional coverage of Increased Cost of Construction.

- 17. **Vehicles and Mobile Equipment that are Leased or Rented.** **Vehicles** and **mobile equipment** that are leased or rented to an **insured**, for less than ninety (90) days, and used for official business, are covered under this section and are not required to be listed on the **schedule of values**.
- 18. **Vehicles or Mobile Equipment Owned by Employees or Authorized Volunteers.** Employees or authorized volunteers of the **named insured** are provided secondary physical damage insurance while their personally owned **vehicles** or **mobile equipment** are being used by the employee or authorized volunteers on official business of the **named insured**. Insurance provided by this condition shall be deemed secondary to the insurance of the employee or authorized volunteers' personal insurance, which shall be primary insurance. The intent of this special condition shall not be interpreted to extend insurance to **vehicles** owned by other public or private entities, which are made available to **you, your** employees or volunteers. For these non-owned **vehicles**, the terms and conditions already contained in this section shall apply. This condition does not apply to **vehicles** or **mobile equipment** owned by authorized volunteers engaged in search and rescue activities when actively participating in search and rescue mobilizations initiated by the Sheriff as this is intended to provide primary insurance for that endeavor.
- 19. **Water Backup through Sewer or Drain.** **We** provide coverage for direct physical loss to **your** buildings and its related contents when damage is caused by water which backs up through sewers or drains, not related to a **flood**.

D. Exclusions Applicable to Property Insurance Provided

The following exclusions are applicable to this Section only. They may amend exclusions located in Section IV General Exclusions of this policy.

- 1. **With Regard to all property, we do not cover loss or damage under the Property Insurance Provided of this section resulting directly or indirectly by or resulting from any of the following regardless of any other cause or event, whether or not insured by this section, contributing concurrently or in any other sequence to the loss:**
 - a. Loss or damage more specifically covered under any other section of this policy.
 - b. Moths, animals (other than collision with animals), vermin, termites, crickets or other insects.
 - c. Inherent vice, latent defect, wear, tear or deterioration, depletion, whether sudden or gradual.
 - d. Contamination, corrosion, erosion, rust, wet or dry rot, mold, dampness of atmosphere or variations of temperature.
 - e. Accumulated effects of smog, smoke, vapor, liquid and dust.
 - f. Loss of use, delay or loss of markets or opportunity.

- g. Breakdown or derangement of any machinery, unless an insured peril ensues, and then only for the actual loss or damage caused by such ensuing peril.
 - h. Electrical appliances, devices, fixtures or wiring caused by artificially generated electrical current, unless fire or explosion ensues, and then only for the actual loss or damage caused by such ensuing fire or explosion.
 - i. Mysterious disappearance, loss or shortage disclosed on taking inventory for which the loss can be proven solely on the inventory records, or any unexplained loss.
 - j. Any fraudulent, dishonest or criminal act, but not limited to, theft, committed alone or in collusion with others at any time by any **insured**:
 - (1) Including theft of cash, securities, or other negotiable instruments, however described; or
 - (2) By any employee, proprietor, partner, director, trustee, or officer of any business or entity **you** engage to do anything in connection with **insured property**; or
 - (3) Acts of direct insured physical damage intentionally caused by **your** employees, elected or appointed officials, volunteers or any individual specified in (2) above, and done without **your** knowledge. In no event, does this section cover loss by theft by any individual specified above.
 - k. Indirect or remote loss or damage.
 - l. Loss or damage or deterioration arising from any delay.
 - m. Interruption of business; except to the extent provided by this section.
 - n. Lack of the following services when caused by an occurrence off the **insured property** and only if the lack of such a service directly causes physical damage insured by this section on the **insured property**, then only that resulting damage is insured:
 - (1) Incoming or outgoing electricity, fuel, water, gas, steam, refrigerant;
 - (2) incoming or outgoing sewerage;
 - (3) incoming or outgoing telecommunications;
2. **With Regard to Buildings and Structures, we do not cover losses under the Property Insurance Provided of this section resulting directly or indirectly from:**
- a. Settling, cracking, bulging, shrinking or expansion of any paved surfaces, foundations (including any pedestal, pad, platform or other property supporting machinery), walls, pavements, floors, ceilings or roofs, except if damage is caused by a covered **accident**, or if damage to **insured property** is caused by **earth movement** or **flood**.
 - b. Extremes or changes of temperature (except to machinery or equipment) or changes in relative humidity, regardless of whether or not atmospheric, except if damage to **insured property** is caused by **earth movement** or **flood**.
 - c. Any increase of loss due to interference with rebuilding, repairing or replacing a building, or with the resumption or continuation of business.
 - d. Any increase of loss due to the suspension, lapse or cancellation of any lease, license, contract or order.
 - e. Loss or damage to **insured property** caused by or resulting from errors in design or testing of that **insured property**, except resultant physical loss or damage to other **insured property** insured by this section.
 - f. Faulty workmanship, material or construction, or design from any cause, except resultant physical loss or damage to other **insured property** insured by this section and not excluded elsewhere.

- g. Loss from enforcement of any law or ordinance:
 - (1) Regulating the construction, repair, replacement, use or removal, including debris removal, of any property; or
 - (2) Requiring the demolition of any property, including the cost in removing its debris; or
 - (3) except as provided by the conditions of Debris Removal and Increased Cost of Construction additional coverage as listed in these conditions.
- 3. **With Regard to Property in Course of Construction, we do not cover losses under the Property Insurance Provided of this Section resulting directly or indirectly from:**
 - a. Penalties for non-completion of, or delay in, completion of contract or non-compliance with contract conditions, nor for loss of use of occupancy, however caused.
- 4. **With Regard to specific types of property, we do not cover physical loss or physical damage to the following property:**
 - a. All animals and birds, except **your** service animals. For **your** service animals, **our** liability for such loss shall not exceed \$25,000 per **occurrence**, for injury, sickness or death.
 - b. Land, water or any other substance in or on land.
 - c. **Aircraft**, spacecraft or satellites.
 - d. Retaining walls not constituting part of a building when loss is caused by ice or water pressure.
 - e. Underground mines, mineshafts or caverns or any property within such mine, shaft or cavern or mining property located below the surface of the ground.
 - f. Any property undergoing insulation breakdown tests.
 - g. Currency, money, precious metal in bullion form, notes, or securities.
 - h. Jewelry, furs, precious metals or precious stones.
 - i. Dams, including earthen dams, canals, reservoirs, ditches, retaining ponds and all liners or other membranes designed to separate, retain or hold water, sewage, trash, dirt, debris or any other material.
 - j. Roadways, highways, streets, bridges, tunnels, guardrails, pavements, parking lots, curbs, culverts, sidewalks, pathways, pedestrian walkways or other transportation conveyance infrastructure, however characterized.
 - k. Underground pipes or underground wiring.
 - l. Any **mobile equipment, vehicle**, watercraft or other property while participating in any prearranged or organized racing, speed or demolition contest or in any stunting activity, including practice or preparation for any such contest or activity.
 - m. Overhead transmission and distribution lines located more than 1 mile from **your** structures listed on the **schedule of values**.
 - n. Data or fiber optic transmission lines and conduit not contained within walls of **insured property**.
 - o. Equipment used to produce power or gas for distribution to third parties.
 - p. Loss or damage from any repairing, restoration or retouching process related to **fine arts**.

SECTION VI - CRIME INSURANCE

A. Insuring Agreements Applicable to Crime Insurance

The following insuring agreements are applicable to this Section only and may amend insuring agreements located in Section I General Insuring Agreement of this policy. Also, the below listed insuring agreements are subject to Section II General Definitions, Section III General Conditions and Section IV General Exclusions of this policy, unless amended as stated within this Section.

1. **Employee Dishonesty or Fraud.** We agree to pay the **named insured**, or on its behalf, for loss of money, securities and other financial instruments or theft of **your** property by an **employee** sustained by the **named insured** resulting directly from one or more **dishonest or fraudulent acts** committed by an **employee** of the **named insured**, acting alone or in collusion with others.
2. **Loss Inside the Premises.** We agree to pay the **named insured**, or on its behalf, for loss of money and securities of the **named insured** by the actual destruction, disappearance or **wrongful taking** within the **premises**.
3. **Loss Outside the Premises.** We agree to pay the **named insured**, or on its behalf, for loss of money and securities of the **named insured** by the actual destruction, disappearance or **wrongful taking** thereof, outside the **premises** while being conveyed by a **messenger** or any armored motor vehicle company.

B. Definitions Applicable to Crime Insuring Agreements

The following definitions are applicable to this Section only. They may amend definitions located in Section II General Definitions of this policy.

1. "**Dishonest or Fraudulent Acts**" means acts committed by an **employee** of the **named insured** which
 - a. Cause the **named insured** to sustain such loss; or
 - b. Results in financial benefit to the **employee**, or another person or organization intended by the **employee** to receive such benefit, not otherwise entitled to.
2. "**Employee**" shall be as defined by the Idaho Tort Claims Act (Idaho Code, chapter 9, title 6).
3. "**Social Engineering Financial Fraud**" means the transfer of **money** or **securities** to an account outside **your** control pursuant to instructions made by a person purporting to be an authorized employee, outsourced provider or customer of **yours**, when such instructions prove to have been fraudulent and issued by a person who is not an authorized employee, outsourced provider, or customer of the **yours**.
4. "**Social Engineering Financial Fraud Loss**" means loss of money or securities in a **social engineering financial fraud**.
5. "**Messenger**" means any **employee** who is duly authorized by the **named insured** to have the care and custody of an **insured** property outside the **premises**.
6. "**Premises**" means the interior of that portion of any building which is occupied by the **named insured** in conducting its business.
7. "**Wrongful Taking**" means an unauthorized conversion or theft of money, securities, money orders, counterfeit currency, depositor's forgery or other financial instruments, whether or not proven in a court of law.

C. Specific Conditions Applicable to Crime Insuring Agreements

The following conditions are applicable to this Section only. They may amend conditions located in Section III General Conditions of this policy.

1. **All Incidents - One Loss.** All losses incidental to an actual or attempted fraudulent, dishonest or criminal act, or series of related acts, whether committed by one or more persons, shall be deemed one loss. The applicable limits of indemnification stated in the declarations pages are the total limit of **our** liability with respect to all losses arising out of any one occurrence.
2. **Policy in Lieu of Public Officials Surety Bond.** Insurance under this section shall be deemed to provide insurance compliant with the provisions of Idaho Code §59-804 for the terms and responsibilities of public officials or **employees** to the extent required by the Idaho Code bonding requirements for public officials.
3. **Limits of Indemnification for Multiple Policy Periods.** **Our** total liability is limited to the total amount specified in the declarations pages of this policy for all losses caused by any **employee** or in which such **employee** is concerned or implicated. Regardless of the number of years this policy shall continue in force and the number of member contributions which shall be payable or paid, the limits of indemnification specified in the declarations pages shall not be cumulative from year to year or period to period. The maximum total loss paid to any **named insured** shall not exceed the limits of indemnification stated in the policy year during which a claim is made.
4. **Loss Caused by Unidentified Employees.** If a loss is alleged to have been caused by the fraud or dishonesty of any one or more **employees**, and the **named insured** shall be unable to designate the specific **employee** or **employees** causing such loss, the **named insured** shall nevertheless have the benefit of Insuring Agreement 1, provided that the evidence submitted reasonably proves that the loss was in fact due to the fraud or dishonesty of one or more **employees** of the **named insured**.
5. **Ownership Interest.** Money, securities and other financial instruments may be covered by this policy whether owned by the **named insured** or held by the **named insured** in its care, custody or control.
6. **Recoveries.** To the extent that a loss of the **named insured** exceeds the limits of indemnification applicable to this section, the **named insured** shall be entitled to recoveries from third parties until the **named insured** is fully reimbursed. Any remaining recovery shall be paid to **us**. Audit fees incurred by **us** toward establishing **your** loss values will be deducted from the ultimate net loss.

D. Exclusions Applicable to Crime Insuring Agreements

The following exclusions are applicable to this Section only. They may amend exclusions located in Section IV General Exclusions of this policy.

1. **All Crime Insuring Agreements of this Section do not provide coverage for:**
 - a. Any claim or loss more specifically covered under any other section of this policy.
 - b. Any claim for the potential income or increase including, but not limited to, interest and dividends, not realized by the **named insured** because of a loss covered under this section.
 - c. Any claim for costs, fees or other expenses incurred by the **named insured** in establishing the existence or amount of loss, covered under this section.
 - d. Any claim for the funds collected or retained for any state or Federal agency pursuant to requirements established by law or pursuant to a mutual agreement.
 - e. Any loss claimed involving conduct that occurred more than two (2) years prior to the date of the claim.
 - f. Any loss claimed involving **social engineering financial fraud** from a **social engineering financial fraud loss** or event.

2. Crime Insuring Agreement 1 does not cover:

- a. Any loss, the proof of which, either as to its factual existence or as to its amount, is dependent upon an inventory computation or a profit and loss computation.
- b. Any claim of loss concerning any fiscal year wherein financial records of the political subdivision have not been timely audited by a certified public accountant in accordance with the requirements of Idaho Code §67-450B or §67-450C, as appropriate.

3. Crime Insuring Agreement 2 does not provide coverage for:

- a. Any claim or loss due to any fraudulent, dishonest or criminal act by any **employee**, director, trustee or authorized representative of the **named insured**, while working or otherwise, and whether acting alone or in collusion with others.
- b. Any claim or loss due to:
 - (1) The giving or surrendering of money or securities in any exchange or purchase;
 - (2) Accounting or arithmetical errors or omissions;
 - (3) Manuscripts, books of account, or records; or
 - (4) Presentation or acceptance of any check returned for insufficient funds.
- c. Any claim or loss of money contained in coin operated amusement devices or vending machines, unless the amount of money deposited within the device or machine is recorded by a continuous recording instrument therein.

4. Crime Insuring Agreement 3 does not provide coverage for:

- a. Any claim or loss due to any fraudulent, dishonest or criminal act by any **employee**, director, trustee or authorized representative of the **named insured**, while working or otherwise, and whether acting alone or in collusion with others.
- b. Any claim or loss due to:
 - (1) The giving or surrendering of money or securities in any exchange or purchase;
 - (2) Accounting or arithmetical errors or omissions; or
 - (3) Manuscripts, books of account or records.
- c. Any insured claim or loss of money, securities and other financial instruments of the **named insured** while in the custody of any armored motor vehicle company, except as excess policy over amounts recovered or received by the **named insured** under:
 - (1) The contract of the **named insured** with said armored motor vehicle company;
 - (2) Insurance carried by said armored motor vehicle company for the benefit of users of its services; and
 - (3) All other insurance and indemnity in force in whatsoever form carried by or for the benefit of users of said armored motor vehicle company's service.

SECTION VII – AUTOMOBILE LIABILITY INSURANCE

A. Automobile Liability Insuring Agreements

The following insuring agreements are applicable to this Section only and may amend insuring agreements located in Section I General Insuring Agreement of this policy. Also, the below listed insuring agreements are subject to Section II General Definitions, Section III General Conditions and Section IV General Exclusions of this policy, unless amended as stated within this Section.

1. **Automobile Liability.** We agree to pay on **your** behalf those sums which an **insured** becomes legally obligated to pay as **damages** because of **bodily injury** or **property damage** caused by an **occurrence** and arising out of the ownership, maintenance, use, loading or unloading of an **insured vehicle**.
2. **Automobile Medical Payments.** We agree to pay **medical expenses** incurred within the policy period and within ten (10) days of a **vehicle accident** as shall be necessary because of **bodily injury** caused by an **occurrence** in a vehicle owned or rented to an **insured**. Any such **medical expenses** must be reported within one hundred eighty (180) days of the **occurrence**.
3. **Uninsured or Underinsured Motorists.**
 - a. We agree to pay **damages** for **bodily injury** which an **insured** is legally entitled to recover from the owner or operator of an **uninsured automobile** or **underinsured automobile**. The **bodily injury** must be caused by **occurrence** and arise out of the ownership, maintenance or use of an **uninsured automobile** or **underinsured automobile**. This policy will pay under this Insuring Agreement only after the limits of liability under any applicable bodily injury liability policies or bonds have been exhausted in payments, settlements or judgments and after all worker's compensation benefits an employee may be entitled to have been paid.
 - b. The limits of indemnification shall be reduced by:
 - (1) All sums paid because of **bodily injury** by or on behalf of persons or organizations who may be legally responsible for causing the **bodily injury**; and
 - (2) All sums paid by worker's compensation benefits or similar disability law.

B. Definitions Applicable to Automobile Liability Insurance Agreements

The following definitions are applicable to this Section only. They may amend definitions located in Section II General Definitions of this policy.

1. "**Insured**" means:
 - a. With respect to Insuring Agreement 1, an **insured** or anyone else while in an **insured vehicle** with the permission of the **insured**.
 - b. With respect to Insuring Agreement 2, anyone **occupying** an **insured vehicle** with the permission of the **insured**.
 - c. With respect to Insuring Agreement 3, an **insured** or anyone else while **occupying** an **insured vehicle** with permission of the **insured**.
2. "**Insured Vehicle**" means a **vehicle** owned by the **named insured** or a non-owned **vehicle** while operated by an **insured** in the course and scope of their duties or such use that is otherwise authorized by the **named insured**.
3. "**Medical Expenses**" means expenses for necessary medical, surgical, x-ray and dental services, ambulance, hospital, professional nursing and funeral services.
4. "**Occupying**" with regard to Insuring Agreement 2 and 3 of this section means an individual who, at the time of the **accident**, is in physical contact with an **insured vehicle**.

5. "**Underinsured Automobile**" means a **vehicle** for which the sum of liability limits of all applicable liability bonds or policies at the time of an **accident** is less than the limits of indemnification applicable to Insuring Agreement 3 of this section.
6. "**Uninsured Automobile**" means a **vehicle**:
 - a. To which a **bodily injury** liability bond or policy does not apply at the time of the **accident**.
 - b. For which an insuring or bonding company denies coverage or has become insolvent.
 - c. Which is a hit-and-run **vehicle** and neither the driver nor the owner can be identified. The hit-and-run **vehicle** must come in contact with an **insured vehicle**.

C. Specific Conditions Applicable to Automobile Liability Insurance Agreements

The following conditions are applicable to this Section only. They may amend conditions located in Section III General Conditions of this policy.

1. **With respect to Insuring Agreements 1, 2 and 3, Auto Liability Insurance of this Section is subject to the following conditions:**
 - a. **Vehicles Owned by Employees or Authorized Volunteers.** A **vehicle** owned by an employee or authorized volunteer of the **named insured** is provided auto liability coverage by this section while the **vehicle** is being used by an employee or authorized volunteer on official business of the **named insured**. This policy shall be deemed secondary to the policy of the employee's or authorized volunteer's personal insurance, which is deemed to be primary insurance. The intent of this special condition shall not be interpreted to extend this policy to a **vehicle** owned by other public or private entities which are made available to the **named insured** or its employees. For these non-owned **vehicles**, the terms and conditions already contained in this policy shall apply. This specific condition does not apply to volunteers engaged in search and rescue activities as coverage is intended to be primary insurance for search and rescue volunteers only when actively participating in search and rescue mobilizations initiated by the county Sheriff.
 - b. **Non-Duplication of Benefits.** There shall be no duplication of payments under this section for Insuring Agreements 1, 2 and 3, respectively, of this policy. Any amounts payable under these respective insuring agreements will be reduced by the amount of any advance payments.
2. **With Respect to Insuring Agreement 2, Automobile Medical Payments Insurance of this Section has the following conditions:**
 - a. **Examinations/Medical Reports.** The injured person may be required to take physical examinations by physicians **we** choose, as often as **we** reasonably require. **We** must be given authorization to obtain medical reports and other records pertinent to any such claim.
 - b. **Notice of Loss.** As soon as possible, any person making a claim under this Insuring Agreement must give **us** written notice. It must include all details **we** may need to determine the amounts payable.
3. **With Respect to Insuring Agreement 3, Uninsured/Underinsured Motorists Insurance of this Section has the following conditions:**
 - a. **Arbitration.** If **we** and any person entitled to recover under Insuring Agreement 3 fail to agree on the amount of **damages** thereof, the amount shall be settled by arbitration. In that event, each party will select an arbitrator. The two arbitrators will then select a third arbitrator. If they cannot agree upon a third arbitrator within thirty (30) days, both parties can ask a district judge in the State of Idaho to select the third arbitrator. Each party will pay the expenses it incurs and bear the expenses of the third arbitrator equally. Written decisions of any two arbitrators will determine the issues and will be binding. The arbitration will take place pursuant to the Uniform Arbitration Act, Idaho Code Title 7, Chapter 9, unless both parties agree otherwise. Attorney's fees and fees paid to medical and other expert witnesses as part of the arbitration proceeding will not be considered arbitration expenses. These costs and expenses will be paid by the party incurring them.

- b. **Hit-and-Run Accident.** At **our** request, **you** shall make available for inspection any **vehicle** which any **insured** was **occupying** at the time of a hit-and-run **accident**. **You** must also notify a law enforcement agency within twenty-four (24) hours of any hit-and-run **accident**. **You** must also notify **us** of any such hit-and-run **accident** within seven (7) days of any such **accident**. Failure to provide such notice shall be deemed a material and prejudicial breach of this Insuring Agreement 3, and render any insurance provided null and void.
- c. **Medical Examinations.** The injured person may be required to take, at **our** expense, physical examinations by physicians **we** choose, as often as **we** reasonably require.
- d. **Non-Binding Judgment.** No judgment resulting from a **suit** brought without **our** written consent, or which **we** are not a party to, is binding on **us**, either for determining the liability of the **uninsured or underinsured automobile** or owner, or the amount of **damages** sustained.
- e. **Prejudgment or Pre-Arbitration Award Interest.** Prejudgment or pre-arbitration award interest shall not begin to accrue until the date that the proof of loss is received by **us**.
- f. **Proof of Loss.** A proof of loss must be served upon **us** as soon as practicable following any such **accident** causing the injury in order to determine the amounts payable. Failure to provide such notice shall be deemed a material and prejudicial breach of this Insuring Agreement, and renders any insurance provided null and void. Each proof of loss presented shall accurately describe the conduct and circumstances which brought about the injury, state the time and place the injury occurred, state the names of all persons involved, and shall contain the amount of **damages** claimed, together with any and all records that exist pertaining to said injury. Said records shall consist of 1) all police reports pertaining to the **accident**, and 2) complete medical and billing records from all institutions (hospitals, rehabilitation facilities, and nursing homes) and physician offices. A signed medical records release form must be provided with the proof of loss giving **us** authorization to obtain additional medical reports and other records pertinent to any such loss.

D. Exclusions Applicable to Automobile Liability Insurance Agreements

The following exclusions are applicable to this Section only. They may amend exclusions located in Section IV General Exclusions of this policy.

1. With respect to Insuring Agreements 1, 2 and 3, Auto Liability Insurance of this Section does not apply:

- a. To any claim, **occurrence, accident, wrongful act** or **wrongful employment practice act** or other covered loss more specifically covered under any other section of this policy.
- b. To any claim of **bodily injury** sustained by any person, including an **insured**, engaged in the maintenance or repair of an **insured vehicle**.
- c. To any claim that directly or indirectly benefits any worker's compensation or disability benefits insurer.
- d. For **bodily injury** to anyone eligible to receive benefits which are either provided, or are required to be provided, under any worker's compensation, occupational disease or similar disability law.
- e. To any claim arising out of the operation of **mobile equipment**.
- f. For any **vehicles** owned or leased by a **named insured** when the **vehicle** is being rented or leased to a third party for compensation.
- g. To any person or organization, or to any agent or employee thereof, operating a vehicle sales agency, repair shop, service station, storage garage or public parking place, with respect to any **accident** arising out of the operation thereof.
- h. To any employee with respect to injury to, sickness, disease or death of another employee of the same employer injured in the course of such employment in an **accident** arising out of the maintenance or use of the **vehicle** in the business of such employer.

- i. With respect to any hired **vehicle**, to the owner or a lessee thereof, other than the **named insured**, nor to any agent or employee or such owner or lessee.
 - j. To any **bodily injury** resulting from or arising out of the use of a **vehicle** owned by **you** and not insured by **us**.
 - k. To any claim for **damages** for **personal injury** arising out of:
 - (1) Any sexual molestation occurrence that results in a claim or any sexual abuse occurrence that results in a claim; or
 - (2) A series of related sexual molestation occurrences or a series of related sexual abuse occurrences that have as a common nexus with, or involve, a series of causally or logically related acts as a result of, caused by, contributed by, or in connection with any act or acts committed by anyone against any person or persons.
 - l. To any claim for **damages** for **personal injury** or **property damage** arising out of:
 - (1) Physical contact by any **unmanned aircraft system** with any other **aircraft**, including airships, blimps or other gas or hot air-filled balloons, whether manned or unmanned; or
 - (2) Knowingly not complying with Federal Aviation Administration (FAA) regulations, certifications, rules, procedures, policies and standards with respects to **unmanned aircraft system** including any amendment or addition to such regulations, certifications, rules, procedures, policies and standards; or
 - (3) Knowingly not complying with any other federal, state or local laws and regulations with respect to **unmanned aircraft system**, including any amendment or addition to such laws and regulations.
2. **With Respect to Insuring Agreement 1, Auto Liability Insurance of this Section does not apply:**
- a. To **property damage** to property rented to, used by or in the care, custody or control of any **insured**.
 - b. To **bodily injury** to any **insured** arising out of or in the course of employment.
 - c. To any liability for indemnity or contribution brought by any party for **bodily injury** or **property damage** sustained by any **insured**.
3. **With Respect to Insuring Agreement 2, Automobile Medical Payments of this Section does not apply:**
- a. To any **bodily injury** arising out of or resulting from the operation of an **insured vehicle** while being used for hire or for a fee with authorization for such use.
 - b. To prisoners, inmates, or any other category of persons being detained by an **insured** while being transported by **you**.
 - c. For **bodily injury** to any employee, elected official or volunteer eligible to receive any worker's compensation, occupational disease or similar disability law benefits.
4. **With Respect to Insuring Agreement 3, Uninsured/Underinsured Motorists Insurance of this Section does not apply:**
- a. To any **insured** who enters into a settlement with a third party without **our** written consent.

SECTION VIII – GENERAL LIABILITY INSURANCE

A. Insuring Agreement Applicable to General Liability Insurance

The following insuring agreements are applicable to this Section only and may amend insuring agreements located in Section I General Insuring Agreement of this policy. Also, the following insuring agreements are subject to Section II General Definitions, Section III General Conditions and Section IV General Exclusions of this policy, unless amended as stated within this Section.

1. **General Liability.** We agree to pay on **your** behalf those sums which an **insured** becomes legally obligated to pay as **damages** for **personal injury** or **property damage** which arise out of an **occurrence** during the policy period. Included within this insuring agreement are the following:
 - a. **Garagekeeper's Liability.** Insuring Agreement 1 provides liability coverage for **damages** associated with the ownership and operation of storage garages and parking lots of the **named insured** as bailee with respect to a **vehicle** left in its custody and control and is sublimited to \$500,000 per **occurrence**.
 - b. **Fire Suppression Liability.** Insuring Agreement 1 provides liability coverage for **damages** arising out of **fire suppression activities** by authorized firefighting personnel. This coverage is sublimited to \$500,000 per **occurrence**. This coverage grant does not apply to fire suppression activities on public land.
 - c. **Hostile Fire Liability.** Insuring Agreement 1 provides liability coverage for **damages** arising out of heat, smoke or fumes resulting from a **hostile fire** and is sublimited to \$500,000 per **occurrence**.
 - d. **Host/Liquor Liability.** Insuring Agreement 1 provides liability coverage for **damages** resulting from the provision, sale or distribution of alcoholic beverages, or by reason of any local, state or federal liquor control laws and will be sublimited to \$500,000 per **occurrence**.
 - e. **Sewer Back-up Claims.** Insuring Agreement 1 provides liability coverage for **damages** arising out of sewer line and facilities back-up and related events, for which the **named insured** is responsible by virtue of its negligence. Notwithstanding the general exclusions stated elsewhere within this policy, this Insuring Agreement extends to mold and other fungus abatement and remediation demonstrated to be a direct result of a sewer back-up related **occurrence** for which **you** are responsible. This coverage is sublimited to \$500,000 per **occurrence**.
 - f. **Incidental Medical Liability.** Insuring Agreement 1 provides liability coverage for **damages** related to professional medical services rendered in the course and scope of delivering such services or during medically supervised training related thereto or which should have been rendered to any person or persons (other than employees of the **named insured** injured during the course of their employment) only by any of the following persons acting on behalf of the **named insured** by:
 - (1) Employed or volunteer emergency medical technicians (EMTs), paramedics or first responders.
 - (2) Employed or volunteer, nurse practitioners, registered nurses, licensed practical nurses, or nurses otherwise licensed and regulated under the statutes of the State of Idaho, while employed by **you** and while acting within the scope of their duties and responsibilities serving inmates of a jail operated by **you**.
 - (3) Volunteer registered nurses, licensed practical nurses, or nurses otherwise licensed and regulated under the statutes of the State of Idaho, while volunteering for **you** and while acting within the scope of their duties and responsibilities, serving as an EMT, paramedic, first responder or ambulance personnel.
 - (4) Any other **insured** providing **first aid**.

This coverage is sublimited to \$500,000 per **occurrence**.

B. Definitions Applicable to General Liability Insuring Agreement

The following definition is applicable to this Section only. It may amend definitions located in Section II General Definitions of this policy.

1. **"Fire Suppression Activities"** means the application of water or **fire suppression chemicals** in the attempt to suppress fires or dislocation of materials or destruction of property deemed necessary to suppress fires.
2. **"Fire Suppression Chemicals"** means chemicals prescribed for extinguishing or preventing fires.
3. **"Hostile Fire"** means one which becomes uncontrollable or breaks out from where it was intended to be within **your insured property** and started by **you**.
4. **"Insured"** means:
 - a. The **Named Insured**; or
 - b. Any current or former elected or appointed official serving as a volunteer or employee of the **named insured**, as well as any volunteer or employee of the **named insured** while acting within the scope of their duties as such. This does not include any appointed or elected official or employee who is serving the **named insured** as an independent contractor; or
 - c. City or county prosecutors, or appointed city attorneys while serving as independent contractors, in the course and scope of their statutory roles.

C. Exclusions Applicable to General Liability Insuring Agreement

The following exclusion are applicable to this Section only. They may amend exclusions located in Section IV General Exclusions of this policy.

1. **With Respect to Insuring Agreement 1, General Liability Insurance of this Section does not apply:**
 - a. To any claim, **occurrence, accident, wrongful act** or **wrongful employment practice act** or other covered loss more specifically covered under any other section of this policy.
 - b. To any claim from fire suppression liability, government-imposed penalties or fines, however characterized, assessed to pay the costs of suppressing a fire started by **your fire suppression activities** or for the improper discharge of **fire suppression chemicals** will not be covered under this section.
 - c. To **personal injury** or **property damage** resulting from or arising out of the ownership, maintenance, use or entrustment to others of any **vehicle**.
 - d. To any claim for **damages** arising out of law enforcement or jail operations activities or the performance of law enforcement or jail operations duties.
 - e. To **property damage** to property **you** own, rent or occupy; **premises you** sell, give away or have abandoned; property loaned to **you**; and personal property in **your** care, custody and control. This exclusion shall not apply to garagekeeper's liability, as provided in the insuring agreement of this section.
 - f. To any **damages** claimed for any loss, cost or expense incurred by **you** or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of **your** product, **your** work, or the impaired property if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition.
 - g. To any claim or **suit** for which the only monetary **damages** sought are costs of **suit** and/or attorney's fees.
 - h. To any claim or **suit** for **personal injury** arising out of the **administration** of an **employee benefit program**.
 - i. To any claim arising out of the failure to supply water, electrical power, fuel, internet or any other utilities.

- j. To any claim for **damages** for **personal injury** arising out of:
 - (1.) Any sexual molestation occurrence that results in a claim or any sexual abuse occurrence that results in a claim; or
 - (2.) A series of related sexual molestation occurrences or a series of related sexual abuse occurrences that have as a common nexus with, or involve, a series of causally or logically related acts as a result of, caused by, contributed by, or in connection with any act or acts committed by anyone against any person or persons.

- k. To any claim for **damages** for **personal injury** or **property damage** arising out of:
 - (1) Physical contact by any **unmanned aircraft system** with any other **aircraft**, including airships, blimps or other gas or hot air-filled balloons, whether manned or unmanned; or
 - (2) Knowingly not complying with Federal Aviation Administration (FAA) regulations, certifications, rules, procedures, policies and standards with respects to **unmanned aircraft system**, including any amendment or addition to such regulations, certifications, rules, procedures, policies and standards; or
 - (3) Knowingly not complying with any other federal, state or local laws and regulations with respect to **unmanned aircraft system**, including any amendment or addition to such laws and regulations.

SECTION IX – LAW ENFORCEMENT LIABILITY INSURANCE

A. Insuring Agreement Applicable to Law Enforcement Liability Insurance

The following insuring agreements are applicable to this Section only and may amend insuring agreements located in Section I General Insuring Agreement of this policy. Also, the following insuring agreements are subject to Section II General Definitions, Section III General Conditions and Section IV General Exclusions of this policy, unless amended as stated within this Section.

1. **Law Enforcement Liability.** *We* agree, subject to the conditions and exclusions of this Insuring Agreement, to pay on **your** behalf those sums which an **insured** becomes legally obligated to pay as **damages** because of a **wrongful act** or related **wrongful acts** which have as a common nexus any fact, circumstance, situation, event, transaction or series of facts, circumstances, situations, events or transactions resulting from the performance of **your** duties while providing law enforcement services or **jail operations** services or the administration of **first aid** resulting in **personal injury** or **property damage** during the policy period. Included within this insuring agreement is:
 - a. Incidental Medical Liability. Insuring Agreement 1 provides liability coverage for professional medical services rendered in the course and scope of delivering such services or during medically supervised training related thereto, or which should have been rendered to any person or persons (other than employees of the **named insured** injured during the course of their employment) only by any of the following persons acting on behalf of the **named insured** by and is sublimited to \$500,000 per **occurrence**:
 - (1) Employed or volunteer emergency medical technicians (EMTs), paramedics or first responders.
 - (2) Employed or volunteer, nurse practitioners, registered nurses, licensed practical nurses or nurses otherwise licensed and regulated under the statutes of the State of Idaho, while employed by **you** and while acting within the scope of their duties and responsibilities serving inmates in the function of a jail operated by **you**.
 - (3) Volunteer registered nurses, licensed practical nurses, or nurses otherwise licensed and regulated under the statutes of the State of Idaho, while volunteering for **you** and while acting within the scope of their duties and responsibilities serving an EMT, paramedic, first responder or ambulance personnel.

B. Definitions Applicable to Law Enforcement Liability Insuring Agreement

The following definitions are applicable to this Section only. They may amend definitions located in Section II General Definitions of this policy.

1. **"Jail Operations"** means activities relating to the detention of prisoners, arrestees or detainees at a detention facility, jail, work program, or other facility however described used to hold prisoners, arrestees, or detainees in the charge of an **insured**.
2. **"Personal Injury"** means **bodily injury**, mental anguish, shock, sickness, disease, disability, wrongful eviction, malicious prosecution, humiliation, invasion of rights of privacy, libel, slander or defamation of character, piracy and any infringement of copyright of property, erroneous service of civil papers, assault and battery and disparagement of property. **Personal injury** shall also mean false arrest, false imprisonment, detention, unlawful discrimination and violation of civil rights arising out of law enforcement or **jail operations** activities.
3. **"Wrongful Act"** means the actual or alleged negligent performance of a legal duty or responsibility or failure to perform a legal duty or responsibility, respectively, in a tortious manner pursuant to the Idaho Tort Claims Act or unlawful violations of civil rights pursuant to Federal law arising out of public office or position. **Wrongful act** is not a **wrongful employment practice**, as defined elsewhere.

C. Exclusions Applicable to Law Enforcement Liability Insuring Agreement

The following exclusions are applicable to this Section only. They may amend exclusions located in Section IV General Exclusions of this policy.

1. **With Respect to Insuring Agreement 1, Law Enforcement Liability Insurance of this Section does not apply:**
 - a. To any claim, **occurrence, accident, wrongful act** or **wrongful employment practice act** or other covered loss more specifically covered under any other section of this policy.
 - b. To **personal injury** or **property damage** resulting from or arising out of the ownership, maintenance, use or entrustment to others of any **vehicle**.
 - c. To **property damage** to property **you** own, rent or occupy; **premises you** sell, give away or have abandoned; property loaned to **you**; and personal property in **your** care, custody and control.
 - d. To any claim or **suit** for which the only monetary **damages** sought are costs of **suit** and/or attorney's fees.
 - e. To any claim relating to **wrongful employment acts** of the employment of any person, including threatened, actual or alleged **discrimination** or harassment.
 - f. To any claim for **damages** for **personal injury** arising out of:
 - (1) Any sexual molestation occurrence that results in a claim or any sexual abuse occurrence that results in a claim; or
 - (2) A series of related sexual molestation occurrences or a series of related sexual abuse occurrences that have as a common nexus with, or involve, a series of causally or logically related acts as a result of, caused by, contributed by, or in connection with any act or acts committed by anyone against any person or persons.
 - g. To any claim for **damages** for **personal injury** or **property damage** arising out of:
 - (1) Physical contact by any **unmanned aircraft system** with any other **aircraft**, including airships, blimps or other gas or hot air-filled balloons, whether manned or unmanned; or
 - (2) Knowingly not complying with Federal Aviation Administration (FAA) regulations, certifications, rules, procedures, policies and standards with respects to **unmanned aircraft system** including any amendment or addition to such regulations, certifications, rules, procedures, policies and standards; or
 - (3) Knowingly not complying with any other federal, state or local laws and regulations with respect to **unmanned aircraft system**, including any amendment or addition to such laws and regulations.

SECTION X - ERRORS AND OMISSIONS INSURANCE CLAIMS MADE ONLY

A. Errors and Omissions Insuring Agreements

The following insuring agreements are applicable to this Section only and may amend insuring agreements located in Section I General Insuring Agreement of this policy. Also, the following insuring agreements are subject to Section II General Definitions, Section III General Conditions and Section IV General Exclusions of this policy, unless amended as stated within this Section.

1. **Errors and Omissions Liability.** We agree to pay on **your** behalf those sums which **you** become legally obligated to pay as **damages** because of a **claim** against an **insured** which is **first made** in writing to **us** by **you** during this policy period, or any extended reporting period **we** provide, arising out of any **wrongful act** or series of related **wrongful acts** by an **insured** which have as a common nexus any fact, circumstance, situation, event, transaction or series of facts, circumstances, situations, events or transactions. For this insuring agreement, two or more **claims** arising out of a single **wrongful act** or series of related **wrongful acts** shall be treated as a single **claim**.

B. Definitions Applicable to Errors and Omissions Insuring Agreement

The following definition is applicable to this Section only. It may amend a definition located in Section II General Definitions of this policy.

1. "**Claim**" means a demand received by **you** for money **damages** alleging a **wrongful act** of a tortious nature by any **insured**. No **claim** exists where the only monetary **damages** sought or demanded are costs of **suit** and/or attorney's fees.
2. "**Insured**" means:
 - a. The **Named Insured**; or
 - b. Current or former elected or appointed official serving as a volunteer or employee of the **named insured**, as well as any volunteer or employee of the **named insured** while acting within the scope of their duties as such. This does not include any appointed or elected official or employee who is serving the **named insured** as an independent contractor; or
 - c. City or county prosecutors, or appointed city attorneys while serving as independent contractors, in the course and scope of their statutory roles.

C. Specific Conditions Applicable to Errors and Omissions Insuring Agreement

The following condition is applicable to this Section only. It may amend conditions located in Section III General Conditions of this policy.

1. **Retroactive Date.** All **wrongful acts** must first take place after the applicable retroactive date shown in the declaration pages of this policy and on or before the expiration of this policy period.

D. Exclusions Applicable to Errors and Omissions Insuring Agreement

The following exclusions are applicable to this Section only. They may amend exclusions located in Section IV General Exclusions of this policy.

1. **The Errors and Omissions Insuring Agreement 1 of this Section does not cover any claim:**
 - a. Or **occurrence, accident, wrongful act** or **wrongful employment practice act** or other covered loss more specifically covered under any other section of this policy.
 - b. Arising out of any dishonest, fraudulent, or criminal **wrongful acts** committed by any **insured** or at the direction of any **insured**.

- c. Arising out of the failure to supply water, electrical power, fuel, Internet or any other utilities.
- d. For which **you** are entitled to indemnity and/or payment by reason of having given notice of any circumstances which might give rise to a **claim** under any policy or policies, the term of which has commenced prior to the inception date of this policy, or from a **wrongful act** which occurred prior to the applicable retroactive date set forth in the declarations pages of this policy.
- e. Resulting from a continuing **wrongful act** which first commences prior to the applicable retroactive date set forth in the declarations pages of this policy.
- f. Arising out of law enforcement or jail operations activities or the performance of law enforcement or jail operations duties.
- g. For **personal injury** or **property damage**.
- h. To any **claim** for **personal injury** or **property damage** arising out of:
 - (1) Physical contact by any **unmanned aircraft system** with any other **aircraft**, including airships, blimps or other gas or hot air-filled balloons, whether manned or unmanned; or
 - (2) Knowingly not complying with Federal Aviation Administration (FAA) regulations, certifications, rules, procedures, policies and standards with respects to **unmanned aircraft system** including any amendment or addition to such regulations, certifications, rules, procedures, policies and standards; or
 - (3) Knowingly not complying with any other federal, state or local laws and regulations with respect to **unmanned aircraft system**, including any amendment or addition to such laws and regulations.
- i. To any claim for **damages** for **personal injury** arising out of:
 - (1) Any sexual molestation **wrongful act** that results in a claim or any sexual abuse **wrongful act** that results in a claim; or
 - (2) A series of related sexual molestation **wrongful acts** or a series of related sexual abuse **wrongful acts** that have as a common nexus with, or involve, a series of causally or logically related acts as a result of, caused by, contributed by, or in connection with any act or acts committed by anyone against any person or persons.

SECTION XI – EMPLOYEE BENEFIT PROGRAM LIABILITY INSURANCE CLAIMS MADE ONLY

A. Employee Benefit Program Liability Insuring Agreement

The following insuring agreements are applicable to this Section only and may amend insuring agreements located in Section I General Insuring Agreement of this policy. Also, the following insuring agreements are subject to Section II General Definitions, Section III General Conditions and Section IV General Exclusions of this policy, unless amended as stated within this Section.

1. **Employee Benefit Program Liability.** *We* agree to pay on **your** behalf those sums which **you** become legally obligated to pay as **damages** because of a **claim** arising against an **insured** which is **first made** in writing to **us** by **you** during this policy period, or any extended reporting period **we** provide, resulting from **wrongful acts** or a series of related **wrongful acts** in the **administration** of **your employee benefit program** which have as a common nexus any fact, circumstance, situation, event, transaction or series of facts, circumstances, situations, events or transactions.. For this insuring agreement, two or more **claims** arising out of a single **wrongful act** or series of related **wrongful acts**, or a **personal injury** offense or a series of related offenses, in the **administration** of **your employee benefit program**, shall be treated as a single **claim**.

B. Definitions Applicable to Employee Benefit Program Liability Insuring Agreement

The following definitions are applicable to this Section only. They may amend definitions located in Section II General Definitions of this policy.

1. **"Administration"** means:
 - a. Providing information to employees, including their dependents and beneficiaries, with respect to eligibility for any **employee benefit program**;
 - b. Handling of records in connection with the **employee benefit program**; or
 - c. Affecting, continuing or terminating any employee participation in any **employee benefit program**.
 - d. **Administration** does not mean **your** decision to not offer a particular benefit, plan or program unless that particular benefit is required by law.
2. **"Claim"** means a demand received by **you** for money **damages** alleging a **wrongful act** or **personal injury** of a tortious nature by any **insured** in the **administration** of **your employee benefit program**. No **claim** exists where the only monetary **damages** sought or demanded are costs of **suit** and/or attorney's fees.
3. **"Insured"** means:
 - a. The **Named Insured**; or
 - b. Any current or former elected or appointed official serving as a volunteer or employee of the **named insured**, as well as any volunteer or employee of the **named insured** while acting within the scope of their duties as such. This does not include any appointed or elected official or employee who is serving the **named insured** as an independent contractor; or
 - c. City or county prosecutors, or appointed city attorneys while serving as independent contractors, in the course and scope of their statutory roles.

C. Specific Conditions Applicable to Employee Benefit Program Liability Insuring Agreement

The following condition is applicable to this Section only. It may amend conditions located in Section III General Conditions of this policy.

1. **Retroactive Date.** All **wrongful acts** or all **personal injury** must first take place on or after the applicable retroactive date shown in the declaration pages of this policy and before the expiration of this policy period.

D. Exclusions Applicable to Employee Benefit Program Liability Insuring Agreement

The following exclusions are applicable to this Section only. They may amend exclusions located in Section IV General Exclusions of this policy.

1. **The Employee Benefit Liability Insuring Agreement 1 of this Section does not cover any claim:**
 - a. Or **occurrence, accident, wrongful act** or **wrongful employment practice act** or other covered loss more specifically covered under any other section of this policy.
 - b. For which **you** are entitled to indemnity and/or payment by reason of having given notice of any circumstances which might give rise to a **claim** under any policy or policies, the term of which has commenced prior to the inception date of this policy, or from a **wrongful act** or **personal injury** which occurred prior to the applicable retroactive date set forth in the declarations pages of this policy.
 - c. Resulting from a continuing **wrongful act** or **personal injury** which first commences prior to the applicable retroactive date set forth in the declarations pages of this policy.
 - d. To any **claim** for **damages** arising out of law enforcement or jail operations activities or the performance of law enforcement or jail operations duties.
 - e. To any claim for **damages** for **personal injury** arising out of:
 - (1) Any sexual molestation **wrongful act** that results in a claim or any sexual abuse **wrongful act** that results in a claim; or
 - (2) A series of related sexual molestation **wrongful acts** or a series of related sexual abuse **wrongful acts** that have as a common nexus with, or involve, a series of causally or logically related acts as a result of, caused by, contributed by, or in connection with any act or acts committed by anyone against any person or persons.
 - f. For **property damage**.

SECTION XII – EMPLOYMENT PRACTICES LIABILITY INSURANCE

CLAIMS MADE ONLY

A. Employment Practices Liability Insuring Agreement:

The following insuring agreements are applicable to this Section only and may amend insuring agreements located in Section I General Insuring Agreement of this policy. Also, the following insuring agreements are subject to Section II General Definitions, Section III General Conditions and Section IV General Exclusions of this policy, unless amended as stated within this Section.

1. **Employment Practices Liability.** *We* agree to pay on *your* behalf those sums which *you* become legally obligated to pay as **damages** because of a **claim** by or on behalf of a volunteer, employee, former employee or applicant for employment which is **first made** in writing to *us* by *you* during this policy period or any extended reporting period *we* provide, arising out of any **wrongful employment practice act** or series of related **wrongful employment practices act** by an **insured** which have as a common nexus any fact, circumstance, situation, event, transaction or series of facts, circumstances, situations, events or transactions.. For this insuring agreement, two or more **claims** arising out of a single **wrongful employment practice act** or series of related **wrongful employment practice acts** shall be treated as a single **claim**.

B. Definitions Applicable to Employment Practices Liability Insuring Agreement

The following definition is applicable to this Section only. It may amend a definition located in Section II General Definitions of this policy.

1. "**Claim**" means a demand received by *you* for money **damages** alleging a **wrongful employment practice act** of a tortious nature by any **insured**. No **claim** exists where the only monetary **damages** sought or demanded are costs of **suit** and/or attorney's fees. A **claim** shall include complaints filed with the Idaho Human Rights Commission (IHRC) and the Equal Employment Opportunity Commission (EEOC). A **claim** also includes employment contract **claims** premised upon implied employment contracts.
2. "**Insured**" means:
 - a. The **Named Insured**;
 - b. Any current or former elected or appointed official serving as a volunteer or employee of the **named insured**, as well as any volunteer or employee of the **named insured** while acting within the scope of their duties as such. This does not include any appointed or elected official or employee who is serving the **named insured** as an independent contractor; or
 - c. City or county prosecutors, or appointed city attorneys while serving as independent contractors, in the course and scope of their statutory roles.

C. Specific Conditions Applicable to Employment Practices Liability Insuring Agreement

The following condition is applicable to this Section only. It may amend conditions located in Section III General Conditions of this policy.

1. **Retroactive Date.** All **wrongful employment practice acts** must take place on or after the applicable retroactive date shown in the declaration pages of this policy and before the expiration of this policy period.
2. **Deductible.** Any **claim** for **damages** brought forth under this coverage section brought by any employee directly or indirectly reporting to *you* relating to personnel-related actions or omissions shall have the deductible apply as listed below. This deductible applies for any **claim** arising out of wrongful termination, constructive discharge, **retaliation**, breach of employment contract, violation of due process rights relating to employment and/or any other constitutional or statutory rights, unlawful **discrimination, employment sexual harassment, employment harassment** of any type, assault, battery, and/or any **claim** resulting from or related to any type of unlawful or unfair employment practice. This deductible applies whether the alleged **damages** arise from negligent, intentional or any other type of otherwise wrongful conduct. *You* will be responsible for the below referenced deductible of any settlement, judgment, or legal defense costs paid

by **us** on **your** behalf with respect to any employment practices liability **claims** filed against **you**. However, this deductible will be waived if **you** consult with **us** before such employment action, including termination or suspension of employment, and followed all reasonable advice provided by **us** or an attorney assigned by **us** with respect to such employment action. The referenced deductible amount will be billed to **you** by **us** for any settlement, judgment or legal defense costs paid as the **claim** progresses. For each and every **claim** filed related to this coverage as detailed above, the deductible is as follows during the policy period:

- a. \$5,000

D. Exclusions Applicable to Employment Practices Liability Insuring Agreement

The following exclusions are applicable to this Section only. They may amend exclusions located in Section IV General Exclusions of this policy.

1. **The Employment Practices Liability Insuring Agreement 1 of this Section does not cover any claim:**
 - a. Or **occurrence, accident** or other covered loss more specifically covered under any other section of this policy.
 - b. For which **you** are entitled to indemnity and/or payment by reason of having given notice of any circumstances which might give rise to a **claim** under any policy or policies, the term of which has commenced prior to the inception date of this policy, or from a **wrongful employment practice act** which occurred prior to the applicable retroactive date set forth in the declarations pages of this policy.
 - c. Resulting from a continuing **wrongful employment practice act** which commences prior to the applicable retroactive date set forth in the declarations pages of this policy.
 - d. Arising out of law enforcement or jail operations activities or the performance of law enforcement or jail operations duties.
 - e. To any claim for **damages** for **personal injury** arising out of:
 - (1) Any sexual molestation **wrongful act** that results in a claim or any sexual abuse **wrongful act** that results in a claim; or
 - (2) A series of related sexual molestation **wrongful acts** or a series of related sexual abuse **wrongful acts** that have as a common nexus with, or involve, a series of causally or logically related acts as a result of, caused by, contributed by, or in connection with any act or acts committed by anyone against any person or persons.
 - (3) The above exclusions do not apply to a claim for **damages** arising out of **employment sexual harassment**.
 - f. For **personal injury** or **property damage**.

SECTION XIII –SEXUAL MOLESTATION OR SEXUAL ABUSE LIABILITY INSURANCE CLAIMS MADE ONLY

A. Insuring Agreement Applicable to Sexual Molestation or Sexual Abuse Liability Insurance

The following insuring agreements are applicable to this Section only. Also, the following insuring agreements are subject to Section II General Definitions, Section III General Conditions and Section IV General Exclusions of this policy, unless amended as stated within this Section.

1. **Sexual Molestation or Sexual Abuse Liability.** We agree to pay on **your** behalf those sums **you** become legally obligated to pay as **damages** arising out of a **sexual molestation or sexual abuse bodily injury claim** or a series of **related sexual molestation or sexual abuse bodily injury claims** which are **first made** in writing to **us** by **you** against an **insured** during this policy period, or any extended reporting period **we** provide, arising out of any **sexual molestation or sexual abuse incident** or a series of **related sexual molestation or sexual abuse** incidents. This insurance applies to **bodily injury** only if:
 - a. The **bodily injury** is caused by a **sexual molestation or sexual abuse** incident or a series of **related sexual molestation or sexual abuse bodily injury** incidents or victims; and
 - b. The **bodily injury** caused by a **sexual molestation or sexual abuse** or a series of **related sexual molestation or sexual abuse bodily injury** incidents or victims did not first occur before the retroactive date shown in the declarations pages or after the end of this policy period; and
 - c. Subject to paragraphs a. and b. of this subsection, Insuring Agreement 1 will only apply if the absolute first **sexual molestation or sexual abuse** occurrence takes place on or after the retroactive date and before the end of this policy period.

All such **sexual molestation or sexual abuse bodily injury**, including all **related sexual molestation or sexual abuse bodily injury**, will be deemed to have occurred at the time of the absolute first **sexual molestation or sexual abuse** and all such **bodily injury** shall be deemed to be a single occurrence whether committed by the same perpetrator or two or more perpetrators acting in concert and without regard to the number of:

- (1) Incidents of **sexual molestation or sexual abuse** taking place thereafter;
- (2) Victims of **sexual molestation or sexual abuse**;
- (3) Locations where the **sexual molestation or sexual abuse** took place;
- (4) ICRMP policy periods over which the acts of **sexual molestation or sexual abuse** took place; or
- (5) Breaches of any legal obligation arising out of any **sexual molestation or sexual abuse**, or suspected or threatened **sexual molestation or sexual abuse**, or breach of duty to any person who was **sexually molested or sexually abused**.

All **claims** arising out of the same **sexual molestation or sexual abuse bodily injury** occurrence, or a series of **related sexual molestation or sexual abuse bodily injury** occurrences, shall be treated as a single **claim** considered **first made** against an **insured** and reported in writing to **us** during the policy period or any extended reporting period when the first of such **claims** is made. Only that policy's coverage section limits of indemnification as stated in the declarations page apply to such single **claim**.

B. Definitions Applicable to Sexual Molestation or Sexual Abuse Liability Insuring Agreement

The following definitions are applicable to this Section only. They may amend definitions located in Section II General Definitions of this policy.

1. "**Bodily Injury**" means bodily injury, sickness, disease, shock, fright, mental injury or anguish, emotional distress or disability sustained by a natural person, including death resulting from any of these at any time resulting from **sexual molestation or sexual abuse**.

2. **“Claim”** means a **suit** or demand made by or for the injured person for monetary **damages** because of alleged or actual **bodily injury** caused by **sexual molestation or sexual abuse**.
3. **"Insured"** means:
 - a. The **Named Insured**;
 - b. Any current or former elected or appointed official serving as a volunteer or employee of the **named insured**, as well as any volunteer or employee of the **named insured** while acting within the scope of their duties as such. This does not include any appointed or elected official or employee who is serving the **named insured** as an independent contractor; or
 - c. City or county prosecutors, or appointed city attorneys while serving as independent contractors, in the course and scope of their statutory roles.
4. **“Related Sexual Molestation or Sexual Abuse Bodily Injury”** means **sexual molestation or sexual abuse bodily injury** that has as a common nexus with, or involving, a series of casually or logically related acts.
5. **“Sexual Molestation or Sexual Abuse”** means:
 - a. The alleged, actual, threatened, unwelcome or offensive:
 - (1) Physical conduct, including sexual abuse or molestation by anyone of any person while in the care, custody or control of any **insured**; or
 - (2) Verbal or written conduct or conduct using visual images, including conduct by electronic means;
 - b. Including:
 - (1) The negligent:
 - (i.) Employment;
 - (ii.) Investigation;
 - (iii.) Supervision;
 - (iv.) Reporting to proper authorities, or failure to so report; or
 - (v.) Retention;

of a person for whom any **insured** is or ever was legally responsible and whose conduct is defined herein.
 - c. Breaches of any legal obligation arising out of any **sexual molestation or sexual abuse** occurrence, or suspected or threatened molestation, or breach of any duty to any person who was abused or molested.

C. Specific Conditions Applicable to Sexual Molestation or Sexual Abuse Liability Insuring Agreement

The following conditions are applicable to this Section only. They may amend conditions located in Section III General Conditions of this policy.

1. **Retroactive Date.** All **sexual molestation or sexual abuse claims** must take place on or after the applicable retroactive date as shown in the declaration pages of this policy and before the expiration of this policy period.

D. Exclusions Applicable to Sexual Molestation or Sexual Abuse Liability Insuring Agreement

The following exclusions are applicable to this Section only. They may amend exclusions located in Section IV General Exclusions of this policy.

1. With Respect to Insuring Agreement 1 Sexual Molestation or Sexual Abuse Liability Insurance of this Section does not apply:

- a. To any **claim, occurrence, accident, wrongful act** or **wrongful employment practice act** or other covered loss more specifically covered under any other section of this policy.
- b. To any **claim** relating to **wrongful employment practice acts** of the employment of any person, including threatened, actual or alleged **discrimination** or harassment.
- c. To any **claim** or **suit** for which the only monetary **damages** sought are costs of **suit** and/or attorney's fees.
- d. Any **sexual molestation or sexual abuse bodily injury claim**:
 - (1) Based upon, or arising out of, **sexual molestation or sexual abuse bodily injury** which is the subject of any notice given under any policy or policies the term of which has or have expired prior to the inception date of this policy.
 - (2) Arising out of any **sexual molestation or sexual abuse bodily injury** that first takes place prior to the retro date of this policy.
 - (3) Caused by any **insured** who is found by a court of law to have committed a criminal act involving sexual molestation or sexual abuse. However, **we** will pay covered **damages** the **named insured** becomes legally obligated to pay as a result of an employee's actions if such obligation is created pursuant to the Idaho Tort Claims Act, another state's similar law or federal law.

SECTION XIV –CHEMICAL SPRAYING ACTIVITIES LIABILITY INSURANCE

CLAIMS MADE COVERAGE ONLY

A. Insuring Agreement Applicable to Chemical Spraying Activities Liability Insurance

The following insuring agreements are applicable to this Section only and may amend insuring agreements located in Section I General Insuring Agreement of this policy. Also, the following insuring agreements are subject to Section II General Definitions, Section III General Conditions and Section IV General Exclusions of this policy, unless amended as stated within this Section.

1. **Chemical Spraying Activities Liability.** *We* agree to pay on **your** behalf those sums which **you** become legally obligated to pay as **damages** because of a **claim** arising out of an **occurrence** for **chemical spraying activities** against an **insured** which is **first made** in writing to **us** by **you** during this policy period, or any extended reporting period **we** provide. For this insuring agreement, two or more **claims** arising out of a single **occurrence** or series of related **occurrences** shall be treated as a single **claim**. All **bodily injury** to one or more persons and/or **property damage** arising out of an **accident** or a continuous or repeated exposure to conditions shall be deemed one **occurrence**. This insuring agreement only applies if the incident did not first occur before the retroactive date as stated in the declarations pages or after the end of this policy period, or any extended reporting period **we** provide.

B. Definitions Applicable to Chemical Spraying Activities Liability Insuring Agreement

The following definitions are applicable to this Section only. They may amend definitions located in Section II General Definitions of this policy.

1. **"Chemical Spraying Activities"** means the intended dispersal of herbicides, defoliant, insecticides, pesticides or other toxic materials approved by the federal government for the eradication of undesirable plant growth, insects or rodents and the mixing, loading, storage, transportation and disposal of such materials.
2. **"Claim"** means a demand received by **you** for money **damages** alleging a **wrongful act** of a tortious nature by an **insured**.
3. **"Occurrence"** means an **accident** or a continuous or repeated exposure to **chemical spraying activities** which results in **bodily injury or property damage** during the policy period. The **occurrence** must first commence and be sustained on or after the retroactive date set forth in the declarations pages and prior to the effective date of this policy's cancellation or termination.

C. Specific Conditions to Chemical Spraying Activities Liability Insuring Agreement

The following conditions are applicable to this Section only. They may amend conditions located in Section III General Conditions of this policy.

1. **Exception to Absolute Pollution Exclusion.** The insurance afforded by this section constitutes an express exception to the Absolute Pollution Exclusion set forth in the General Exclusions section IV of this policy. As an exception to such exclusion, this coverage stands only to pay legally required **damages** for **bodily injury or property damage** not to exceed the Limits of Indemnification stated in the policy declarations, and not in any circumstances for natural resource damage **claims** made or penalties or fines imposed pursuant to state or federal law.
2. **Retroactive Date.** All **claims** must take place on or after the applicable retroactive date as shown in the declaration pages of this policy and before the expiration date of this policy period.

D. Exclusions to Chemical Spraying Liability Activities Liability Insuring Agreement

The following exclusion are applicable to this Section only. They may amend exclusions located in Section IV General Exclusions of this policy.

1. To any **claim, occurrence, accident, failure to educate, wrongful act** or **wrongful employment practice act** or other covered loss more specifically covered under any other section of this policy.
2. To any **claim** or **suit** for which the only monetary **damages** sought are costs of **suit** and/or attorney's fees.
3. To any **claim** for which **you** are entitled to indemnity and/or payment by reason of having given notice of any circumstances which might give rise to a **claim** under any other policy or policies of insurance.
4. To any claim for **damages** for **personal injury** arising out of:
 - (1) Any sexual molestation occurrence that results in a claim or any sexual abuse occurrence that results in a claim; or
 - (2) A series of related sexual molestation occurrences that results in a claim or a series of related sexual abuse occurrences that results in a claim that have as a common nexus with, or involve, a series of causally or logically related acts as a result of, caused by, contributed by, or in connection with any act or acts committed by anyone against any person or persons.

SECTION XV -ENDORSEMENTS

THESE ENDORSEMENTS MODIFY THE POLICY.

PLEASE READ THEM CAREFULLY.

Nothing herein contained in any of the listed endorsements shall be held to vary, alter, waive or extend any of the terms, conditions, or limitations of the policy to which these endorsements are attached other than as stated. All definitions listed in the General Definitions of this Policy apply when not amended within each Endorsement.

#1 ACCIDENTAL DISCHARGE OF POLLUTANTS AMENDATORY ENDORSEMENT

Section V – Property is amended by the following:

A. Insuring Agreement to Accidental Discharge of Pollutants Endorsement

The following insuring agreement is applicable to this Endorsement only and may amend insuring agreements located in Section I General Insuring Agreement of this policy. Also, the following insuring agreement is subject to Section II General Definitions, Section III General Conditions and Section IV General Exclusions of this policy, unless amended as stated within this Endorsement.

1. Notwithstanding anything to the contrary contained in the policy to which this endorsement attaches, it is hereby understood and agreed that Section V, Property Insurance, is extended to cover “**pollution cost or expense**” related to an otherwise covered **accident** as covered by section V, Property. This endorsement is limited to \$100,000 per **occurrence** and \$500,000 in the aggregate for multiple **occurrences** per policy period.

B. Definitions Applicable to Accidental Discharge of Pollutants Endorsement

The following definition is applicable to this Endorsement only. It may amend a definition located in Section II General Definitions of this policy or Section V Property definitions.

1. “**Pollution Cost or Expense**” means the reasonable and necessary cost **you** incur to clean up, remove and dispose, contain, treat, detoxify, neutralize or in any way respond to or assess the effects of **pollutants** related to any otherwise covered claim as stated in section V Property Insurance. This endorsement will apply whether this cost is incurred due to a request, order, or **suit** by any governmental agency or at the discretion of the **named insured**.

C. Exclusions Applicable to Accidental Discharge of Pollutants Endorsement

The following exclusion is applicable to this Endorsement only. It may amend exclusions located in Section IV General Exclusions of this policy and Section V Property exclusions.

1. This endorsement does not extend to any landfill, transfer station, trash or recycling collection facility or any other facility designed primarily for the collection or transfer of refuse or recycling content, or the **vehicles** and **mobile equipment** associated with any such described location.

Nothing herein contained shall be held to vary, alter, waive or extend any of the Section I General Insuring Agreements, Section II General Definitions, Section III General Conditions, Section IV General Exclusions or any specific Section insuring agreements, definitions, conditions, or exclusions to which this endorsement is attached other than as above stated.

#2 CYBER AND TECHNOLOGY LIABILITY ENDORSEMENT

THIS ENDORSEMENT IS LIMITED TO LIABILITY FOR CLAIMS THAT ARE FIRST MADE AGAINST YOU AND REPORTED IN WRITING TO US DURING THE POLICY PERIOD. CLAIM EXPENSES ARE WITHIN AND REDUCE THE LIMIT OF LIABILITY.

CLAIMS MADE COVERAGE Retroactive Date: October 1, 2015

I. Insuring Agreements

The following insuring agreements are applicable to this Endorsement only. They may amend insuring agreements located in Section I General Insuring Agreement of this policy. Also, the below listed insuring agreements are subject to Section II General Definitions, Section III General Conditions and Section IV General Exclusions of this policy. It may also amend Section IX General Liability Insuring Agreements. It may also amend Section V Property Insuring Agreements.

- A. **Third Party Liability Coverages.** This section is a third-party liability coverage and applies only to those **claims** that are **first made** against **you** and reported to **us** in accordance with this section. **Claims** expenses are within and reduce the limit of liability. **We** will pay on **your** behalf **claim expenses** and **damages** in excess of the applicable deductible as stated in the declarations pages as the result of a **claim first made** against **you** during the **policy period** or extended reporting period (if applicable) alleging a:

1. **Media – media wrongful act,**
2. **Privacy and Cyber Security – privacy and security wrongful act,**

Applicable to 1. And 2. Above - Committed by **you**, a **rogue employee**, an **outsourced provider**, or by a third party for whose **third-party wrongful act you** are legally responsible.

3. **Privacy Regulatory Defense, Awards and Fines** - **We** will pay on **your** behalf of **claim expenses** and **regulatory damages** in excess of the deductible that **you** as referenced on the declarations page as the result of a **privacy regulatory action first made** against **you** during the **policy period** or any extended reporting period (if applicable) alleging a **privacy and security wrongful act you**, a **rogue employee**, an **outsourced provider**, or by a third party for whose **privacy and security wrongful act you** are legally responsible.
4. **PCI DSS Coverage.** **We** will reimburse **you** for **PCI DSS fines and costs** in excess of **your** deductible that **you** are legally obligated to pay as the result of a **claim first made** against **you** during the **policy period** or extended reporting period (if applicable) alleging a **PCI DSS wrongful act** committed by **you**, a **rogue employee**, an **outsourced provider**, or by a third party for whose **PCI DSS wrongful act you** are legally responsible.

B. First Party Coverages.

1. **Business Interruption and Extra Expenses.** **We** will pay or reimburse **you** for:
 - a. **loss of business income** after the waiting period; and
 - b. **extra expenses** in excess of **your** deductible as stated on the declarations page,

Applicable to 1.a. And 1.b. Above - during the **period of restoration** that **you** incur resulting from a **cyber security breach** directly causing a total or partial interruption or deterioration of **your** business operations.

2. **Data Recovery.** **We** will pay or reimburse **you** for **data recovery expenses** in excess of **your** deductible as stated on the declarations page that **you** incur directly resulting from a **cyber-security breach**.
3. **Cyber-Extortion and Ransomware.** **We** will pay or reimburse **you** for **cyber-extortion expenses** in excess of **your** deductible as stated on the declarations page that **you** incur directly resulting from and in response to a **cyber-extortion threat**.
4. **Dependent Business Interruption.** **We** will pay or reimburse **you** for **dependent business interruption loss** in excess of **your** deductible as stated on the declarations page for loss of business income and extra expense as the limits state on the declarations page.
5. **Dependent Business Interruption – System Failure.** **We** will pay or reimburse **you** for **system failure dependent business interruption loss** in excess of **your** deductible as stated on the declarations page for loss of business income and extra expense as the limits state on the declarations page.
6. **System Failure.** **We** will pay or reimburse **you** for **loss of business income** after the **waiting period** or **extra expenses** in excess of **your** deductible as stated on the declarations page during the **period of restoration** that **you** incur resulting from a **system failure** directly causing a total or partial interruption or deterioration of **your** business operations up to the limits as stated on the declarations page.
7. **Social Engineering Financial Fraud.** **We** will pay or reimburse **you** for **social engineering financial fraud losses** in excess of **your** deductible as stated on the declarations page resulting from a **social engineering financial fraud event**.

C. Data Breach Response and Crisis Management Coverage.

1. **We** will pay or reimburse **you** for **data breach response and crisis management costs** in excess of **your** deductible as stated on the declarations page that **you** incur for a continuous eighteen (18) month period resulting from a **data breach** or **cyber security breach**. The payment period begins when the **data breach** or **cyber security** is reported to **us** in accordance with **our** Notice provision listed herein.

D. Application of Coverage.

1. The coverage provided under Third Party Liability Coverages above shall apply only if:
 - a. the first **third party wrongful act** or **related matter** occurs on or after the **retroactive date** as stated in declarations pages and prior to the Policy expiration date, as stated in the Declarations page;
 - b. prior to the policy's effective date on the declarations page, no **executive officer** knew or could have reasonably foreseen that such **third party wrongful act** or **related matter** did or likely would result in a **claim**;
 - c. the **claim** is reported to **us** in accordance with the endorsement notice provisions; and
 - d. notice of such **third party wrongful act** or **related matter** alleged or contained in any **claim** or in any circumstance has not been provided by **you** and accepted by **us** under any prior endorsement of which this endorsement is a renewal or replacement, or any

subsequent endorsement, irrespective of whether such prior or subsequent endorsement was issued by **us** or any other entity.

2. The coverage provided under First Party Coverages and Data Breach Response and Crisis Management Coverage stated above shall apply if and only if:
 - a. an **executive officer** first discovers and/or becomes aware of such **first party incident** or **related matter** during the policy period;
 - b. the **first party incident** is reported to **us** in accordance with the notice provisions within this endorsement; and
 - c. notice of such **first party incident** or **related matter** has not been provided by **you** and accepted by **us** under any prior policy of which this endorsement is a renewal or replacement, or any subsequent endorsement, irrespective of whether such prior or subsequent endorsement was issued by **us** or other entity.
 - d. the coverage provided under insuring agreement Social Engineering Financial Fraud shall apply only if **you** verify the instruction to transfer **money** or **securities** by following a pre-arranged callback or other established procedural method to authenticate the validity of the request prior to acting upon any transfer instruction.

II. Defense and Settlement

- A. **Defense.** **We** have the right and duty to defend any **claim** under Third Party Liability Coverages made against **you** even if the allegations in the **claim** are groundless, false or fraudulent. **We** will select and appoint defense counsel.
- B. **Settlement.** **We** have the right to settle a **claim**. All such payments by **us** are subject to Liability limits as stated in the declarations page.

III. Limit of Liability and Retention

- A. **Limit of Liability Option.** The endorsement limit of liability as stated on the declarations page applies on a Combined Limits.
 1. The endorsements Combined Policy Aggregate Limit is **our** maximum liability for **loss** under all Insuring Agreements combined, regardless of the number of **claims**, or individuals or entities making **claims**, Insuring Agreements triggered or individuals or entities making **claims**. Upon exhaustion of such limit of liability, **we** will not be liable to pay any further **loss** with respect to this endorsement.
 2. If a **sublimit** with respect to an Insuring Agreement is stated, then such **sublimit** will be **our** maximum liability for **loss** with respect to such Insuring Agreement. Upon exhaustion of such **sublimit**, **we** will not be liable to pay any further **loss** with respect to the coverage provided by the subject Insuring Agreement. Each **sublimit** will be part of, and not in addition to, this endorsement's Combined Policy Aggregate Limit of Liability and will in no way serve to increase or supplement such limit of liability. All payments made under a **sublimit** will reduce such limit of liability.
 3. Upon exhaustion of the Combined Endorsement Aggregate Limit of Liability under the Combined Limits option or after **we** have deposited or escrowed any amounts remaining in the endorsement's applicable aggregate limit of liability with a court of competent jurisdiction, **we** will not be liable to pay any further **loss** under the endorsement.

B. Deductibles.

1. **We** are liable only for that portion of covered **damages, claim expenses, regulatory damages,** and **first party costs** (not including **loss of business income**) in excess of the deductible amount as stated on the declarations page. If more than a single deductible applies to a **claim** and/or **first party incident**, then **you** are responsible for paying the highest applicable deductible. The deductible will be borne entirely by **you** alone and not by **us**.
2. Solely with respect to Business Interruption and Extra Expenses Insuring Agreement, **we** are liable only for **loss of business income** in excess of the **waiting period**.

C. Related Matters and Related Losses.

1. Related Third Party Wrongful Acts

- a. A **claim** resulting from a **related matter** will be treated as a single **claim first made** against **you** at the time the first such **related matter** occurred, irrespective of whether such **related matter** occurred prior to or during the **policy period** and irrespective of the number of **related matters**, and the identity or number of **insureds** involved.

2. Related First Party Incidents

- a. A **related matter** involving a **first party incident** (other than a **cyber-extortion threat**) will be considered a single **first party incident** which shall be deemed to have been discovered on the date on which the earliest such **first party incident** was discovered by **you**.
- b. All **related matters** involving **cyber-extortion threats** will be considered a single **cyber-extortion threat** first occurring on the date the first such **cyber-extortion threat** occurred.

3. Related Loss

- a. All **loss** will be considered a single **loss** occurring on the date the first **related matter** giving rise to such **loss** first occurred or was first discovered, irrespective of the number of **related losses**, and the identity or number of **insureds** involved.

IV. Definitions

The following definitions are applicable to this Endorsement only. They may amend definitions located in Section II General Definitions of this policy.

- A. **Authorized Employee** means **your** employee who is authorized by **you** to transfer, or to instruct others to transfer, **money** or **securities**.
- B. **Breach Response Providers** means **our** pre-approved panel of breach response vendors.
- C. **Claim** means
 1. A written demand for monetary **damages**, services, or injunctive or other non-monetary relief;
 2. A civil proceeding for monetary **damages**, services, or injunctive or other non-monetary relief that is commenced by service of a complaint or similar pleading, including any appeal thereof;

3. A mandatory arbitration or other mandatory alternative dispute resolution proceeding for monetary **damages**, services, or injunctive or other non-monetary relief commenced by a written demand, including any appeal thereof, or a non-mandatory arbitration or other alternative dispute resolution proceeding to which **we** have consented in writing;
4. Solely with respect to Privacy Regulatory Defense, Awards and Fines Insuring Agreement, a **privacy regulatory action**; or
5. A request to toll or waive any applicable statute of limitations.

D. **Claim Expenses** means

1. Reasonable and necessary fees for the defense of a **claim** defended by an attorney in accordance with Defense and Settlement above, as well as other reasonable and necessary fees, costs and expenses that result from the investigation, adjustment, negotiation, arbitration, defense or appeal of a **claim**; and
2. Premiums on appeal bonds, attachment bonds or similar bonds. Provided, however, **we** are not obligated to apply for or furnish any such bond.

E. **Confidential Business Information** means third party information, whether printed or digital, encrypted or unencrypted, in the care, custody or control of an **insured** or **outsourced provider**, including a trade secret, formula, pattern, compilation, program, device, method, technique, or process, that derives independent economic value, actual or potential, from not being generally known or readily ascertainable through appropriate means by other person and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

F. **Consumer Redress Amount** means that sum of money that **you** are legally obligated to deposit in a fund for the payment of consumer **claims** as the result of a **privacy regulatory action**.

G. **Cyber-Extortion Expenses** means

1. Reasonable and necessary money, digital currency, property or other consideration surrendered as payment by or on **your** behalf to which **we** have consented, such consent not to be unreasonably withheld, in order to prevent, limit or respond to a **cyber-extortion threat**; and

2. Reasonable and necessary costs charged by:

- a. **breach response providers**; or
- b. qualified third parties with **our** prior consent,

Applicable to 2.a. And 2.b. Above - to conduct an investigation to advise **you** how to respond to and resolve a **cyber-extortion threat**.

H. **Cyber-Extortion Threat** means

1. A threat made by a third party or **rogue employee** demanding payment in consideration for the elimination, mitigation or removal of the threat intended to:
 - a. disrupt the **network** to impair **your** business operations;
 - b. alter, damage, or destroy data stored on the **network**;
 - c. use the **network** to generate and transmit malware to third parties;

- d. deface **your** website;
 - e. access or release data, including **personally identifiable information, protected health information; confidential business information** stored or previously stored on the **network**;
 - f. Refuse to return data stolen from the **network**; or
 - g. Prevent access to the **network** or data by using encryption and withholding the decryption key.
- I. **Cyber Security Breach** means any unauthorized: access to, use or misuse of, modification to the **network**, and/or denial of **network** resources by cyber-attacks perpetrated by a third party or **rogue employee** through any electronic means, including malware, viruses, worms, and Trojan horses, spyware and adware, zero-day attacks, hacker attacks and denial of service attacks.
- J. **Damages** means compensatory **damages** resulting from a judgment, award or settlement agreement, including pre-judgment and post-judgment interest, which **you** become legally obligated to pay as a result of a **claim**, and punitive and exemplary **damages**, and multiple **damages**, if the insuring of such **damages** is permitted under the laws and public policy of the jurisdiction under which the endorsement is construed, which **you** become legally obligated to pay as a result of a **claim**. Enforceability of punitive, exemplary **damages** and **multiple damages** will be governed by the applicable law that most favors affirmative coverage for such **damages**.

Damages do not include:

1. the return of any fees paid to **you** or the offset of any future fees to be charged by or owed to **you**;
2. lost investment income;
3. costs incurred by **you** to withdraw or recall **technology products**, including products that incorporate **your technology products, technology services or professional services**;
4. costs incurred by **you** to correct, re-perform or complete any **technology services or professional services**;
5. costs incurred by **you** or by a third party at **your** direction to remediate, repair, replace, restore, modify, update, upgrade, supplement, correct, or otherwise improve a **network** to a level of functionality beyond that which existed prior to a **cyber-security breach**;
6. civil or criminal fines or penalties or compliance violation remedies imposed on **you**; provided, however, civil fines or penalties shall constitute **damages** under the Privacy Regulatory Defense, Awards and Fines Insuring Agreement;
7. liquidated **damages** in excess of **your** liability that otherwise results from a **third party wrongful act**;
8. except for **social engineering financial fraud loss event**, the monetary value of an electronic fund transfer or transaction that is lost or diminished during transfer;
9. any amounts incurred prior to **you** providing notice of a **claim** pursuant to the terms of this endorsement;

10. the value of non-monetary relief, including any amount attributable to or arising therefrom; or
11. royalty or licensing fees or payments.
- K. **Data Breach** means any actual or reasonably suspected theft, loss, or unauthorized acquisition, access to, or disclosure of data or hardware containing data that has or may compromise the security, confidentiality and/or integrity of **personally identifiable information, protected health information or confidential business information**.
- L. **Data Breach Reporting Requirement** means any provision in a law, statute or regulation, domestic or foreign, that requires **you** to provide notification to affected persons of a suspected breach of such person's **personally identifiable information or protected health information**.
- M. **Data Breach Response and Crisis Management Costs** means
1. Reasonable and necessary costs charged by **breach response providers** to:
 - a. determine the legal applicability of and actions necessary to respond to a **data breach reporting requirement**;
 - b. perform computer forensics to determine the existence, cause and scope of a **data breach or cyber security breach**;
 - c. notify individuals of a **data breach** either those who are required to be notified pursuant to a **data breach reporting requirement**, or on a voluntary basis;
 - d. operate a call center to manage **data breach** inquiries;
 - e. provide credit or identity monitoring and identity protection and restoration services or any similar service for those individuals whose **personally identifiable information** was or may have been breached;
 - f. provide medical identity restoration for those individuals whose **protected health information** was or may have been breached; or
 - g. minimize **your** reputational harm by hiring a public relations or crisis communications firm;
 2. Reasonable and necessary costs charged by any qualified provider that is not a **breach response provider** so long as the qualified provider;
 - a. Is pre-approved in writing by **us**; or
 - b. provides comparable services to those enumerated in 1.(a) through 1.(g) above and whose rate shall not exceed the rate **we** have pre-negotiated with the **breach response providers**; and
 3. Costs charged by a PCI Forensics Investigator to perform forensics to determine the existence, cause and scope of a breach or suspected breach of cardholder data.
- N. **Data Recovery Expenses** means reasonable and necessary costs incurred by **you** with prior written consent by **us**, such consent not to be unreasonably withheld, to:
- a. determine whether damaged or destroyed computer programs, software or electronic data can be replaced, recreated, restored or repaired; and

- b. replace, recreate, restore or repair such damaged or destroyed computer programs, software or electronic data residing on the **network** to substantially the form in which it existed immediately prior to a **cyber-security breach**.
- O. **Dependent Business** means any entity **you** rely on to conduct operations pursuant to a written contract.
- P. **Dependent Business Interruption Loss** means **loss of business income** after the **waiting period** and **extra expenses** in excess of **your deductible** during the **period of restoration** that **you** incur resulting from a **cyber security breach** to a **dependent business** directly causing a total or partial interruption or deterioration in **your** business operations.

Dependent Business Interruption Loss does not mean:

1. loss of market share or other consequential loss;
 2. loss arising out of liability to any third party;
 3. legal expenses;
 4. loss incurred as a result of unfavorable business conditions.
- Q. **Domestic Partner** means any person qualifying as a domestic partner under federal, state, foreign, or other law (including common law), statute, or regulation, or under **your** employee benefit plan.
 - R. **Executive Officer** means any duly elected or appointed official, Chief Executive Officer, Chief Financial Officer, Chief Information Officer, Chief Privacy Officer, Chief Security Officer, Chief Information Security Officer, Chief Technology Officer, Risk Manager, General Counsel and in-house attorney designated to be in charge of litigation, or the functional equivalent of any of the foregoing of **your** agency.
 - S. **Extra Expenses** means reasonable and necessary expenses, including payroll, in excess of **your** normal operating expenses that **you** incur to reduce or avoid **loss of business income** and/or restore business operations.
 - T. **First Party Costs** means any **loss of business income, extra expenses, data recovery expenses, cyber-extortion expenses, data breach response and crisis management costs, system failure losses** and **social engineering financial fraud loss**. Except with respect to **social engineering financial fraud loss, first party costs** do not include any amounts incurred prior to **you** providing notice of the **first party incident**.
 - U. **First Party Incident** means a **cyber-security breach, cyber-extortion threat, data breach, system failure** or **social engineering financial fraud event**.
 - V. **Loss** means all **damages, claim expenses, regulatory damages, first party costs** and **PCI DSS fines and costs**.
 - W. **Loss of Business Income** means
 1. Net income (net profit or net loss before income taxes) that could have reasonably been earned or net loss that could have reasonably been avoided, including the costs of retaining a forensic accountant to determine such amount. Such forensic accountant will be selected by **us**.

2. A loss of business income calculation is based upon the amount of actual loss of business income **you** sustain per hour during the **period of restoration**.
- X. **Matter** means the content of any communication, including language, data, facts, fiction, music, photographs, images, artistic expression, or visual or graphical materials. Provided, however, matter does not include **technology products** or products or services described, illustrated or displayed in matter.
- Y. **Media Wrongful Act** means
1. Any of the following resulting from **you** acquiring, blogging, broadcasting, collecting, disseminating, distributing, editing, exhibiting, gathering, obtaining, posting, producing, publishing, releasing, researching, recording, tweeting or uttering, matter through traditional and/or digital methods, including, cable television, radio, movie and music studios, public speaking, newspapers, magazines, books and print publications, website, apps, CD-ROMs and DVDs:
 - a. libel, slander, or any other form of defamation or harm to the character or reputation of any person or entity, including product disparagement or trade libel;
 - b. copyright infringement or misappropriation of property rights, information or ideas or dilution or infringement of title, slogan, trademark, trade dress, trade name, logo, service mark or service name;
 - c. common law unfair competition or unfair trade practices alleged as a direct result of Media Wrongful Act Insuring Agreement and Media Wrongful Act definition;
 - d. invasion or infringement of the right of privacy or publicity, including the torts of intrusion upon seclusion, publication of private facts, false light, and misappropriation of name or likeness;
 - e. infliction of emotional distress or mental anguish;
 - f. false arrest, detention or imprisonment, harassment, trespass, wrongful entry or eviction, eavesdropping, or other invasion of the right of private occupancy; or
 - g. plagiarism, piracy, or misappropriation of ideas under implied contract.
- Z. **Merchant Services Agreement** means an agreement between **you** and a financial institution, credit/debit card company, credit/debit card processor or Independent service operator enabling **you** to accept credit card, debit card, prepaid card, or other payment cards for payments or donations.
- AA. **Money** means **your** currency, coins and bank notes in current use and having a face value; and traveler's checks and money orders held for sale to the public.
- BB. **Network** means a connected system of computing hardware, software, firmware and associated electronic components and mobile devices, including industrial control systems and SCADA systems (Supervisory control and data acquisition systems) or other industrial IT, under the ownership, operation or control of, or leased by **you**. For the purposes of **dependent business interruption loss**, this also means under the ownership, operation or control of, or leased by a **dependent business**.

CC. **Outsourced Provider** means any third party, including a cloud service provider, to which **you** have contracted to provide a business process on **your** behalf and **your** benefit.

DD. **Period of Restoration** means

- a. Solely with respect to **loss of business income**, that period of time that begins at the end of the waiting period and continues until **your** operations are restored to the condition that existed immediately prior to the **cyber security breach** or **system failure**; and
- b. Solely with respect to **extra expenses**, that period of time that begins after a **cyber security breach** or **system failure** has directly caused a total or partial interruption or deterioration in **your** business operations and continues until **your** operations are restored to the condition that existed immediately prior to the **cyber security breach** or **system failure**.

EE. **Personally Identifiable Information** means:

1. information, whether printed or digital, encrypted or unencrypted, in **your** or an **outsourced provider's** care, custody or control, that alone or in conjunction can be used to uniquely identify an individual; or
2. information concerning an individual that would be considered "personal data" or "sensitive personal data" within the meaning of the General Data Protection Regulation (Regulation (EU) 2016/678) (GDPR) and any amendments thereto.

FF. **PCI DSS Fines and Costs** means fines, penalties, assessments, fraud recovery and operational expense recovery that **you** are contractually obligated to pay under its **merchant services agreement(s)** as the result of a **PCI DSS wrongful act**. Provided, however, **PCI DSS fines and costs** does not mean interchange fees, discount fees or prospective service fees.

GG. **PCI DSS Wrongful Act** means any actual or alleged **cyber security breach** or **privacy and security wrongful act** resulting in the unauthorized acquisition of cardholder data as defined under PCI-DSS.

HH. **Policy Period** means the period stated in the declarations pages, beginning on the effective date and expiring on the date of termination, expiration or cancellation of this policy, whichever is earliest.

II. **Privacy and Security Wrongful Act** means any:

1. Loss, theft or failure to protect, or unauthorized acquisition of **personally identifiable information, protected health information** or **confidential business information**;
2. violation of any law, statute or regulation governing the authenticity, availability, confidentiality, storage, control, disclosure, integrity, or use of **personally identifiable information** or **protected health information**;
3. violation of a **data breach reporting requirement**;
4. failure to reasonably implement privacy or security practices required by law or regulations;
5. failure to prevent a **cyber-security breach** that results in:
 - a) the inability of an authorized user to gain access to the **network**;

- b) the malicious addition, alteration, copy, destruction, deletion, disclosure, damage, removal or theft of data residing on the **network**; or
 - c) the transmission of malware from the **network** to third parties; or
6. Failure to comply with **your** privacy policy and/or privacy notice.
- JJ. **Privacy Regulatory Action** means a written request for information, civil investigative demand or civil proceeding brought by or on behalf of a governmental, regulatory authority, or authorized data protection authority.
- KK. **Privacy Regulatory Fine** means a civil monetary fine or penalty imposed on **you** by a governmental or regulatory authority.
- LL. **Professional Service** means the technology services **you** provide to others.
- MM. **Protected Health Information** means all protected and individually identifiable health information, whether printed or digital, encrypted or unencrypted, held or transmitted by **you** or **your** business associate, as those terms are defined by HITECH, the Health Insurance Portability and Accountability Act of 1996 Privacy Rule or any amendment thereto, including the Health Information Technology for Economic and Clinical Health Act and final Omnibus Rule issued on January 17, 2013 or any equivalent foreign regulation.
- NN. **Regulatory Damages** means any **consumer redress amount** and **privacy regulatory fine**.
- OO. **Related Loss** means a loss that results or arises from the same, similar or continuous **claim** or **first party incident**.
- PP. **Related Matter** means
- 1. A **third party wrongful act** that is the same, similar or arises from a continuous nexus of facts, circumstances, acts, errors or omissions, whether or not such **third party wrongful act** is logically or causally related or connected; or
 - 2. A **first party incident** that is the same, similar or arises from a continuous nexus of facts or circumstances, whether or not such **first party incident** is logically or causally related or connected.
- QQ. **Retroactive Date** means the applicable date stated, if any, in on the Declarations page or in this endorsement for all Insuring Agreements in Third Party Liability Coverages.
- RR. **Rogue Employee** means **your** employee who deliberately acts outside the course and scope of employment and whose intentional conduct results in a **claim** or **first party incident**; provided, however, **rogue employee** does not include an **executive officer**.
- SS. **Securities** means **your** negotiable and nonnegotiable instruments or contracts representing either **money** or property, and includes tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use, and evidences of debt issued in connection with credit or charge cards, which cards are not issued by **you**.
- TT. **Social Engineering Financial Fraud Event** means the transfer of **money** or **securities** to an account outside **your** control pursuant to instructions made by a person purporting to be an authorized employee, outsourced provider or customer of **yours**, when such instructions prove to have been fraudulent and issued by a person who is not an authorized employee, outsourced provider, or customer of **yours**.

UU. **Social Engineering Financial Fraud Loss** means loss of *money* or *securities* directly resulting from in a *social engineering financial fraud event*.

VV. **Spouse** means a husband or wife by legal union.

WW. **Sublimit** means the applicable amount, if any, stated on the Declarations page for each Insuring Agreement within each Coverage Section.

XX. **System Failure** means any unintentional and unplanned outage or failure of the *network*. A *dependent business* system failure means any unintentional and unplanned outage or failure a connected system of computing hardware, software, firmware and associated electronic components and mobile devices, including industrial control systems and SCADA systems (Supervisory control and data acquisition systems) or other industrial IT, under the ownership, operation or control of, or leased by, a *dependent business*.

YY. **System Failure Losses** means *loss of business income* and *extra expense*. **System failure losses** does not include losses arising out of a loss of market share or any other consequential loss and any losses incurred by *you* to upgrade, enhance, or replace the *network* to a condition beyond that which existed immediately prior to sustaining a *system failure*.

ZZ. **Technology Products** means computer or telecommunications hardware or software products, components or peripherals or electronic products or components, including software updates, service packs and other maintenance releases provided for such products:

1. created, designed, distributed, manufactured, or sold by or on behalf and for *your* benefit; or
2. leased or licensed by *you* to third parties.

AAA. **Technology Services** means any computer, cloud computing, information technology, telecommunication, electronic services and any related consulting and staffing services, including data processing, data and application hosting, the provision of managed services, software as a service (SaaS), platform as a service (PaaS), infrastructure as a service (IaaS), network as a service (NaaS), computer systems analysis, computer consulting and training, programming, computer systems installation, management, repair, and maintenance, network design and Internet service.

BBB. **Third Party Wrongful Act** means a *media wrongful act, privacy and security wrongful act* and *PCI DSS wrongful act*.

CCC. **Waiting Period** means the number of hours ten (10) must elapse prior to commencement of the *period of restoration*.

II. Exclusions

The following exclusions are applicable to this Endorsement only. It may amend exclusions located in Section IV General Exclusions of this policy.

The endorsement does not apply to any *claim* or *first party incident* alleging, arising out of, based upon or attributable to:

A. Deliberate Acts/Personal Profit.

1. dishonest, intentional or knowing wrongful, fraudulent, criminal or malicious acts, errors or omissions or willful violations of law, including privacy laws or regulations, by an *Insured*, other than a *rogue employee*;

2. the gaining of any profit, remuneration, or financial or non-financial advantage to which **you** are not entitled, provided, however, **we** will provide **you** with a defense of any otherwise covered **claim** and pay any otherwise covered **claim expenses** until there is a final, non-appealable judgement or adjudication in the underlying action or proceeding or a related declaratory judgment, as to such conduct, at which time **you** shall reimburse **us** for all **claim expenses**. Notwithstanding the foregoing, criminal proceedings are not covered under this endorsement regardless of the allegations made against an **insured**. For the purposes of determining the applicability of this exclusion, the knowledge or conduct of: (1) a natural person **insured** will not be imputed to any other natural person **insured**; and (2) an **executive officer** will be imputed to **you**.
- B. **Bodily Injury and Property Damage.** Bodily injury, sickness, disease, emotional distress, mental injury, mental tension, mental anguish, pain and suffering, humiliation or shock sustained by any person, including death that results from any of these, or damage to or destruction of any tangible property, including **loss** of use thereof whether or not damaged or destroyed; provided, however, this exclusion will not apply to any otherwise covered **claim** for emotional distress, mental injury, mental tension or mental anguish, pain and suffering, humiliation or shock that directly results from a **third party wrongful act**. For the purposes of this exclusion, “tangible property” shall not include electronic data.
- C. **Owned Entity. Claims** made against **you** if, at the time the **third party wrongful act** giving rise to such **claim** was committed:
1. **you** controlled, owned, operated or managed the claimant; or
 2. **you** were an owner, partner, director, officer or employee of the claimant.
- D. **Insured Versus Insured. Claims** made against an **insured** and brought by, or on behalf of **you** or **your** successor or assignee of an **Insured**; provided, however, this exclusion shall not apply to an otherwise covered **claim** made by any past or present officer, director, member, principal, partner, trustee, employee or leased worker or temporary employee of **yours**, when the **claim** is made outside of their capacity and pursuant to their authority as such or against **you** alleging a **privacy and security wrongful act**.
- E. **Employment Practices.** Employment practices; provided, however, this exclusion shall not apply to an otherwise covered **claim** under insuring agreement Privacy and Cyber Security.
- F. **ERISA.** Breach of fiduciary duty, responsibility, or obligation in connection with any employee benefit or pension plan, including violations of the responsibilities, obligations or duties imposed upon fiduciaries by ERISA (Employee Retirement Income Security Act of 1974) or any analogous federal, state or local statutory or common law; provided, however, this exclusion shall not apply to an otherwise covered **claim** under insuring agreement Privacy and Cyber Security.
- G. **Securities.** The purchase, sale, or offer or solicitation of an offer to purchase, sell or solicit securities or any violation of a securities law, including the Securities Act of 1933, the Securities Exchange Act of 1934, and any regulation promulgated under or pursuant to the foregoing, or any federal, state or local laws analogous to the foregoing (including “Blue Sky” laws), whether such law is statutory, regulatory or common law.
- H. **RICO.** Violation of the Organized Crime Control Act of 1970 (commonly known as Racketeer Influenced and Corrupt Organizations Act, or “RICO”) and any regulation promulgated under or pursuant to the foregoing or any federal, state or local law analogous to the foregoing, whether such law is statutory, regulatory or common law.
- I. **Antitrust and Unfair Competition.** Antitrust violations, restraint of trade, price fixing, or unfair competition, including, but not limited to violations of The Sherman Antitrust Act, The Clayton Act,

The Robinson-Patman Act as amended, The Federal Trade Commission Act, or any federal, state or local laws analogous to the foregoing; provided, however, this exclusion shall not apply to an otherwise covered **claim** under insuring agreement Privacy and Cyber Security or insuring agreement Privacy Regulatory Defense, Awards and Fines, or a **claim** resulting from **Media wrongful act** under Media.

J. Consumer Protection and Deceptive Business Practices.

1. Unfair, deceptive or fraudulent business practices, including, but not limited to, violations consumer protection statutes and consumer fraud statutes; provided, however, this exclusion shall not apply to an otherwise covered **claim** under insuring agreement Privacy and Cyber Security or insuring agreement Privacy Regulatory Defense, Awards and Fines; and
2. Any action brought under the Fair Credit Reporting Act or other analogous federal, state or local statute, law, regulation or common law.

K. Unsolicited Communications. Unsolicited communications by or on behalf of **you** to actual or prospective customers of **yours** or any other third party, including actions brought under the Telephone Consumer Protection Act, the CAN-SPAM Act of 2003 or other analogous federal, state or local statute, law, regulation or common law; provided, however, this exclusion shall not apply to an otherwise covered **claim** directly resulting from a **cyber security breach** under insuring agreement Privacy and Cyber Security or any **loss of business income** otherwise covered under insuring agreement Business Interruption and Extra Expense.

L. Patent. Actual or alleged infringement, misappropriation, dilution, misuse or inducement to infringe, misappropriate, dilute of misuse any patent or patent right.

M. Trade Secrets. Actual or alleged misappropriation of trade secrets; provided, however, this exclusion shall not apply to an otherwise covered **claim** directly resulting from a **cyber security breach** under insuring agreement Privacy and Cyber Security.

N. Pollution. Actual, alleged or threatened emission, discharge, dispersal, seepage, release or escape of **pollutants** or testing for, monitoring, removal, containment, treatment, detoxification, neutralization or cleanup of any **pollutants**.

O. Contractual. Any obligation **you** have under written contract; provided, however, this exclusion shall not apply to liability **you** would have in the absence of a contract or **your**:

1. breach of an exclusivity or confidentiality provision contained in a written agreement; or
2. violation of an intellectual property right except a violation of a patent right; or
3. breach of **your** privacy policy and/or privacy notice; or
4. Obligation to indemnify, reimburse or compensate pursuant to a Merchant Services Agreement.

P. Force Majeure. Fire, smoke, explosion, lightning, wind, water, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, or act of God, however caused.

Q. War. Strikes or similar labor action, war, whether declared or not, invasion, act of foreign enemy, civil war, mutiny, coup d'état, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power, or any action taken to hinder or defend against these actions; provided, however, this exclusion shall not apply to any actual, alleged or threatened attack against the **network**, with the intention to cause

harm to further social, ideological, religious or political objectives or to intimidate any person or entity in furtherance of such objectives.

- R. **Infrastructure Failure.** Electrical, mechanical, Internet, telecommunication, cable or satellite failure, fluctuation or outage not under **your** operational control, however caused, including any electrical power interruption, short-circuit, surge, brownout or blackout.
- S. **Governmental Orders.** Any court order or demand requiring **you** to provide law enforcement, any administrative, regulatory or judicial body or other governmental authority access to **personally identifiable information, protected health information or confidential business information.**
- T. **Over-Redemption.** Price discounts, prizes, awards, coupons or any other valuable consideration given in excess of the contracted or expected amount.
- U. **Unauthorized Collection and Use.** Unauthorized or unlawful collection, acquisition or use of **personally identifiable information or protected health information** by **you**; provided, however, this exclusion shall not apply to a **claim** directly resulting from the acts of a **rogue employee.** Also, this exclusion shall not apply to any privacy regulatory action brought pursuant to the General Data Protection Regulation (Regulation EU) 2016/678 (GDPR) and any amendments thereto.

III. Notice

- A. **Notice of Circumstance.** Solely with respect to insuring agreement Third Party Liability Coverages, if during the **policy period** or the extended reporting period (if applicable), **you** first become aware of any circumstance that may reasonably be expected to be the basis of a **claim** being made against an **Insured**, and if during the **policy period, you** provide **us** written notice of the circumstance along with any **third party wrongful act**, the reasons for anticipating such **claim**, with full particulars as to the dates, persons and entities involved, then any resulting **claim** which is subsequently made against **you** and reported to **us** that arises out of such circumstance or **related matter** will be considered made at the time such notice of circumstance was provided.
- B. **Notice of Claim and First Party Incident.** **You** must provide **us** written notice as soon as reasonably practicable, but in no event, later than the end of the **policy period** or any applicable extended reporting period of a:
 - 1. **claim first made** against **you** after **you** become aware of such **claim**; and
 - 2. **first party incident** is discovered by **you** and/or becomes aware of such **first party incident.**
- C. **Notice to Whom**
 - 1. Notice of a **claim** and/or **first party incident** must be provided to **us.**
 - 2. If received via email or post mail, the **claim** and/or **first party incident** shall be deemed effective when received by **us.**
- D. **When A Claim Is Deemed Made**
 - 1. A **claim** will be deemed made pursuant to definition of **claim**:
 - a. on the earliest date **you** receive the first written demand;
 - b. on the date of service; and

- c. on the date **you** receive written notice of such action.

E. Insured's *Claim* and First Party Incident Obligations

1. In connection with a:

- a. ***claim***, **you** will provide **us** with all information that **we** reasonably require, including full particulars as to the dates, persons and entities involved in the ***claim*** and the manner in which **you** first became aware of the ***claim***;
- b. ***first party incident***, **you** will provide **us** with all information that **we** reasonably require, including full particulars as to the dates, persons and entities involved in the ***first party incident*** and the manner in which **you** first became aware of the ***first party incident***. Additionally **you** will provide **us** with proof of **loss** with full particulars within three (3) months: after the first discovery by **you** of the ***first party incident*** (other than a ***cyber-extortion threat***) or first occurrence of the ***cyber-extortion***.

F. Assistance and Cooperation

1. **You** will reasonably cooperate with **us** and upon **our** request:

- a. assist **us** in the investigation of any ***third party wrongful act*** and ***first party incident***;
- b. attend hearings, depositions and trials;
- c. assist **us** in defending and effecting settlements of ***claims***;
- d. secure and provide evidence which includes, but is not limited to, obtaining the attendance of witnesses;
- e. allow **us** to participate in the handling and management of any ***suit*** or proceeding;
- f. assist **us** in enforcing any right, contribution or indemnity against a third party which may be liable to **you**; and
- g. allow a computer forensics expert access to systems, files and information.

2. **You** will take all reasonable steps to limit and mitigate any **loss** arising from any ***third party wrongful act*** or ***first party incident*** for which coverage may be or is sought under the endorsement. **You** will do nothing which in any way increases **our** exposure under the endorsement or in any way prejudices **our** potential or actual rights of recovery. **You** will not, except at **your** own cost, voluntarily make any payment, assume or admit any liability or incur any expense without **our** prior written consent.

G. Certified Acts of Terrorism Coverage and Premium Disclosure. Coverage for "certified acts of terrorism" for the types of insurance subject to the Terrorism Risk Insurance Act is already included in this endorsement. "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:

1. 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

2. 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.

You are hereby notified that if aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and **we** have met our **insurer** deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion. Under **your** existing coverage, any losses resulting from “certified acts of terrorism” may be partially reimbursed by the United States Government under a formula established by federal law. Under this formula, the United States Government generally reimburses 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019; and 80% beginning on January 1, 2020, of covered terrorism losses exceeding the statutorily established deductible paid by the Insurer providing the coverage. However, **your** policy may contain other exclusions that may affect **your** coverage. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of terrorism exclusion, do not serve to create coverage for any loss that is otherwise excluded under this endorsement. The portion of **your** annual premium that is attributable to coverage for “certified acts of terrorism” is: \$ waived. Any premium waiver is only valid for the current Policy Period.

Nothing herein contained shall be held to vary, alter, waive or extend any of the Section I General Insuring Agreements, Section II General Definitions, Section III General Conditions, Section IV General Exclusions or any specific Section insuring agreements, definitions, conditions, or exclusions to which this endorsement is attached other than as above stated.

3 TERRORISM LIABILITY AMENDATORY ENDORSEMENT

A. Insuring Agreement Applicable to Terrorism Liability Amendatory Endorsement:

The following insuring agreement is applicable to this Endorsement only and amends Insuring Agreement 1 located Section VIII General Liability.

1. **We** agree to pay on **your** behalf those sums which an **insured** becomes legally obligated to pay as **damages** to others because of **bodily injury** or **property damage** caused by an act of **terrorism**.

B. Definition Applicable to Terrorism Liability Amendatory Endorsement:

1. **Terrorism** means an act or series of acts, including the use of force or violence, of any person or groups of persons, whether acting alone or on behalf of or in connection with any organizations, committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes.

C. Conditions Applicable to Terrorism Liability Amendatory Endorsement:

1. This coverage is sublimited to \$500,000 per **occurrence** and in the aggregate annually;
2. The limits of indemnification shall be reduced by all sums paid by worker's compensation benefits or similar disability law if the claimant is **your** employee or volunteer;
3. This coverage is extended to pay for legally obligated and statutorily allowable costs imposed by state or federal government agencies specifically related to the suppression of fire only if such costs arise out of a covered **occurrence**.

Nothing herein contained shall be held to vary, alter, waive or extend any of the Section I General Insuring Agreements, Section II General Definitions, Section III General Conditions, Section IV General Exclusions or any specific Section insuring agreements, definitions, conditions, or exclusions to which this endorsement is attached other than as above stated.

#4 PUBLIC LAND FIRE SUPPRESSION AMENDATORY ENDORSEMENT

A. Insuring Agreements Applicable to Public Land Fire Suppression Liability

1. Notwithstanding anything to the contrary contained in the policy to which this endorsement attaches, it is hereby understood and agreed that section VIII, General Liability Insurance, is extended to pay for legally obligated and statutorily allowable costs imposed by state or federal government agencies specifically related to the suppression of fire only if such costs arise out of a covered **occurrence**.

B. Insuring Agreements Applicable to Public Land Fire Suppression Liability

1. This endorsement is limited to \$500,000 per **occurrence** and in the annual aggregate.

C. Exclusions Applicable to Public Land Fire Suppression Liability

1. This endorsement will not pay for penalties or fines imposed pursuant to state or federal law under any circumstance.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, or limitations of the policy to which this endorsement is attached other than as above stated. All other definitions listed in the General Definitions of this Policy apply when not amended within this Endorsement.

5 ASBESTOS REMEDIATION AMENDATORY ENDORSEMENT

The following insuring agreement is applicable to this Endorsement only and amends Insuring Agreement 1 located Section V Property. Also, the below listed insuring agreement is subject to Section I General Insuring Agreement, Section II General Definitions, Section III General Conditions and Section IV General Exclusions of this policy, unless amended as stated within this Endorsement.

A. Section V does not cover

1. Asbestos removal from any good, product or structure unless the asbestos is itself damaged by fire, lightning, **aircraft** impact, explosion, riot, civil commotion, smoke, vehicle impact, windstorm or hail, vandalism, malicious mischief, leakage or accidental discharge from automatic fire protective system.
2. Demolition or increased cost of reconstruction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos.
3. Any governmental direction or request declaring that asbestos present in or part of or utilized on any undamaged portion of an **insured's** property can no longer be used for the purpose for which it was intended or installed and must be removed or modified.

Nothing herein contained shall be held to vary, alter, waive or extend any of the Section I General Insuring Agreements, Section II General Definitions, Section III General Conditions, Section IV General Exclusions or any specific Section insuring agreements, definitions, conditions, or exclusions to which this endorsement is attached other than as above stated.

6 – EQUIPMENT BREAKDOWN INSURANCE ENDORSEMENT

Section V – Property is amended by the following:

A. Insuring Agreement to Equipment Breakdown Insurance Endorsement

The following insuring agreements are applicable to this Endorsement only and may amend insuring agreements located in Section I General Insuring Agreement of this policy. Also, the following insuring agreement is subject to Section II General Definitions, Section III General Conditions and Section IV General Exclusions of this policy, unless amended as stated within this Endorsement. Notwithstanding anything to the contrary contained in the policy to which this endorsement attaches, it is hereby understood and agreed that Section V, Property Insurance, is extended to cover Equipment Breakdown insurance as listed below.

1. When an applicable limit for Equipment Breakdown is shown in the limits of liability section of the declarations page, this endorsement's intention is to clarify that the peril of **breakdown** is included for **covered equipment**.
2. Limit of Liability. The most **we** will pay for any and all insuring agreements for loss or damage from any **one breakdown** is the applicable limit of insurance shown in the equipment breakdown section of the declarations page.
3. **Equipment Breakdown Coverage Extensions.** The limits for coverage extensions are part of, not in addition to, the limit of indemnification for equipment breakdown shown in the declarations page:
 - a. **Spoilage.** This endorsement covers the spoilage damage to raw materials, property in process or finished products, provided all of the following conditions are met:
 - (i) The raw materials, property in process or finished products must be in storage or in the course of being manufactured;
 - (ii) **You** must own or be legally liable under written contract for the raw materials, property in process or finished products; and
 - (iii) The spoilage damage must be due to the lack or excess of power, light, heat, steam or refrigeration.
 - b. This endorsement also covers any necessary expenses **you** incur to reduce the amount of loss under this coverage. **We** will pay such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage endorsement.
4. **Service Interruption.** This endorsement covers loss resulting from the interruption of utility services provided all of the following conditions are met:
 - a. The interruption is the direct result of a **breakdown to insured equipment** owned, operated or controlled by the local private or public utility or distributor that directly generates, transmits, distributes or provides utility services which **you** receive;
 - b. The **insured equipment** is used to supply electricity, telecommunication services, air conditioning, heating, gas, sewer, water or steam to **your premises**; and

- c. The **period of service interruption** lasts at least the consecutive period of time of the waiting period, which is twenty-four (24) hours. Once this waiting period is met, coverage will commence at the initial time of the interruption and will be subject to all applicable deductibles.

5. Business Income:

- a. This endorsement covers **your** actual loss of business income that results directly from the necessary total or partial interruption of **your** business caused by a **breakdown**.
- b. This endorsement covers any necessary expenses **you** incur to reduce the amount of loss under this coverage. **We** will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.
- c. **We** will consider the actual experience of **your** business before the **accident** and the probable experience **you** would have had without the **accident** in determining the amount of its payment.
- d. This coverage continues until the date the damaged property is repaired or replaced.

6. Expediting Costs:

- a. This endorsement covers the reasonable and necessary costs incurred to pay for the temporary repair of insured damage to **insured equipment** and to expedite the permanent repair or replacement of such damaged property caused by a **breakdown**.
- b. This coverage extension does not cover costs:
 - (1) Recoverable elsewhere in this policy; or
 - (2) Of permanent repair or replacement of damaged property.

7. Hazardous Substance:

- a. This endorsement covers any additional expenses **you** incur for the clean-up, repair or replacement or disposal of **insured equipment** that is damaged, contaminated or polluted by a **hazardous substance** caused by a **breakdown**.
- b. As used here, additional expenses mean the additional cost incurred over and above the amount that **we** would have paid had no **hazardous substance** been involved with the loss.

8. Ammonia Contamination. This endorsement covers the spoilage to **insured equipment** contaminated by ammonia, including any salvage expense caused by a **breakdown**.

9. Water Damage: This endorsement covers the damage to **insured equipment** by water including any salvage expenses caused by a **breakdown**, except no coverage applies to such damage resulting from leakage of a sprinkler system or domestic water piping.

10. Consequential Loss. This endorsement covers the reduction in the value of undamaged **stock** parts of a product which becomes unmarketable. The reduction in value must be caused by a physical loss or damage to another part of the product.

11. Electronic Data and Media. This endorsement covers **your** cost to research, replace or restore damaged **electronic data** or **media** including the cost to reprogram instructions used in any computer equipment if the loss is caused by a **breakdown**.

12. **CFC Refrigerants.** This endorsement covers the additional cost to repair or replace **insured equipment** because of the use or presence of a refrigerant containing CFC (chlorinated fluorocarbon) substances if the loss is caused by a **breakdown**. This means the additional expense to do the least expensive of the following:
- (a) Repair the damaged property and replace any lost CFC refrigerant;
 - (b) Repair the damaged property, retrofit the system to accept a non-CFC refrigerant and charge the system with a non-CFC refrigerant; or
 - (c) Replace the system with one using a non-CFC refrigerant.
13. **Computer Equipment.** This endorsement covers for direct damage to **computer equipment** that is damaged by a **breakdown** to such equipment.

B. Definitions Applicable to Equipment Breakdown Insurance Endorsement

The following definition is applicable to this Endorsement only. It may amend a definition located in Section II General Definitions of this policy or Section V Property definitions.

1. "**Breakdown**"
- a. Means the direct physical loss resulting from one or more of the following items that causes damage to **insured equipment** and necessitates its repair or replacement, unless such loss or damage is otherwise excluded within this section:
 - (i.) Failure of pressure or vacuum equipment;
 - (ii.) Mechanical failure including rupture or bursting caused by centrifugal force;
 - (iii.) Electrical failure including arcing;
 - (iv.) Explosion of steam boilers, steam piping, steam engines or steam turbines owned or leased by **you**, or operated under **your** control;
 - (v.) Loss or damage to steam boilers, steam pipes, steam engines or steam turbines owned by or resulting from any condition or event inside such equipment; or
 - (vi.) Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment;
 - b. Does not mean or include:
 - (i.) Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification;
 - (ii.) Defects, erasures, errors, limitations or viruses in computer equipment and programs including the inability to recognize and process any date or time or provide instructions to **insured equipment**;
 - (iii.) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
 - (iv.) Damage to any vacuum tube, gas tube or brush;

- (v.) Damage to any structure or foundation supporting the **insured equipment** or any of its parts;
 - (vi.) The functioning of any safety or protective device; or
 - (vii.) The cracking of any part on an internal combustion gas turbine exposed to the products of combustion.
2. **“Computer Equipment”** means property that is electronic computer or other electronic data processing equipment, including media and peripherals used in conjunction with such equipment.
3. **“Insured Equipment”**
- a. Means:
 - (1) Equipment built to operate under internal pressure or vacuum other than weight of contents;
 - (2) Electrical or mechanical equipment that is used in the generation, transmission or utilization of energy; and
 - (3) Communication equipment and computer equipment.
 - b. Does not mean or include any:
 - (1) Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum.
 - (2) Insulating or refractory material, but not excluding the glass lining of any **insured equipment**;
 - (3) Nonmetallic pressure or vacuum equipment, unless it is constructed and used in accordance with the American Society of Mechanical Engineers (A.S.M.E.) code or another appropriate and approved code;
 - (4) Catalyst;
 - (5) Vessels, piping and other equipment that is buried below ground and requires the excavation of materials to inspect, remove, repair or replace;
 - (6) Structure, foundation, cabinet or compartment supporting or containing all or part of the **insured equipment** including penstock, draft tube or well casing;
 - (7) **Vehicle, aircraft**, self-propelled equipment or floating vessel, including any **insured equipment** that is mounted upon or solely with any one or more vehicle(s), **aircraft**, self-propelled equipment or floating vessel;
 - (8) Dragline, excavation or construction equipment including any **insured equipment** that is mounted upon or solely used with any one or more dragline(s), excavation, or construction equipment;
 - (9) Felt, wire, screen, die, extrusion plate, swing hammer, grinding disc, cutting blade, nonelectrical cable, chain, belt, rope, clutch plate, brake pad or non-metal part or any part or tool subject to periodic replacement; or
 - (10) Equipment or any part of such equipment manufactured by **you** for sale,

4. **“Data”** means
 - a. Programmed and recorded material stored on **media**; and
 - b. Programming records used for electronic data processing or electronically controlled equipment.
5. **“Hazardous Substance”** means any substance other than ammonia that has been declared to be hazardous to health by a government agency. Ammonia is not considered to be a **hazardous substance** as respects this limitation.
6. **“Media”** means all forms of electronic, magnetic and optical tapes and discs for use in electronic computer or electronic data processing equipment.
7. **“One Breakdown”** means if an initial **breakdown** causes other **breakdowns**, all will be considered **one breakdown**. All **breakdowns** at any one **premises** that manifest themselves at the same time and are the direct result of the same cause will be considered **one breakdown**.
8. **“Stock”** means merchandise held in storage or for sale, raw materials, property in process or finished products, including supplies used in their packing or shipping.

C. Conditions Applicable to Equipment Breakdown Insurance Endorsement

The following condition is applicable to this Endorsement only. It may amend exclusions located in Section IV General Exclusions of this policy and Section V Property exclusions.

1. **Suspension.** On discovery of a dangerous condition, **we** may immediately suspend machinery breakdown insurance on any machine, vessel or part thereof by giving written notice to **you**. The suspended insurance may be reinstated once the dangerous condition is resolved.

7 ATTORNEY CONSULTATION AMENDATORY ENDORSEMENT

The following insuring agreement is applicable to this Endorsement only. Also, the below listed insuring agreement is subject to Section I General Insuring Agreement, Section II General Definitions, Section III General Conditions and Section IV General Exclusions of this policy, unless amended as stated within this Endorsement.

A. INSURING AGREEMENT APPLICABLE TO THIS AMENDATORY ENDORSEMENT

The below listed insuring agreement is subject to Section I General Insuring Agreement, Section II General Definitions, Section III General Conditions and Section IV General Exclusions of this policy, unless amended as stated within this Endorsement.

1. **We** agree to pay **defense costs** for attorney fees incurred by **us** to obtain an opinion of legal counsel regarding the appropriateness of a proposed termination of employment of **your** employee(s) provided **you** first notify **us** of the proposed termination during the policy period and prior to such termination; and
2. The amounts payable under this endorsement are in addition to the defense costs limits stated within the declarations page.

B. DEFINITIONS APPLICABLE TO THIS AMENDATORY ENDORSEMENT

The following definitions are applicable to this endorsement only. They may amend definitions located in Section II General Definitions of this policy.

1. **Defense costs** means costs **we** pay to **our** approved attorneys for attorney fees and related expenses. **Defense costs** will not include the salary, additional wages or costs of any employee of an **insured**.

C. LIMITS OF INSURANCE APPLICABLE TO THIS AMENDATORY ENDORSEMENT

1. We agree to pay up to \$2,500 in **defense costs** per termination considered not to exceed \$50,000 in the aggregate for all attorney consultations per policy period.

Nothing herein contained shall be held to vary, alter, waive or extend any of the Section I General Insuring Agreements, Section II General Definitions, Section III General Conditions, Section IV General Exclusions or any specific Section insuring agreements, definitions, conditions, or exclusions to which this endorsement is attached other than as above stated.

CONTRACT EXHIBIT B
SUN VALLEY AIR SERVICE BOARD

FY 2021 ADOPTED BUDGET
WITH CONTRACT AMOUNTS
FOR SVMA

	<u>FY 2017</u> <u>ACTUAL</u>	<u>FY 2018</u> <u>ACTUAL</u>	<u>FY 2019</u> <u>ACTUAL</u>	<u>FY 2020</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>FY 2021</u> <u>PROPOSED</u> <u>BUDGET</u>	<u>+/-</u> <u>FY 2020/2021</u>	<u>% CHANGE</u> <u>FY 2020/2021</u>
REVENUES							
CITY OF HAILEY 1% LOCAL OPTION TAX	93,147	92,967	106,729	96,051	34,360	(61,691)	-64.2%
CITY OF KETCHUM 1% LOCAL OPTION TAX	1,980,091	2,077,226	2,227,612	2,155,589	1,500,000	(655,589)	-30.4%
CITY OF SUN VALLEY 1% LOCAL OPTION TAX	602,844	678,200	756,721	645,707	598,600	(47,107)	-7.3%
INTEREST EARNINGS	687	1,314	2,477	1,000	1,040	40	4.0%
FUND BALANCE APPLIED	0	0	0	276,103	-	(276,103)	-100.0%
						0	
<u>TOTAL REVENUE</u>	2,676,769	2,849,707	3,093,539	3,174,450	2,134,000	(1,040,450)	-32.8%
						0	
EXPENDITURES							
CONTRACTS FOR SERVICES	3,005,750	2,568,849	2,999,500	3,170,000	2,129,000	(1,041,000)	-32.8%
OFFICE SUPPLIES/POSTAGE	54	80	95	300	354	54	18.0%
ADVERTISING/PUBLIC NOTICES/WEBSITE	338	240	200	600	600	0	0.0%
AUDIT	995	1,100	1,100	1,100	1,100	0	0.0%
ATTORNEY FEES	0	1,225	365	1,000	1,400	400	40.0%
INSURANCE	1,201	1,349	1,443	1,450	1,546	96	6.6%
TRANSFER TO FUND BALANCE	0	0	0	0	-	0	
						0	
<u>TOTAL EXPENDITURES</u>	3,008,338	2,572,843	3,002,703	3,174,450	2,134,000	(1,040,450)	-32.8%
						0	
BEGINNING FUND BALANCE	446,347	114,778	391,642	482,478	206,375	(276,103)	
ENDING FUND BALANCE	114,778	391,642	482,478	206,375	206,375	0	

Contract Amount for Fly Sun Valley Alliance - 47% of Contract Expense Budget for a maximum of \$1,000,000.

Contract Amount for Sun Valley Marketing Alliance - 53% of Contract Expense Budget for a maximum of \$1,129,000.

**SUN VALLEY
AIR SERVICE BOARD**

**CONTRACT FOR SERVICES
BETWEEN THE
SUN VALLEY AIR SERVICE BOARD AND
SVMA**

THIS CONTRACT FOR SERVICES, (hereinafter referred to as "Contract") made and entered into this 7th day of December, 2015, by and between the Sun Valley Air Service Board, an Idaho Joint Powers Authority (hereinafter referred to as the "ASB") and the Sun Valley Marketing Alliance, Inc., an Idaho nonprofit corporation with an IRS 501 (c) (6) designation, (hereinafter referred to as "SVMA").

RECITALS

1. The ASB is a duly organized and existing Joint Powers Authority organized as a separate legal entity under Idaho Code §§ 67- 2328 *et seq.* The ASB is made up of the following entities (hereinafter referred to as "Component Members"):
 - a. The City of Sun Valley, Idaho
 - b. The City of Ketchum, Idaho
 - c. The City of Hailey, Idaho
 - d. Blaine County, Idaho [non-voting]
2. SVMA is an Idaho non-profit corporation with an IRC 501(c)(6) designation engaged in the business of domestically marketing the Sun Valley, Idaho resort area as a destination resort as further described in **Exhibit "A"**.
3. Pursuant to Idaho Code §§ 67-2328, 50- 301 and 50- 302, the ASB is empowered to enter into contracts and take such steps as are reasonably necessary to maintain the peace, good government and welfare of the Component Members and their trade, commerce and industry. Accordingly, the ASB has the power as conferred by the State of Idaho, to provide directly for certain promotional activities to enhance the trade, commerce, industry, and economic well-being of the Component Members.
4. The following ordinances have been adopted by certain Component Members (except Blaine County) for the purposes of a) maintaining and increasing commercial air service to Friedman Memorial Airport through the use of Minimum Revenue Guarantees ("MRG's") or other inducements to providers; b) promoting and marketing the existing service and any future service to increase passengers; c) for all ancillary costs which are associated with the ongoing effort to maintain and increase commercial air service, including reasonable program management costs and busing due to

**SUN VALLEY
AIR SERVICE BOARD**

flight diversion(s); and d) direct costs to collect and enforce the tax, including administrative and legal fees:

- a. Sun Valley Ordinance No. 45G.
- b. Ketchum Ordinance No. 1108.
- c. Hailey Ordinance No. 1133.

5. The primary reason for the ASB to enter this Contract is to effectuate the purposes of the local option taxes and Component Member ordinances recited above.

6. SVMA is to provide air service marketing services to promote air travel to and from Friedman Memorial Airport.

7. The organizational goals of SVMA are consistent with the purposes and findings of the ordinances recited above.

8. It is the intention of the ASB to contract with SVMA to provide such services for consideration as hereinafter provided, subject to the tracking and reporting requirements described herein.

9. SVMA desires to enter into a contract with the ASB to provide air services marketing services all as hereinafter provided.

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth herein, it is agreed by and between the ASB and SVMA as follows:

1. All Recitals above are incorporated herein by reference.
2. Services. SVMA agrees to provide air service marketing services to the ASB consisting of marketing goals and objectives: creative strategy; media purchase; campaign assets and public relations efforts in air service markets, including key monitoring and tracking of advertising efforts to ensure effectiveness ("Marketing Services"), and as more particularly set forth in **Exhibit "A"**, which is incorporated herein by reference.
3. Expenses. SVMA agrees that it shall provide, at its sole expense, all costs of labor, materials, supplies, business overhead and financial expenses, liability insurance, fidelity bonds, and all necessary equipment and facilities required to provide the services as set for in this Contract.
4. Term. The term of this Contract shall commence upon the day of its execution and shall terminate September 30, 2016. This Contract shall be automatically extended for one (1) year

**SUN VALLEY
AIR SERVICE BOARD**

terms, unless notice is provided as set forth herein. Such notice shall be served not less than sixty (60) days prior to the expiration of any annual term. This Contract may be amended to increase the length of the term if so determined by the parties.

5. **Consideration.** During the term of this Contract, ASB shall pay SVMA, as payment for Marketing Services, a maximum sum not to exceed One Million One Hundred Fifty Eight Thousand Three Hundred Ninety Seven and no/100's Dollars (\$1,158,397), for the present fiscal year ending September 30, 2016 ("FY 16"), payable on a monthly basis. Each monthly payment shall be calculated by multiplying the percentage under "% of Available Funds" for SVMA as set forth in the Payment Schedule attached hereto as **Exhibit "B"** by the actual amount of local option taxes received by the ASB, less direct costs, administrative expenses, legal reserves and fund balance, which is described as "Funds Available for Contracts", as depicted in the Payment Schedule attached hereto as **Exhibit "B"**. In the event the monthly payments derived during FY 16 would exceed \$1,158,397, the last monthly payment(s) shall be reduced to ensure only a payment of \$1,158,397. In the event the monthly payments derived during FY 16 are less than \$1,158,397, SVMA shall not be entitled to the difference between the total of the monthly payments and \$1,158,397. The Payment Schedule for each subsequent fiscal year may be amended by the parties as part of that fiscal year's budget process.

6. **Reporting Requirements.** In consideration and as part of this Contract, SVMA agrees to provide to the ASB:
 - A. Written and in-person presentations and reports in January and July during the term of this Contract or as otherwise scheduled by the parties outlining program results and plans for the upcoming season and explaining annual performance based on the metrics specified in attached Exhibit "A". Semi-annual reports will be based on the government fiscal year of October 1st to September 30".

 - B. The ASB has at all times the right to request an independent audit, at the sole cost of SVMA, under the provisions herein, and such audit obligation and cost on the part of SVMA shall survive any termination.

 - C. The ASB may request additional financial information it deems necessary or appropriate to assist the ASB in verifying the accuracy of the SVMA's financial records, and within a reasonable time period, SVMA shall submit such information or reports relating to its activities under this Contract to ASB in such form and at such time as ASB may reasonably require. Any duly authorized agents of the ASB shall be entitled to inspect and audit all books and records of

**SUN VALLEY
AIR SERVICE BOARD**

SVMA for compliance with the terms of this Contract. SVMA agrees to retain all financial records, supporting documents, statistical reports, contracts, minutes, correspondence, and all other accounting records or written materials pertaining to this Contract for three (3) years following the expiration or termination of this Contract.

7. Termination. The ASB may, at its sole discretion, terminate this Contract upon 90 days written notice to SVMA with or without cause. The ASB recognizes that the SVMA has made significant financial commitments (*e.g.*, vendor contracts) on behalf of the ASB and will need time to adjust its obligations. In the event of such termination, the ASB shall have no further responsibility to make any payment to SVMA under this Contract at the end of the 90 day period.
8. Equal Employment Opportunity. SVMA covenants that it shall not discriminate against any employee or applicant for employment because of race, religion, color, sex or national origin.
9. Independent Contractor Status. The parties acknowledge and agree that SVMA shall provide its services for the fee specified herein in the status of independent contractor, and not as an employee of the ASB. SVMA shall create, direct and control its own means and methods of performing this Contract. SVMA and its agents, members, employees and volunteers shall not accrue leave, retirement, insurance, bonding or any other benefit afforded to employees of the ASB. The sole interest and responsibility of the ASB under this Contract is to assure itself that the services covered by this Agreement shall be performed and rendered by SVMA in a competent, efficient and satisfactory manner.
10. Hold Harmless Agreement. SVMA hereby covenants and agrees to indemnify, defend and hold the ASB and the Component Members, and their officials, officers, employees and agents harmless from and against any and all claims, demands, causes of action, suits, losses, liabilities, damages, costs and expenses, including attorney fees, that may accrue, directly or indirectly, by reason of any wrongful act or omission on the part of SVMA, its agents, employees, assigns or subcontractors, related to damages or bodily injury, property damage and personal injury that arise out of SVMA's actions or omissions associated with the services or obligations described in this Contract. SVMA shall have the duty to appear and defend any such demand, claim, suit or action on behalf of ASB and the Component Members, or tender the defense without cost or expense to ASB and the Component Members.
11. Non-Assignment. This Contract may not be assigned by or transferred by SVMA, in whole or in part, without the prior written consent of the ASB.

**SUN VALLEY
AIR SERVICE BOARD**

12. Mediation/Arbitration. In the event of any controversy, claim or dispute between the parties concerning this Contract or the breach of this Contract, including questions concerning the scope and applicability of this dispute resolution provision, the parties agree to participate in good faith in a mediation of any such dispute in Blaine County, Idaho. If mediation is unsuccessful, then the dispute, shall be finally settled through litigation in the District Court, Blaine County Idaho. The court shall have no power to award punitive or exemplary damages.

13. Attorney's Fees. In the event of any dispute with regard to the interpretation or enforcement of this Contract, the prevailing party shall be entitled to recover its reasonable costs and attorneys' fees incurred therein, whether or not a lawsuit is actually filed, and on any appeals, and in any bankruptcy proceeding.

14. Appropriations. No commitment of public funds will be made prior to the approval of this Contract nor are any public funds committed beyond the current fiscal year. The terms of this Contract are contingent upon sufficient appropriations being made each fiscal year by the ASB for the performance of this Contract. If sufficient appropriations are not made, this Contract shall terminate subject to the conditions subsequent concerning notice. Termination pursuant to the terms of this Contract shall not result in any claim for payment or damages by SVMA. ASB's decision as to whether sufficient appropriations are available shall be accepted by SVMA and shall be final. SVMA HAS NO RIGHT TO COMPEL COMPONENT MEMBERS TO LEVY OR COLLECT TAXES TO MAKE ANY PAYMENTS REQUIRED HEREUNDER, OR TO EXPEND FUNDS BEYOND THE AMOUNT PROVIDED FOR IN THE THEN CURRENT FISCAL YEAR. In the event that this provision conflicts with any other provision in the Agreement, this provision shall prevail.

15. Miscellaneous Provisions.
 - a. Paragraph Headings. The headings in this Contract are inserted for convenience and identification only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Contract or any of the provisions of the Contract.

 - b. Provisions Severable. Every provision of this Contract is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of the Contract.

 - c. Rights and Remedies are Cumulative. The rights and remedies provided by this Contract are cumulative and the use of any one right or remedy by any party shall not preclude nor waive its rights to use any or all other remedies. Any rights provided to the parties under this Contract are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

**SUN VALLEY
AIR SERVICE BOARD**

- d. Successor and Assigns. This Contract and the terms and provisions hereof shall inure to the benefit of and be binding upon the heirs, personal representatives, successors and assigns of the parties hereto.
- e. Entire Contract. This Contract contains the entire agreement between the parties respecting the matters herein set forth and supersedes all prior agreements between the parties hereto respecting such matters.
- f. Governing Law. This Contract shall be construed in accordance with the laws of the State of Idaho.
- g. Preparation of Contract. No presumption shall exist in favor of or against any party to this Contract as a result of the drafting and preparation of the document.
- h. No Waiver. No waiver of any breach by either party of the terms of this Contract shall be deemed a waiver of any subsequent breach of the Contract.
- i. Amendment. No amendment of this Contract shall be effective unless the amendment is in writing, signed by each of the parties.
- j. Notices. Notices hereunder shall be by personal delivery or US Mail Certified/Return Receipt and shall be deemed effective upon such personal delivery or two (2) business days after mailing, whichever is later. Notices shall be provided as follows:
 - a. ASB: P.O. Box 3801, Ketchum, Idaho 83340
 - b. SVMA: P.O. Box 4934, Ketchum, Idaho 83340
- k. Fiscal Year. For the purpose of this Contract, the fiscal year is considered a government fiscal year between October 1 and September 30 of the following year.
- l. No Third Party Beneficiaries. This Agreement shall not create any rights or interest in any third parties.

**SUN VALLEY
AIR SERVICE BOARD**

IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the date first set forth above.

Signatures:

Dated: <u>12/7/15</u>	The Sun Valley Air Services Board, An Idaho Joint Powers Authority By: <u>[Signature]</u> Its: <u>Chairman ASB</u>
Dated: <u>12/21/15</u>	SVMA, an Idaho Non-Profit Corporation By: <u>[Signature]</u> Its: President

EXHIBIT A



SCOPE OF WORK

Mission

To raise awareness of Sun Valley and increase visitor traffic from our target markets.

Organizational Structure

Sun Valley Marketing Alliance, Inc. DBA Visit Sun Valley is an Idaho non-profit 501c(6) corporation. The board of directors is made up of 5 directors representing the City of Ketchum, the City of Sun Valley, the Sun Valley Resort, an at-large director, and a member-elected director. There are 3 staff members plus part-time visitor center agents.

SPECIFIC SCOPE OF WORK FOR AIR SERVICE BOARD

Visit Sun Valley's core funding covers all base functions including overhead and staff. Therefore, the incremental funds from the new 1% will be put directly into external marketing for the air service markets as detailed below. The bulk of the funds will be allocated directly to incremental advertising (shown in bold below) since the core budget also contributes to the activities listed below (such as social media, website, photography and video).

Winter 2015/16 and Summer 2016 Campaigns

- Creative briefs developed outlining goals and objectives for the campaigns
- Creative strategy confirmed as per the above brief
- Campaign assets (photography, video) developed in support of the campaign
- Digital, print and out-of-home (if applicable) ads will be developed
- **Media buys will be planned, negotiated, developed, executed and monitored for each target market (Seattle, Los Angeles, San Francisco, Denver, New York and Chicago) for Winter 2015/2016 and Summer 2016**
- PR efforts in support of the direct air service in each of these market
- Monitoring and tracking of digital advertising buy; adjusting messaging and creative as required throughout the season to optimize results
- Managing the area website to increase visitation and maximize conversion (bookings via the website or directly with key partners)
- Leveraging current partners to extend media reach through advertising, PR and Social Media (including the Sun Valley Resort and the Idaho Travel Council).
- Maximizing the use of Social Media in support of the new flights via our existing social media properties
- Tracking and reporting results





Key Performance Indicators

Visit Sun Valley will report on the following metrics as indicators of success:

- Changes in local option tax
- Total enplanements
- Occupancy and room nights sold for Ketchum, Sun Valley and Hailey
- Website Visits by target market
- Advertising effectiveness (as measured by click-through rates, conversion and total reach)

Appendix A:

General Scope of Work (not specific to ASB contract, but essential to the overall marketing for the area)

Visit Sun Valley currently has a contract for services with the City of Sun Valley and the City of Ketchum to undertake the strategic marketing for the area. Funding is also received from the Idaho Travel Council and the membership. The overall scope of work includes:

- **Strategic Marketing:** Strategic Marketing includes advertising, public relations, social media, partnerships and promotions. All of the marketing efforts drive to the official website for the area, www.visitsunvalley.com.
- **Research:** Visit Sun Valley manages the area's occupancy reporting, maintains a visitor volume estimation model, and undertakes primary research in key target markets.
- **Membership:** Visit Sun Valley represents approximately 360 member businesses in Ketchum, Sun Valley, Hailey, and the surrounding areas.
- **Visitor Services:** Visit Sun Valley manages the Visitor Information Center and provides in-person assistance to visitors 365 days per year. Visit Sun Valley also responds to visitor queries via Live Chat and Contact Us forms and manages the website and mobile site for the area.



CONTRACT EXHIBIT B
SUN VALLEY AIR SERVICE BOARD

FY 2021 ADOPTED BUDGET
WITH CONTRACT AMOUNTS
FOR FSVA

	<u>FY 2017</u> <u>ACTUAL</u>	<u>FY 2018</u> <u>ACTUAL</u>	<u>FY 2019</u> <u>ACTUAL</u>	<u>FY 2020</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>FY 2021</u> <u>PROPOSED</u> <u>BUDGET</u>	<u>+/-</u> <u>FY 2020/2021</u>	<u>% CHANGE</u> <u>FY 2020/2021</u>
REVENUES							
CITY OF HAILEY 1% LOCAL OPTION TAX	93,147	92,967	106,729	96,051	34,360	(61,691)	-64.2%
CITY OF KETCHUM 1% LOCAL OPTION TAX	1,980,091	2,077,226	2,227,612	2,155,589	1,500,000	(655,589)	-30.4%
CITY OF SUN VALLEY 1% LOCAL OPTION TAX	602,844	678,200	756,721	645,707	598,600	(47,107)	-7.3%
INTEREST EARNINGS	687	1,314	2,477	1,000	1,040	40	4.0%
FUND BALANCE APPLIED	0	0	0	276,103	-	(276,103)	-100.0%
						0	
<u>TOTAL REVENUE</u>	2,676,769	2,849,707	3,093,539	3,174,450	2,134,000	(1,040,450)	-32.8%
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EXPENDITURES							
CONTRACTS FOR SERVICES	3,005,750	2,568,849	2,999,500	3,170,000	2,129,000	(1,041,000)	-32.8%
OFFICE SUPPLIES/POSTAGE	54	80	95	300	354	54	18.0%
ADVERTISING/PUBLIC NOTICES/WEBSITE	338	240	200	600	600	0	0.0%
AUDIT	995	1,100	1,100	1,100	1,100	0	0.0%
ATTORNEY FEES	0	1,225	365	1,000	1,400	400	40.0%
INSURANCE	1,201	1,349	1,443	1,450	1,546	96	6.6%
TRANSFER TO FUND BALANCE	0	0	0	0	-	0	
						0	
<u>TOTAL EXPENDITURES</u>	3,008,338	2,572,843	3,002,703	3,174,450	2,134,000	(1,040,450)	-32.8%
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BEGINNING FUND BALANCE	446,347	114,778	391,642	482,478	206,375	(276,103)	
ENDING FUND BALANCE	114,778	391,642	482,478	206,375	206,375	0	

Contract Amount for Fly Sun Valley Alliance - 47% of Contract Expense Budget for a maximum of \$1,000,000.

Contract Amount for Sun Valley Marketing Alliance - 53% of Contract Expense Budget for a maximum of \$1,129,000.

SUN VALLEY
AIR SERVICE BOARD

CONTRACT FOR SERVICES
BETWEEN THE
SUN VALLEY AIR SERVICE BOARD AND
FSVA

THIS CONTRACT FOR SERVICES, (hereinafter referred to as "Contract") made and entered into this 1st day of October 2020, by and between the Sun Valley Air Service Board, an Idaho Joint Powers Authority (hereinafter referred to as the "ASB") and the Fly Sun Valley Alliance, Inc., an Idaho nonprofit corporation with an IRS 501 (c) (6) designation, (hereinafter referred to as "FSVA").

RECITALS

1. The ASB is a duly organized and existing Joint Powers Authority organized as a separate legal entity under Idaho Code §§ 67- 2328 *et seq.* The ASB is made up of the following entities (hereinafter referred to as "Component Members"):
 - a. The City of Sun Valley, Idaho
 - b. The City of Ketchum, Idaho
 - c. The City of Hailey, Idaho
 - d. Blaine County, Idaho [non-voting]

2. FSVA is an Idaho non-profit corporation with an IRC 501(c)(6) designation engaged in the business of commercial air service development for the Sun Valley, Idaho area as further described in **Exhibit "A"**.

3. Pursuant to Idaho Code §§ 67-2328, 50-301 and 50-302, the ASB is empowered to enter into contracts and take such steps as are reasonably necessary to maintain the peace, good government and welfare of the Component Members and their trade, commerce and industry. Accordingly, the ASB has the power as conferred by the State of Idaho, to provide directly for certain promotional activities to enhance the trade, commerce, industry, and economic well-being of the Component Members.

4. The following ordinances have been adopted by certain Component Members (except Blaine County) for the purposes of a) maintaining and increasing commercial air service to Friedman Memorial Airport through the use of Minimum Revenue Guarantees ("MRG's") or other inducements to providers; b) promoting and marketing the existing service and any future service to increase passengers; c) for all ancillary costs which are associated with the ongoing effort to maintain and increase commercial air service, including reasonable program management costs and busing due to flight diversion(s); and d) direct costs to collect and enforce the tax, including administrative and legal fees:

**SUN VALLEY
AIR SERVICE BOARD**

- a. Sun Valley Ordinance No. 45G.
 - b. Ketchum Ordinance No. 1108.
 - c. Hailey Ordinance No. 1133.
5. The primary reason for the ASB to enter this Contract is to effectuate the purposes of the local option taxes and Component Member ordinances recited above.
6. FSVA's mission is to retain, develop and improve air service to the Friedman Memorial Airport (SUN) in Blaine County.
7. The organizational goals of FSVA are consistent with the purposes and findings of the ordinances recited above.
8. It is the intention of the ASB to contract with FSVA to provide such services for consideration as hereinafter provided, subject to the tracking and reporting requirements described herein.
9. FSVA desires to enter into a contract with the ASB to retain, develop and improve air service as hereinafter provided.
10. ASB and FSVA intend to dedicate local option taxes to the payment of Air Service Contract Costs, defined as; 1) MRG's, 2) bussing costs for airline passengers due to weather related flight diversions, 3) Letter of Credit fees, as well as other air service development efforts as outlined in Exhibit A. FSVA has entered into contracts with commercial airlines which require the payment of Air Service Contract Costs. The contracts between FSVA and the airlines contain confidentiality provisions.
11. FSVA and Sun Valley Company have agreed that FSVA shall pay all of the Air Service Contract Costs under the airline contracts with funds from ASB but will be reimbursed by Sun Valley Company (SVC) in the amount of 50% of the Air Service Contract Costs. A portion of the reimbursement to FSVA from SVC for certain Air Service Contract Costs may be provided in contributions of products that provide an equivalent cash value. FSVA may also use ASB funds to pay 100% of the annual fixed cost for Enhanced diversion bussing services (including upgraded equipment, on call drivers and airport hosts), which are provided for all airlines at Friedman Memorial Airport during the winter.
12. ASB and FSVA intend to honor the confidentiality provisions in the airline contracts but verify the costs by examining the invoices for Air Service Contract Costs in executive session.

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth herein, it is agreed by and between the ASB and FSVA as follows:

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1. All Recitals above are incorporated herein by reference.
2. Services. FSVA agrees to make its dedicated professional best efforts toward retaining, developing and improving air service by securing and managing air service into Friedman Memorial Airport; providing other air service support; pursuing new and/or expanded air service; and other air service development related tasks ("Air Service Development") as more particularly set forth in **Exhibit "A"**, which is incorporated herein by reference, and to pay 50% of the Air Service Contract Costs.
3. Expenses. FSVA agrees that it shall provide, at its sole expense, all costs of labor, materials, supplies, business overhead and financial expenses, liability insurance, fidelity bonds, and all necessary equipment and facilities required to provide the services as set for in this Contract.
4. Term. The term of this Contract shall commence upon the day of its execution and shall terminate September 30, 2021. This Contract shall be automatically extended for one (1) year terms, unless notice is provided as set forth herein. Such notice shall be served not less than sixty (60) days prior to the expiration of any annual term. This Contract may be amended to increase the length of the term if so determined by the parties.
5. Consideration.
 - A. Air Service Contract Costs and Air Service Development Reimbursement. During the term of this Contract, ASB shall pay FSVA, as reimbursement for Air Service Contract Costs and as payment for Air Service Development, a maximum sum not to exceed the total "Fly SV Alliance Contract Expenses" as identified in the schedule attached hereto as **Exhibit "B"** for the present fiscal year ending September 30, 2021 ("FY 21"), payable on a monthly basis. Each monthly payment shall be calculated by multiplying the percentage for FSVA as set forth in the Payment Schedule in **Exhibit "B"** by the actual amount of local option taxes received by the ASB, less direct costs, administrative expenses, and fund balance in **Exhibit "B"**. In the event the monthly payments derived during FY 18 would exceed the "Fly SV Alliance Contract Expenses" amount in **Exhibit "B"**, the last monthly payment(s) shall be reduced to ensure only a payment of the contract amount in Exhibit B.. In the event the monthly payments derived during FY 21 are less than the contract amount in Exhibit B FSVA shall not be entitled to the difference between the total of the monthly payments and the contract amount in Exhibit B. The Payment Schedule for each subsequent fiscal year may be amended by the parties as part of that fiscal year's budget process.

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- B. FSVA shall maintain a contract with SVC wherein SVC shall reimburse FSVA for 50% of Air Service Contract Costs. Said reimbursements shall include a cash and in-kind (equivalent cash value) payments totaling 50% of Air Service Contract Costs.
 - C. Limitation of Funds. Funds paid by ASB to FSVA shall only be used for the purposes set forth in this Contract, and for no other purpose. The annual FSVA ASB contract budget is outlined on the attached hereto as **Exhibit "B"**. In the event FSVA pays pursuant to the contracts described in Recital 10, above, less than the "Total FSVA Contract Amount" identified in **Exhibit "B"**, the difference may be retained by FSVA as reserves but such amount shall only be used for payment of future Air Service Contract Costs, if approved by ASB, under other airline contracts, subject to the same limitations set forth in this Contract.
6. Reporting Requirements. In partial consideration for, , FSVA agrees to provide to the ASB:
- A. Written and in-person presentations and reports in January and July during the term of this Contract or as otherwise scheduled by the parties outlining program results and plans for the upcoming season and explaining annual performance based on the metrics specified in attached **Exhibit "A"**. Semi-annual reports will be based on the government fiscal year of October 1st to September 30".
 - B. The ASB has at all times the right to request an independent audit, at the sole cost of FSVA, under the provisions herein, and such audit obligation and cost on the part of FSVA shall survive any termination.
 - C. The ASB may request additional financial information it deems necessary or appropriate to assist the ASB in verifying the accuracy of the FSVA's financial records, and within a reasonable time period, FSVA shall submit such information or reports relating to its activities under this Contract to ASB in such form and at such time as ASB may reasonably require. Any duly authorized agents of the ASB shall be entitled to inspect and audit all books and records of FSVA for compliance with the terms of this Contract. Any record provided hereunder which would be covered by the confidentiality provisions described in Recital 11, above, shall not be disclosed unless ordered by a court of competent jurisdiction or unless consent is provided by the Sun Valley Company and the relevant airline. FSVA agrees to retain all financial records, supporting

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documents, statistical reports, contracts, minutes, correspondence, and all other accounting records or written materials pertaining to this Contract for three (3) years following the expiration or termination of this Contract.

- D. Invoices and supporting documents from airlines for the Air Service Contract Costs to be paid by FSVA, and documentation of reimbursement of 50% of Air Service Contract Costs by SVC to FSVA. Such invoices and supporting documentation shall be presented to the ASB by FSVA in executive session.
7. Termination. The ASB may, at its sole discretion, terminate this Contract upon 90 days written notice to FSVA with or without cause. The ASB recognizes that the FSVA has made significant financial commitments (*e.g.*, vendor contracts) on behalf of the ASB and will need time to adjust its obligations. In the event of such termination, the ASB shall have no further responsibility to make any payment to FSVA under this Contract at the end of the 90-day period.
8. Equal Employment Opportunity. FSVA covenants that it shall not discriminate against any employee or applicant for employment because of race, religion, color, sex or national origin.
9. Independent Contractor Status. The parties acknowledge and agree that FSVA shall provide its services for the fee specified herein in the status of independent contractor, and not as an employee of the ASB. FSVA shall create, direct and control its own means and methods of performing this Contract. FSVA and its agents, members, employees and volunteers shall not accrue leave, retirement, insurance, bonding or any other benefit afforded to employees of the ASB. The sole interest and responsibility of the ASB under this Contract is to assure itself that the services covered by this Agreement shall be performed and rendered by FSVA in a competent, efficient and satisfactory manner.
10. Hold Harmless Agreement. FSVA hereby covenants and agrees to indemnify, defend and hold the ASB and the Component Members, and their officials, officers, employees and agents harmless from and against any and all claims, demands, causes of action, suits, losses, liabilities, damages, costs and expenses, including attorney fees, that may accrue, directly or indirectly, by reason of non-disclosure of information pursuant to Paragraph 6(D) of this Contract or by reason of any wrongful act or omission on the part of FSVA, its agents, employees, assigns or subcontractors, related to damages or bodily injury, property damage and personal injury that arise out of FSVA's actions or omissions associated with the services or obligations described in this Contract. FSVA shall have the duty to appear and defend any such demand, claim, suit or action on behalf of ASB and the Component Members, or tender the defense without cost or expense to ASB and the Component Members.

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11. Non-Assignment. This Contract may not be assigned by or transferred by FSVA, in whole or in part, without the prior written consent of the ASB.
12. Mediation/Arbitration. In the event of any controversy, claim or dispute between the parties concerning this Contract or the breach of this Contract, including questions concerning the scope and applicability of this dispute resolution provision, the parties agree to participate in good faith in a mediation of any such dispute in Blaine County, Idaho. If mediation is unsuccessful, then the dispute, shall be finally settled through litigation in the District Court, Blaine County Idaho. The court shall have no power to award punitive or exemplary damages.
13. Attorney's Fees. In the event of any dispute with regard to the interpretation or enforcement of this Contract, the prevailing party shall be entitled to recover its reasonable costs and attorneys' fees incurred therein, whether or not a lawsuit is actually filed, and on any appeals, and in any bankruptcy proceeding.
14. Appropriations. No commitment of public funds will be made prior to the approval of this Contract nor are any public funds committed beyond the current fiscal year. The terms of this Contract are contingent upon sufficient appropriations being made each fiscal year by the ASB for the performance of this Contract. If sufficient appropriations are not made, this Contract shall terminate subject to the conditions subsequent concerning notice. Termination pursuant to the terms of this Contract shall not result in any claim for payment or damages by FSVA. ASB's decision as to whether sufficient appropriations are available shall be accepted by FSVA and shall be final. FSVA HAS NO RIGHT TO COMPEL COMPONENT MEMBERS TO LEVY OR COLLECT TAXES TO MAKE ANY PAYMENTS REQUIRED HEREUNDER, OR TO EXPEND FUNDS BEYOND THE AMOUNT PROVIDED FOR IN THE THEN CURRENT FISCAL YEAR. In the event that this provision conflicts with any other provision in the Agreement, this provision shall prevail.
15. Miscellaneous Provisions.
 - a. Paragraph Headings. The headings in this Contract are inserted for convenience and identification only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Contract or any of the provisions of the Contract.
 - b. Provisions Severable. Every provision of this Contract is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of the Contract.

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- c. Rights and Remedies are Cumulative. The rights and remedies provided by this Contract are cumulative and the use of any one right or remedy by any party shall not preclude nor waive its rights to use any or all other remedies. Any rights provided to the parties under this Contract are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.
- d. Successor and Assigns. This Contract and the terms and provisions herein shall inure to the benefit of and be binding upon the heirs, personal representatives, successors and assigns of the parties hereto.
- e. Entire Contract. This Contract contains the entire agreement between the parties respecting the matters herein set forth and supersedes all prior agreements between the parties hereto respecting such matters.
- f. Governing Law. This Contract shall be construed in accordance with the laws of the State of Idaho.
- g. Preparation of Contract. No presumption shall exist in favor of or against any party to this Contract as a result of the drafting and preparation of the document.
- h. No Waiver. No waiver of any breach by either party of the terms of this Contract shall be deemed a waiver of any subsequent breach of the Contract.
- i. Amendment. No amendment of this Contract shall be effective unless the amendment is in writing, signed by each of the parties.
- j. Notices. Notices hereunder shall be by personal delivery or US Mail Certified/Return Receipt and shall be deemed effective upon such personal delivery or two (2) business days after mailing, whichever is later. Notices shall be provided as follows:
 - a. ASB: P.O. Box 3801, Ketchum, Idaho 83340
 - b. FSVA: P.O. Box 6316, Ketchum, Idaho 83340
- k. Fiscal Year. For the purpose of this Contract, the fiscal year is considered a government fiscal year between October 1 and September 30 of the following year.
- l. No Third Party Beneficiaries. This Agreement shall not create any rights or interest in any third parties.

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IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the date first set forth above.

Signatures:

Dated: _____	The Sun Valley Air Services Board, An Idaho Joint Powers Authority By: _____ Its: _____
Dated: _____	FSVA, an Idaho Non-Profit Corporation By: _____ Its: President



Exhibit A to 2020-2021 Air Service Board Contract

MISSION

Retain, develop and improve air service at Friedman Memorial Airport (SUN) for the benefit of the community

ORGANIZATIONAL STRUCTURE

Fly Sun Valley Alliance (FSVA) is an Idaho non-profit 501c(6) corporation with both private and public sector volunteer board members representing governments, organizations and businesses throughout Blaine County.

SCOPE OF WORK

AIR SERVICE DEVELOPMENT

Secure & Manage Contract Air Service: Currently Alaska (SEA) flights; United (LAX/SFO/DEN/ORD) flights

- Negotiate air service contract terms with airlines:
 - Operating season, schedules, equipment
 - MRG cap amount; analysis of cost per flight & projected revenues
 - LOC requirements; Weather diversion busing provisions
- Monitor bookings on weekly basis; cost & revenue monthly
- Monitor performance on ongoing basis within our competitive set, plus BOI, TWF
- Initiate fare and schedule adjustment discussions with airline partners as needed
- Assist with coordination of air service market planning for SUN with other partners (VSV, SVC, ITC, etc.)
- Support coordination of start-up effort for new service (as needed) – launch celebrations, marketing, etc.
- Support enhanced weather diversion bussing program for all SUN commercial air travelers and airlines
- Coordinate with Friedman Memorial Airport in all aspects of air service planning/implementation

Manage & Support Non-Contract Air Service:

- Monitor performance on ongoing basis within our competitive set, plus BOI, TWF
- Initiate fare & schedule adjustment discussions with airline as appropriate
- Assist with coordination of air service marketing planning for SUN with other partners (VSV, SVC, ITC, etc.)
- Support enhanced weather diversion bussing program for all SUN commercial air travelers and airlines

RESEARCH

- Conduct air passenger survey research at SUN and other surveys of air travelers as warranted
- Collect/analyze/report other research re: travel trends, demographics, economic impact
- Monitor monthly enplanement, seat occupancy, other air service data relative to SUN, industry & competitive set

COMMUNITY OUTREACH/EDUCATION - LOCAL AIR MARKETING

- Maintain FSVA website, www.flysunvalleyalliance.com, with information on SUN air service, news, studies, etc.
- Provide ongoing public outreach/communications via Enews, social media, meetings, presentations, other
- Assist traveling public with information related to air service as needed
- Create & implement local air service marketing/PR programs targeted to local and regional air travelers
- Assist with coordination of marketing of flights/fares sales, etc. with airlines and local/state partners

KEY PERFORMANCE METRICS

- **Retain/Expand Current Air Service:** Retain contracted nonstop SEA/LAX/SFO/DEN/ORD flights and support SLC flights; improve air service schedules/frequency as feasible.
- **New Air Service:** Research opportunities and pursue new nonstop flight markets as feasible per strategic plan
- **Build SUN Passenger Traffic:** Work with airlines/marketing partners to increase load factors & minimize air service costs as feasible. Work with airlines on SUN fares and schedules to reduce air passenger leakage.
- **Research:** Conduct seasonal air passenger surveys at SUN; conduct competitive analysis, economic impact and other research as needed.

SUN VALLEY
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CONTRACT FOR SERVICES
BETWEEN THE
SUN VALLEY AIR SERVICE BOARD AND
FSVA

THIS CONTRACT FOR SERVICES, (hereinafter referred to as "Contract") made and entered into this ~~1st~~^{31st} day of ~~January~~^{October} 20~~2018~~, by and between the Sun Valley Air Service Board, an Idaho Joint Powers Authority (hereinafter referred to as the "ASB") and the Fly Sun Valley Alliance, Inc., an Idaho nonprofit corporation with an IRS 501 (c) (6) designation, (hereinafter referred to as "FSVA").

RECITALS

1. The ASB is a duly organized and existing Joint Powers Authority organized as a separate legal entity under Idaho Code §§ 67- 2328 *et seq.* The ASB is made up of the following entities (hereinafter referred to as "Component Members"):
 - a. The City of Sun Valley, Idaho
 - b. The City of Ketchum, Idaho
 - c. The City of Hailey, Idaho
 - d. Blaine County, Idaho [non-voting]

2. FSVA is an Idaho non-profit corporation with an IRC 501(c)(6) designation engaged in the business of commercial air service development for the Sun Valley, Idaho area as further described in **Exhibit "A"**.

3. Pursuant to Idaho Code §§ 67-2328, 50-301 and 50-302, the ASB is empowered to enter into contracts and take such steps as are reasonably necessary to maintain the peace, good government and welfare of the Component Members and their trade, commerce and industry. Accordingly, the ASB has the power as conferred by the State of Idaho, to provide directly for certain promotional activities to enhance the trade, commerce, industry, and economic well-being of the Component Members.

4. The following ordinances have been adopted by certain Component Members (except Blaine County) for the purposes of a) maintaining and increasing commercial air service to Friedman Memorial Airport through the use of Minimum Revenue Guarantees ("MRG's") or other inducements to providers; b) promoting and marketing the existing service and any future service to increase passengers; c) for all ancillary costs which are associated with the ongoing effort to maintain and increase commercial air service, including reasonable program management costs and busing due to

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flight diversion(s); and d) direct costs to collect and enforce the tax, including administrative and legal fees:

- a. Sun Valley Ordinance No. 45G.
- b. Ketchum Ordinance No. 1108.
- c. Hailey Ordinance No. 1133.

5. The primary reason for the ASB to enter this Contract is to effectuate the purposes of the local option taxes and Component Member ordinances recited above.

6. FSVA's mission is to retain, develop and improve air service to the Friedman Memorial Airport (SUN) in Blaine County.

7. The organizational goals of FSVA are consistent with the purposes and findings of the ordinances recited above.

8. It is the intention of the ASB to contract with FSVA to provide such services for consideration as hereinafter provided, subject to the tracking and reporting requirements described herein.

9. FSVA desires to enter into a contract with the ASB to retain, develop and improve air service as hereinafter provided.

10. ASB and FSVA intend to dedicate local option taxes to the payment of Air Service Contract Costs, defined as; 1) MRG's, 2) bussing costs for airline passengers due to weather related flight diversions, 3) Letter of Credit fees, ~~and 4) any applicable airline start-up costs~~, as well as other air service development efforts as outlined in Exhibit A. FSVA has entered into contracts with commercial airlines which require the payment of Air Service Contract Costs. The contracts between FSVA and the airlines contain confidentiality provisions.

11. FSVA and Sun Valley Company have agreed that FSVA shall pay all of the Air Service Contract Costs under the airline contracts with funds from ASB but will be reimbursed by Sun Valley Company (SVC) in the amount of 50% of the Air Service Contract Costs. A portion of the reimbursement to FSVA from SVC for certain Air Service Contract Costs may be provided in contributions of products that provide an equivalent cash value. FSVA ~~will~~ may also use ASB funds to pay 100% of the annual fixed cost for Enhanced diversion bussing services (including upgraded equipment, on call drivers and airport hosts), which are provided for all airlines at Friedman Memorial Airport during the winter.

12. ASB and FSVA intend to honor the confidentiality provisions in the airline contracts but verify the costs by examining the invoices for Air Service Contract Costs in executive session.

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NOW, THEREFORE, in consideration of the mutual promises and agreements set forth herein, it is agreed by and between the ASB and FSVA as follows:

1. All Recitals above are incorporated herein by reference.
2. Services. FSVA agrees to make its dedicated professional best efforts toward retaining, developing and improving air service by securing and managing air service into Friedman Memorial Airport; providing other air service support; pursuing new and/or expanded air service; and other air service development related tasks ("Air Service Development") as more particularly set forth in **Exhibit "A"**, which is incorporated herein by reference, and to pay 50% of the Air Service Contract Costs.
3. Expenses. FSVA agrees that it shall provide, at its sole expense, all costs of labor, materials, supplies, business overhead and financial expenses, liability insurance, fidelity bonds, and all necessary equipment and facilities required to provide the services as set for in this Contract.
4. Term. The term of this Contract shall commence upon the day of its execution and shall terminate September 30, ~~2018~~2021. This Contract shall be automatically extended for one (1) year terms, unless notice is provided as set forth herein. Such notice shall be served not less than sixty (60) days prior to the expiration of any annual term. This Contract may be amended to increase the length of the term if so determined by the parties.
5. Consideration.
 - A. Air Service Contract Costs and Air Service Development Reimbursement. During the term of this Contract, ASB shall pay FSVA, as reimbursement for Air Service Contract Costs and as payment for Air Service Development, a maximum sum not to exceed the total "Fly SV Alliance Contract Expenses" as identified in the schedule attached hereto as **Exhibit "B"** for the present fiscal year ending September 30, ~~2018~~2021 ("FY ~~18~~21"), payable on a monthly basis. Each monthly payment shall be calculated by multiplying the percentage ~~under "% of Available Funds"~~ for FSVA as set forth in the Payment Schedule in **Exhibit "B"** by the actual amount of local option taxes received by the ASB, less direct costs, administrative expenses, and fund balance, ~~which is designated as "Funds Available for Contracts"~~, in **Exhibit "B"**. In the event the monthly payments derived during FY 18 would exceed the "Fly SV Alliance Contract Expenses" amount in **Exhibit "B"**, the last monthly payment(s) shall be reduced to ensure only a payment of the contract amount in Exhibit B.. In the event the monthly payments derived during FY ~~18~~21 are less than the contract amount in Exhibit

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B FSVA shall not be entitled to the difference between the total of the monthly payments and the contract amount in Exhibit B. The Payment Schedule for each subsequent fiscal year may be amended by the parties as part of that fiscal year's budget process.

- B. FSVA shall maintain a contract with SVC wherein SVC shall reimburse FSVA for 50% of Air Service Contract Costs. Said reimbursements shall include a cash and in-kind (equivalent cash value) payments for totaling 50% of ~~MRG cost, and other contributions for at least 50% of other~~ Air Service Contract Costs.
- C. Limitation of Funds. Funds paid by ASB to FSVA shall only be used for the purposes set forth in this Contract, and for no other purpose. The annual FSVA ASB contract budget is outlined on the ~~spread sheet~~ attached hereto as **Exhibit "CB"**. In the event FSVA pays pursuant to the contracts described in Recital 10, above, less than the "Total FSVA Contract Amount" identified in **Exhibit "BC"**, the difference may be retained by FSVA as reserves but such amount shall only be used for payment of future Air Service Contract Costs, if approved by ASB, under other airline contracts, subject to the same limitations set forth in this Contract.

6. Reporting Requirements. In partial consideration for, , FSVA agrees to provide to the ASB:

- A. Written and in-person presentations and reports in January and July during the term of this Contract or as otherwise scheduled by the parties outlining program results and plans for the upcoming season and explaining annual performance based on the metrics specified in attached **Exhibit "A"**. Semi-annual reports will be based on the government fiscal year of October 1st to September 30".
- B. The ASB has at all times the right to request an independent audit, at the sole cost of FSVA, under the provisions herein, and such audit obligation and cost on the part of FSVA shall survive any termination.
- C. The ASB may request additional financial information it deems necessary or appropriate to assist the ASB in verifying the accuracy of the FSVA's financial records, and within a reasonable time period, FSVA shall submit such information or reports relating to its activities under this Contract to ASB in such form and at such time as ASB may reasonably require. Any duly authorized agents of the ASB shall be entitled to inspect and audit all books and records of

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FSVA for compliance with the terms of this Contract. Any record provided hereunder which would be covered by the confidentiality provisions described in Recital 11, above, shall not be disclosed unless ordered by a court of competent jurisdiction or unless consent is provided by the Sun Valley Company and the relevant airline. FSVA agrees to retain all financial records, supporting documents, statistical reports, contracts, minutes, correspondence, and all other accounting records or written materials pertaining to this Contract for three (3) years following the expiration or termination of this Contract.

- D. Invoices and supporting documents from airlines for the Air Service Contract Costs to be paid by FSVA, and documentation of reimbursement of 50% of Air Service Contract Costs by SVC to FSVA. Such invoices and supporting documentation shall be presented to the ASB by FSVA in executive session.
7. Termination. The ASB may, at its sole discretion, terminate this Contract upon 90 days written notice to FSVA with or without cause. The ASB recognizes that the FSVA has made significant financial commitments (*e.g.*, vendor contracts) on behalf of the ASB and will need time to adjust its obligations. In the event of such termination, the ASB shall have no further responsibility to make any payment to FSVA under this Contract at the end of the 90-day period.
8. Equal Employment Opportunity. FSVA covenants that it shall not discriminate against any employee or applicant for employment because of race, religion, color, sex or national origin.
9. Independent Contractor Status. The parties acknowledge and agree that FSVA shall provide its services for the fee specified herein in the status of independent contractor, and not as an employee of the ASB. FSVA shall create, direct and control its own means and methods of performing this Contract. FSVA and its agents, members, employees and volunteers shall not accrue leave, retirement, insurance, bonding or any other benefit afforded to employees of the ASB. The sole interest and responsibility of the ASB under this Contract is to assure itself that the services covered by this Agreement shall be performed and rendered by FSVA in a competent, efficient and satisfactory manner.
10. Hold Harmless Agreement. FSVA hereby covenants and agrees to indemnify, defend and hold the ASB and the Component Members, and their officials, officers, employees and agents harmless from and against any and all claims, demands, causes of action, suits, losses, liabilities, damages, costs and expenses, including attorney fees, that may accrue, directly or indirectly, by reason of non-disclosure of information pursuant to Paragraph 6(D) of this Contract or by reason of any wrongful act or omission on the part of FSVA, its agents,

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employees, assigns or subcontractors, related to damages or bodily injury, property damage and personal injury that arise out of FSVA's actions or omissions associated with the services or obligations described in this Contract. FSVA shall have the duty to appear and defend any such demand, claim, suit or action on behalf of ASB and the Component Members, or tender the defense without cost or expense to ASB and the Component Members.

11. Non-Assignment. This Contract may not be assigned by or transferred by FSVA, in whole or in part, without the prior written consent of the ASB.
12. Mediation/Arbitration. In the event of any controversy, claim or dispute between the parties concerning this Contract or the breach of this Contract, including questions concerning the scope and applicability of this dispute resolution provision, the parties agree to participate in good faith in a mediation of any such dispute in Blaine County, Idaho. If mediation is unsuccessful, then the dispute, shall be finally settled through litigation in the District Court, Blaine County Idaho. The court shall have no power to award punitive or exemplary damages.
13. Attorney's Fees. In the event of any dispute with regard to the interpretation or enforcement of this Contract, the prevailing party shall be entitled to recover its reasonable costs and attorneys' fees incurred therein, whether or not a lawsuit is actually filed, and on any appeals, and in any bankruptcy proceeding.
14. Appropriations. No commitment of public funds will be made prior to the approval of this Contract nor are any public funds committed beyond the current fiscal year. The terms of this Contract are contingent upon sufficient appropriations being made each fiscal year by the ASB for the performance of this Contract. If sufficient appropriations are not made, this Contract shall terminate subject to the conditions subsequent concerning notice. Termination pursuant to the terms of this Contract shall not result in any claim for payment or damages by FSVA. ASB's decision as to whether sufficient appropriations are available shall be accepted by FSVA and shall be final. FSVA HAS NO RIGHT TO COMPEL COMPONENT MEMBERS TO LEVY OR COLLECT TAXES TO MAKE ANY PAYMENTS REQUIRED HEREUNDER, OR TO EXPEND FUNDS BEYOND THE AMOUNT PROVIDED FOR IN THE THEN CURRENT FISCAL YEAR. In the event that this provision conflicts with any other provision in the Agreement, this provision shall prevail.
15. Miscellaneous Provisions.
 - a. Paragraph Headings. The headings in this Contract are inserted for convenience and identification only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Contract or any of the provisions of the Contract.

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- b. Provisions Severable. Every provision of this Contract is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of the Contract.
- c. Rights and Remedies are Cumulative. The rights and remedies provided by this Contract are cumulative and the use of any one right or remedy by any party shall not preclude nor waive its rights to use any or all other remedies. Any rights provided to the parties under this Contract are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.
- d. Successor and Assigns. This Contract and the terms and provisions herein shall inure to the benefit of and be binding upon the heirs, personal representatives, successors and assigns of the parties hereto.
- e. Entire Contract. This Contract contains the entire agreement between the parties respecting the matters herein set forth and supersedes all prior agreements between the parties hereto respecting such matters.
- f. Governing Law. This Contract shall be construed in accordance with the laws of the State of Idaho.
- g. Preparation of Contract. No presumption shall exist in favor of or against any party to this Contract as a result of the drafting and preparation of the document.
- h. No Waiver. No waiver of any breach by either party of the terms of this Contract shall be deemed a waiver of any subsequent breach of the Contract.
- i. Amendment. No amendment of this Contract shall be effective unless the amendment is in writing, signed by each of the parties.
- j. Notices. Notices hereunder shall be by personal delivery or US Mail Certified/Return Receipt and shall be deemed effective upon such personal delivery or two (2) business days after mailing, whichever is later. Notices shall be provided as follows:
 - a. ASB: P.O. Box 3801, Ketchum, Idaho 83340
 - b. FSVA: P.O. Box 6316, Ketchum, Idaho 83340

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- k. Fiscal Year. For the purpose of this Contract, the fiscal year is considered a government fiscal year between October 1 and September 30 of the following year.

- l. No Third Party Beneficiaries. This Agreement shall not create any rights or interest in any third parties.

IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the date first set forth above.

Signatures:

Dated: _____	The Sun Valley Air Services Board, An Idaho Joint Powers Authority By: _____ Its: _____
Dated: _____	FSVA, an Idaho Non-Profit Corporation By: _____ Its: President