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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

City of Ojai,

Complainant,

vs.

Golden State Water Company (U133W),

Defendant.

Case No. (C.) 16-06-008

(Filed June 14, 2016)

**DECLARATION OF MATTHEW K. NARENSKY
IN SUPPORT OF GOLDEN STATE WATER COMPANY'S
(U133W) MOTION TO DISMISS COMPLAINT**

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July 25, 2016

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

City of Ojai,

Complainant,

vs.

Golden State Water Company (U133W),

Defendant.

Case No. (C.) 16-06-008

(Filed June 14, 2016)

**DECLARATION OF MATTHEW K. NARENSKY
IN SUPPORT OF GOLDEN STATE WATER COMPANY'S
(U133W) MOTION TO DISMISS COMPLAINT**

I am an attorney in the law firm of Winston & Strawn LLP, and am counsel of record for Defendant Golden State Water Company, Inc. (“Golden State”) in the above-captioned complaint. The facts stated in this Declaration are based upon my personal knowledge. If called as a witness, I could and would competently testify to the following:

1. Attached as **Exhibit A** is a true and correct copy of a complaint filed by Khaled A. Al-Awar, Walid A. Al-Awar, and the K. and S. Al-Awar Family Trust on November 13, 2015 against Golden State in Ventura County Superior Court giving rise to the action titled *Al Awar v. Golden State Water Co.*, Ventura County Superior Court Case No. 56-2015-00474589-CU-PO-VTA.

2. Attached as **Exhibit B** is a true and correct copy of a complaint filed by James River Insurance Company (“James River”) on November 17, 2015 against Starr Indemnity & Liability Company (“Starr”) in Ventura County Superior Court giving rise

to the action titled *James River Ins. Co. v. Starr Indemnity & Liability Co.*, Ventura County Superior Court Case No. 56-2015-00474653-CU-IC-VTA.

3. Attached as **Exhibit C** is a true and correct copy of a cross-complaint filed on April 8, 2016 by Starr against James River in Ventura County Superior Court in the action titled *James River Ins. Co. v. Starr Indemnity & Liability Co.*, Ventura County Superior Court Case No. 56-2015-00474653-CU-IC-VTA.

4. Attached as **Exhibit D** is a true and correct copy of Notice of Related Cases filed on March 14, 2016 by James River in the Ventura County Superior Court in the action titled *James River Ins. Co. v. Starr Indemnity & Liability Co.*, Ventura County Superior Court Case No. 56-2015-00474653-CU-IC-VTA.

5. Attached as **Exhibit E** is a true and correct copy of a Minute Order issued by the Ventura County Superior Court on June 28, 2016 in the action titled *Al Awar v. Golden State Water Co.*, Ventura County Superior Court Case No. 56-2015-00474589-CU-PO-VTA.

6. Attached as **Exhibit F** is a true and correct copy of a Minute Order issued by the Ventura County Superior Court on April 11, 2016 in the action titled *Al Awar v. Golden State Water Co.*, Ventura County Superior Court Case No. 56-2015-00474589-CU-PO-VTA.

7. Attached as **Exhibit G** is a true and correct copy of the City of Ojai's Ordinance No. 382, adopted May 8, 1967, in which the City of Ojai enters into a franchise agreement with Golden State for the distribution of water in the City of Ojai.

8. Attached as **Exhibit H** is a true and correct copy of Exhibit GS-11, the

Prepared Testimony of Jan Allnutt, which has been received into the evidentiary record in Golden State's 2014 General Rate Case, Application 14-07-006.

9. Attached as **Exhibit I** is a true and correct copy of an excerpt from Golden State's Reply Brief (pages 197-223), filed on August 17, 2015 in Golden State's 2014 General Rate Case, Application 14-07-006, addressing the arguments raised by Ojai FLOW's opening brief filed in that proceeding.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this Declaration was made this 25th day of July, 2016, in San Francisco, California.

Dated July 25, 2016

/s/ Matthew K. Narensky

Matthew K. Narensky
Winston & Strawn LLP
Attorney for Golden State Water Company

Exhibit A to Declaration of Matthew Narensky

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MICHAEL D. PLANET
Executive Officer and Clerk
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SUSANNE LEON

4 Attorneys for Plaintiffs,
5 **KHALED A. AL-AWAR**, Individually and as Trustee of the **K. & S. AL-AWAR FAMILY**
6 **TRUST**; and **WALID A. AL-AWAR**, Individually and as Trustee of the **WALID A. ALAWAR**
7 **LIVING TRUST**

8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **FOR THE COUNTY OF VENTURA**

10
11 **KHALED A. AL-AWAR**, Individually and as
12 Trustee of the **K. & S. AL-AWAR FAMILY**
13 **TRUST**; and **WALID A. AL-AWAR**,
Individually and as Trustee of the **WALID A.**
ALAWAR LIVING TRUST,

14 Plaintiffs,

15 vs.

16 **GOLDEN STATE WATER COMPANY,**
17 **INC. and DOES 1 - 40,**

18 Defendants.

CASE NO: 56-2015-00474589-CU-PO-VTA

TRIAL DATE: Not Set

**COMPLAINT FOR INVERSE
CONDEMNATION; NUISANCE;
TRESPASS; AND NEGLIGENCE**

19
20 Plaintiffs allege as follows:

21
22 **PARTIES**

23
24 Plaintiff **KHALED A. AL-AWAR** is an individual and trustee of the **K. & S. Al-Awar**
25 **Family Trust**. Plaintiff **WALID A. AL-AWAR** is an individual and trustee of the **Walid A.**
26 **Alawar Living Trust**. Both plaintiffs reside in the City of Ojai, County of Ventura, State of
27 California.

28 Defendant **GOLDEN STATE WATER COMPANY, INC.** (hereinafter "**GOLDEN**

1 STATE") is, and at all time mentioned herein was, a corporation, duly organized and existing
2 under the laws of the State of California and situated in the County of Los Angeles. It regularly
3 does business in the City of Ojai, County of Ventura, State of California.

4 The true names and capacities of DOES 1 through 40, inclusive, whether individual,
5 association, corporation, or otherwise, are unknown to plaintiffs at this time and leave of court
6 will be asked to amend this complaint by inserting the true names and capacities when they have
7 been ascertained. Plaintiffs are informed and believe, and thereon allege, that the defendants
8 designated as DOES 1 through 40, inclusive, were in some manner or means negligently,
9 contractually, strictly or otherwise, responsible for the liability, loss, and damages sustained by
10 the plaintiffs, and each of them.

11 At all times herein mentioned, each of the defendants were the agents, officers,
12 employees, partners, and joint venturers of each of the other defendants, and each of them, and
13 were at all times therein acting within the course and scope of such agency, employment,
14 partnership, or joint venture.

15
16 JURISDICTION AND VENUE
17

18 Jurisdiction is appropriate in this Court due to the following facts. Defendant GOLDEN
19 STATE'S principal place of business is located in the State of California, and it has purposefully
20 availed itself of the benefits of doing business in the State of California. It has derived and
21 continues to derive substantial revenues from transactions occurring in the State of California.
22 Plaintiffs are residents of Ventura County, California. The amount of damages sought by
23 plaintiffs herein exceed the minimum jurisdictional limits of this Court.

24 Venue is appropriate in this Court pursuant to Code of Civil Procedure §§ 395 and 395.5
25 as the wrongful acts committed by defendants that form the basis of this complaint occurred in
26 the County of Ventura.

27 ///

28 ///

1 APPLICABLE FACTS

2
3 Plaintiffs own real property at 145 East Ojai Avenue, Ojai, California. Said property
4 (hereinafter "Ojai Playhouse") contains a theater and a restaurant. Plaintiffs occupy and possess
5 the Ojai Playhouse. Prior to the events of July 20, 2014, which will be detailed in the following
6 paragraphs, plaintiffs operated said theater and rented out said restaurant.

7 The Ojai Playhouse is located in downtown Ojai next to the historic Arcade. It
8 celebrated its 100 year anniversary in 2014 and is one of the oldest single-screen theaters in the
9 country. It is a state of the art movie theater that has undergone numerous renovations including
10 a major renovation in 2007, restoring it to its early Hollywood style. It is the only full time
11 commercial theater in the Ojai Valley as, prior to the events of July 20, 2014, it showed first-run
12 movies seven days a week. It has been described as an "Ojai treasure" and a cultural epicenter
13 of the community of Ojai. It has been the home of the Ojai Film Society since 1988 and has
14 hosted a variety of community and private events. It has been owned by the plaintiffs in one
15 form or another since 1983. Plaintiffs take great pleasure in their ownership of the Ojai
16 Playhouse and its role in the history and community of Ojai. Plaintiffs have a personal
17 connection to the Ojai Playhouse and have an interest in continuing to operate it notwithstanding
18 the events of July 20, 2014.

19 GOLDEN STATE is a privately owned public utility that at all relevant times had
20 monopolistic or quasi-monopolist authority deriving directly from its exclusive franchise from
21 local government to furnish water to the majority of the citizens of Ojai. On July 20, 2014, a
22 water main owned, maintained, controlled, planned, designed, built, authorized and operated by
23 GOLDEN STATE ruptured in front of the Ojai Playhouse. As a result of this rupture,
24 approximately 250,000 gallons of water were released over a several hour period, flooding the
25 Ojai Playhouse. The flood waters caused enormous damage to the Ojai Playhouse. This damage
26 included structural damage which caused it to be "red tagged" by the city as it was deemed
27 unsafe for occupancy.

28 ///

1 **FIRST CAUSE OF ACTION**

2 **(Inverse Condemnation - All Plaintiffs Against All Defendants)**

3
4 Plaintiffs re-allege and incorporate by reference each of the above paragraphs as though
5 fully set forth herein.

6 GOLDEN STATE is a privately owned public utility that at all relevant times had
7 monopolistic or quasi-monopolist authority deriving directly from its exclusive franchise from
8 local government to furnish water to that local government's citizens. As a result of this
9 monopolistic or quasi-monopolist authority, GOLDEN STATE can be held liable for inverse
10 condemnation. (See Pacific Bell Telephone Co. v. Southern California Edison Co. (2012) 208
11 Cal.App.4th 1400; and Barham v. Southern Cal. Edison Co. (1999) 74 Cal.App.4th 744.)

12 Prior to July 20, 2014, defendants, for the purposes of a public improvement which
13 would benefit the public, designed, planned, authorized, constructed, installed, operated and
14 controlled a water delivery system which included a water main located in front of the Ojai
15 Playhouse. Defendants were responsible for the inspection and maintenance of said water
16 delivery system, including but not limited to said water main.

17 As a direct and necessary result of the designing, planning, authorizing, constructing,
18 installing, operating, controlling, inspecting and maintaining of said water delivery system,
19 including but not limited to said water main, the Ojai Playhouse was flooded, causing enormous
20 damage.

21 The above-described damage to the Ojai Playhouse was proximately caused by
22 defendants' actions and inactions, in that, they allowed and caused the flood of the Ojai
23 Playhouse. This flooding onto plaintiffs' property was done for a public purpose as it was a
24 result of defendants providing water to the public.

25 As a result of the above-described damage to the OJAI PLAYHOUSE, plaintiffs have
26 been damaged in an amount according to proof.

27 Plaintiffs have not received just compensation from any of the defendants for the taking
28 and damage to the Ojai Playhouse.

1 Plaintiffs have incurred and will continue to incur attorney's, appraisal, and engineering
2 fees because of this proceeding, in amounts that cannot yet be ascertained, which are recoverable
3 in this action under the provisions of Code of Civil Procedure Section 1036.

4
5 **SECOND CAUSE OF ACTION**

6 **(Nuisance - All Plaintiffs Against All Defendants)**

7
8 Plaintiffs re-allege and incorporate by reference each of the above paragraphs as though
9 fully set forth herein.

10 On or about July 20, 2014, defendants, and each of them, caused a flood to occur onto the
11 Ojai Playhouse, causing damage, which substantially and unreasonably interfered and obstructed
12 the free use of the Ojai Playhouse so as to interfere with plaintiffs' comfortable enjoyment of
13 their property.

14 Each of the defendants' aforementioned acts which caused the flood and damage to the
15 Ojai Playhouse constitutes a nuisance within the meaning of California Civil Code section 3479,
16 in that it interfered, and continues to interfere, with plaintiffs' comfortable enjoyment of their
17 property.

18 As a proximate result of the nuisance created by the defendants, and each of them,
19 plaintiffs have suffered damages and injuries including special and general damages caused by
20 the damage to the Ojai Playhouse.

21 As a further and proximate result of the nuisance, plaintiffs have experienced discomfort,
22 inconvenience, annoyance, and mental suffering.

23
24 **THIRD CAUSE OF ACTION**

25 **(Trespass - All Plaintiffs Against All Defendants)**

26
27 Plaintiffs re-allege and incorporate by reference each of the above paragraphs as though
28 fully set forth herein.

1 On July 20, 2014, defendants, and each of them, without plaintiffs' consent, caused to
2 allow and diverted the aforementioned flood water from their property onto plaintiffs' property,
3 the Ojai Playhouse.

4 As a proximate result of the aforementioned intrusion into and onto plaintiffs' property,
5 the Ojai Playhouse, without plaintiffs' consent, the defendants, and each of them, caused the
6 injuries and damages previously alleged.

7
8 **FOURTH CAUSE OF ACTION**

9 **(Negligence - All Plaintiffs Against All Defendants)**

10
11 Plaintiffs re-allege and incorporate by reference each of the above paragraphs as though
12 fully set forth herein.

13 Defendants, and each of them, negligently designed, planned, authorized, constructed,
14 installed, operated, controlled, inspected, and maintained a water delivery system which included
15 a water main located near the Ojai Playhouse so as to cause a dangerous condition.

16 As a proximate result of the negligence of the defendants, and each of them, a water main
17 malfunctioned and broke which caused water to inundate the Ojai Playhouse on July 20, 2014,
18 causing damages.

19 As a further proximate result of the negligence of the defendants, and each of them,
20 plaintiffs are entitled to special and general damages caused by the damage to the Ojai
21 Playhouse.

22 WHEREFORE, plaintiffs pray for damages against defendants, and each of them,
23 as follows:

24
25 **First Cause of Action - Inverse Condemnation - All Plaintiffs Against All Defendants:**

26
27 a. For damages for the diminution of the fair market value of plaintiffs'
28 property and stigma.

1 b. For damages to personal property, structures (including but not limited to
2 interior, exterior, foundation and fixtures), related repairs, and incidental expenses according to
3 proof.

4 c. For loss of use of property.

5 d. For lost profits.

6 c. For reasonable attorney's, appraisal and engineering fees pursuant to Code
7 of Civil Procedure section 1036.

8 d. For such other and further relief as the court may deem just and proper.

9 e. For costs incurred herein.

10 f. For prejudgment interest.

11 g. For such other and further relief as the court may deem just and proper.

12
13 **Second Cause of Action - Nuisance - All Plaintiffs Against All Defendants:**

14
15 a. For damages for the diminution of the fair market value of plaintiffs'
16 property and stigma.

17 b. For damages to personal property, structures (including but not limited to
18 interior, exterior, foundation and fixtures), related repairs, and incidental expenses according to
19 proof.

20 c. For loss of use of property.

21 d. For lost profits.

22 e. For general damages, stress, annoyance, discomfort, inconvenience, and
23 mental suffering caused by the nuisance.

24 f. For costs incurred herein.

25 g. For prejudgment interest.

26 h. For such other and further relief as the court may deem just and proper.

27 ///

28 ///

1 **Third Cause of Action - Trespass - All Plaintiffs Against All Defendants:**

2
3 a. For damages for the diminution of the fair market value of Plaintiffs'
4 property and stigma.

5 b. For damages to personal property, structures (including but not limited to
6 interior, exterior, foundation and fixtures), related repairs, and incidental expenses according to
7 proof.

8 c. For loss of use of property.

9 d. For lost profits.

10 e. For general damages, stress, annoyance, discomfort, inconvenience, and
11 mental suffering caused by the trespass.

12 f. For costs incurred herein.

13 g. For prejudgment interest.

14 h. For such other and further relief as the court may deem just and proper.

15
16 **Fourth Cause of Action - Negligence - All Plaintiffs Against All Defendants:**

17
18 a. For damages for the diminution of the fair market value of plaintiffs'
19 property and stigma.

20 b. For damages to personal property, structures (including but not limited to
21 interior, exterior, foundation and fixtures), related repairs, and incidental expenses according to
22 proof.

23 c. For loss of use of property.

24 d. For lost profits.

25 e. For general damages, stress, annoyance, discomfort, inconvenience, and
26 mental suffering caused by the negligence.

27 f. For costs incurred herein.

28 g. For prejudgment interest.

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h. For such other and further relief as the court may deem just and proper.

DATED: November 13, 2015

LOWTHORP, RICHARDS, McMILLAN,
MILLER & TEMPLEMAN
A PROFESSIONAL CORPORATION

By ~~_____~~
John H. Howard
Brett C. Templeman
Attorneys for Plaintiffs

Exhibit B to Declaration of Matthew Narensky

Authorized to modify document given by Mr. Hafey on 11/18/15.
sv

VENTURA
SUPERIOR COURT
FILED

NOV 17 2015

MICHAEL D. PLANET
Executive Officer and Clerk

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6 Attorneys for Plaintiff
JAMES RIVER INSURANCE COMPANY

7
8 SUPERIOR COURT OF CALIFORNIA
9 COUNTY OF VENTURA

10
11 JAMES RIVER INSURANCE)
COMPANY, an Ohio Corporation,)

Case No. 56-2015-00474653-CU-IC-VTA

12
13 Plaintiff,)

JAMES RIVER INSURANCE
COMPANY'S COMPLAINT
FOR:

14 -vs-)

1. DECLARATORY RELIEF
(DUTY TO DEFEND);

15 STARR INDEMNITY & LIABILITY)
16 COMPANY, a Texas Corporation,)
17 DOES 1 through 50)

2. DECLARATORY RELIEF
(DUTY TO INDEMNIFY)

18 Defendant.)
19

20 Plaintiff JAMES RIVER INSURANCE COMPANY ("JAMES RIVER") for its
21 Complaint against the above-named defendants, upon knowledge, information and
22 belief, alleges as follows:

23 **THE PARTIES**

24 1. JAMES RIVER is an insurance company organized and existing under
25 the laws of the State of Ohio, with its principal offices in Richmond, Virginia.
26 JAMES RIVER is authorized to and is conducting business in the State of California
27 as an excess and surplus lines insurer.
28

1 "JAMES RIVER Policy"). The JAMES RIVER Policy also contains a Self-Insured
2 Retention of \$200,000 that applies to both loss and claims expenses. A true and
3 correct copy of the JAMES RIVER Policy (redacted to protect private financial
4 information) is attached hereto as Exhibit "A" and its terms and conditions are
5 incorporated herein by reference.

6 6. JAMES RIVER is informed and believes and thereon alleges that STARR
7 which issued a following form excess liability Policy No. 1000010381, with limits of
8 liability of \$10,000,000 per "Occurrence" and written for the same 02/01/2014 to
9 02/01/2015 policy period (the "STARR Excess Policy"). A true and correct copy of
10 the STARR Excess Policy (redacted to protect private financial information) is
11 attached hereto as Exhibit "B" and its terms and conditions are incorporated herein by
12 reference.

13 7. This is an action by JRIC for declaratory relief arising out of a lawsuit
14 styled *Khaled A. Al-Awar et al. v. Golden State Water Company*, Ventura County
15 Superior Court Case No. 56-2015-00474589-CU-PO-VTA (the "*Al-Awar Action*").
16 The *Al-Awar Action* alleges, among other things, claims for "Property damage,"
17 business interruption and other consequential damages arising out of a July 20, 2014
18 water damage loss (the "WATER LOSS") to The Ojai Playhouse in Ojai, California,
19 owned by Khaled and Walid Al-Awar.

20 8. The WATER LOSS stems from a July 20, 2014 break of a water main
21 owned by GSW. The WATER LOSS involved flooding for several hours along East
22 Ojai Avenue, damaging several buildings, chief among which was The Ojai
23 Playhouse, located at 145 E. Ojai Avenue. Within or adjacent to that building were
24 several other businesses including The Jester Restaurant, the Marche Gourmet
25 Restaurant, the Barbara Bowman Store, the Oaks at Ojai, and the Ojai Film Society.

26 9. GSW reported the WATER LOSS to JAMES RIVER within several days
27 of the break, and informed JAMES RIVER that it believed that the cause of the water
28 main break was essentially the age and condition of the water main itself. GSW

1 expended its \$200,000 SIR in payments to the Ojai Playhouse and others in partial
2 satisfaction of damages arising out of the WATER LOSS.

3 10. In late 2014, JAMES RIVER confirmed the exhaustion of GSW's SIR
4 under the JAMES RIVER Policy. Pursuant to the terms, conditions, exclusions and
5 endorsements of the JAMES RIVER Policy, JAMES RIVER made indemnity
6 payments for "Property damage" and other consequential damages in the amount of
7 \$212,607.64 to, among others, claimants Jester Restaurant, Ojai Film Festival, Ojai
8 Film Society, AT&T and Marche Gourmet Delicatessen. These claimants executed
9 releases in favor of GSW.

10 11. In addition to the payments made referenced in the preceding paragraph,
11 JAMES RIVER paid \$786,392.36 to Khaled Al-Awar dba The Ojai Playhouse or
12 agents of Khaled Al-Awar dba The Ojai Playhouse. The \$786,392.36 paid on GSW's
13 behalf by JAMES RIVER to Khaled Al-Awar dba The Ojai Playhouse plus the
14 \$212,607.64 paid on GSW's behalf by JAMES RIVER to other claimants' behalf were
15 all for covered damages under the JAMES RIVER Policy and completely exhausted
16 the \$1,000,000 Limit of Liability for the WATER LOSS under the terms, conditions,
17 exclusions and endorsements of the JAMES RIVER Policy.

18 12. Khaled Al-Awar and his brother, Walid, Al-Awar, as co-owners of The
19 Ojai Playhouse, have signed an Acknowledgment and Covenant Not to Sue GSW for
20 the damages to The Ojai Playhouse paid by GSW as part of the SIR (\$190,377.30)
21 plus the amounts paid by JAMES RIVER (\$786,392.36). Accordingly, Khaled and
22 Walid Al-Awar have acknowledged and agreed that such amounts are not recoverable
23 by them against GSW in the *Al-Awar* Action.

24 13. At the present time, reconstruction of The Ojai Playhouse is at a standstill
25 as there are no indemnity policy benefits available to GSW under the JAMES RIVER
26 Policy due to the exhaustion of JAMES RIVER's \$1,000,000 per "Occurrence" Limit
27 of Liability and STARR has thus far refused to attempt to negotiate a settlement with
28 The Ojai Playhouse to complete the reconstruction of the Property. Instead, STARR

1 has unreasonably taken the position that payments by JAMES RIVER do not erode its
2 \$1,000,000 Limit of Liability because JAMES RIVER's payments do not constitute a
3 "settlement" (in whole or in part) of The Ojai Playhouse's claim.

4 14. STARR has taken this position to force JAMES RIVER to defend the *Al-*
5 *Awar* Action at JAMES RIVER's expense. JAMES RIVER contends that while GSW
6 had (and continues to have) certain defenses to liability and damages (which neither
7 GSW nor JAMES RIVER waive), liability nevertheless appeared (and continues to
8 appear) to be reasonably clear. JAMES RIVER contends that it is unreasonable for
9 STARR to force JAMES RIVER to defend GSW in litigation at no cost to STARR
10 while at the same time taking the position that STARR has no duty to indemnify,
11 based on STARR's contention that JAMES RIVER's \$786,392.36 in payments to The
12 Ojai Playhouse do not erode JAMES RIVER's \$1,000,000 Limit of Liability.

13 15. JAMES RIVER further alleges that STARR's past and ongoing refusal to
14 meaningfully engage in any settlement negotiations was, and is unreasonable. As a
15 result, JAMES RIVER alleges that it is entitled to recover any fees and costs expended
16 in defending GSW against the claims asserted by the Ojai Playhouse.

17 **FIRST CAUSE OF ACTION**

18 **(Declaratory Relief Against Defendant STARR and DOES 1 through 50**

19 **Duty to Defend)**

20 16. Plaintiffs refer to each and every allegation contained in paragraphs 1
21 through 15, inclusive hereinabove and incorporate those paragraphs as though set
22 forth in full in this cause of action.

23 17. JAMES RIVER intends to defend GSW against the *Al-Awar* Action
24 subject to a reservation of rights.

25 18. A true and present controversy exists between JAMES RIVER on the one
26 hand and STARR on the other concerning their respective rights and obligations under
27 the Policies of insurance issued by JAMES RIVER and STARR. Among other things,
28 JAMES RIVER contends that it has paid its \$1,000,000 indemnity limit of liability in

1 connection with the reconstruction of the Ojai Playhouse, that its Policy is now
2 exhausted, that STARR should either settle or assume GSW's defense to the *Al-Awar*
3 Action, and that JAMES RIVER is entitled to recover from STARR those defense fees
4 and costs incurred by JAMES RIVER and expended on GSW's behalf from October
5 29, 2015 forward. JAMES RIVER is informed and believes and thereon alleges that
6 STARR contends otherwise.

7 19. JAMES RIVER seeks a Declaration from this Court as to JAMES
8 RIVER's duty to defend as herein alleged.

9 20. JAMES RIVER also seeks reimbursement of attorney's fees and costs to
10 be incurred to defend GSW against the *Al-Awar* Action as herein alleged.

11 21. A Judicial Declaration is just and necessary to resolve the differences of
12 the parties as set forth above.

13 **SECOND CAUSE OF ACTION**

14 **(Declaratory Relief Against Defendant STARR and DOES 1 through 50**

15 **Duty to Indemnify)**

16 22. Plaintiffs refer to each and every allegation contained in paragraphs 1
17 through 21, inclusive hereinabove and incorporate those paragraphs as though set
18 forth in full in this cause of action.

19 23. A true and present controversy exists between JAMES RIVER on the one
20 hand and STARR on the other concerning their respective rights and obligations under
21 the Policies of insurance issued by JAMES RIVER and STARR. Among other things,
22 JAMES RIVER contends that it has paid its \$1,000,000 indemnity limit of liability in
23 connection with the reconstruction of the Ojai Playhouse, that its Policy is now
24 exhausted, and that it has no further indemnity obligations to GSW. JAMES RIVER
25 is informed and believes that STARR contends that JAMES RIVER's payments do not
26 erode the \$1,000,000 Limit of Liability and that JAMES RIVER continues to have a
27 duty to indemnify GSW for the WATER LOSS.

28

1 24. JAMES RIVER seeks a Declaration from this Court as to the respective
2 duties of JAMES RIVER and STARR with regard to the duty to indemnify GSW for
3 the WATER LOSS and, in particular:

4 a. That JAMES RIVER's \$1,000,000 per "Occurrence" indemnity limit has
5 been exhausted by payments made to The Ojai Playhouse and others
6 related to "Property damage" and other covered consequential damages
7 caused by the WATER LOSS; and

8 b. That JAMES RIVER no longer has a duty to indemnify GSW; and

9 c. that if a judgment is rendered against GSW or a settlement is reached in
10 the *Al-Awar* Action, STARR must indemnify GSW for said judgment or
11 settlement, at least to the extent that such judgment or settlement would
12 be otherwise be covered under the STARR Policy had the exhaustion of
13 JAMES RIVER's \$1,000,000 per "Occurrence" indemnity limit not been
14 an issue.

15 25. A Judicial Declaration is just and necessary to resolve the differences of
16 the parties as set forth above.

17 WHEREFORE, JAMES RIVER prays for judgment as follows:

18 **ON THE FIRST CAUSE OF ACTION:**

19 1. For a declaration as to the rights and duties of the Parties with regard to
20 the duty to defend GSW against the *Al-Awar* Action;

21 2. For reimbursement of attorney's fees and costs incurred by JAMES
22 RIVER to defend GSW with regard to the *Al-Awar* Action;

23 **ON THE SECOND CAUSE OF ACTION:**

24 3. For a declaration as to the rights and duties of the Parties with regard to
25 the duty to indemnify GSW against a judgment or settlement of the *Al-Awar* Action;

26 4. For a declaration:

27 a. That JAMES RIVER's \$1,000,000 per "Occurrence" indemnity
28 limit has been exhausted by payments made to The Ojai Playhouse and others related

1 to "Property damage" and other covered consequential damages caused by the
2 WATER LOSS; and

3 b. That JAMES RIVER no longer has a duty to indemnify GSW for
4 damages suffered by The Ojai Playhouse arising out of the WATER LOSS; and

5 c. that if a judgment is rendered against GSW or a settlement is
6 reached in the *Al-Awar* Action, STARR must indemnify GSW for said judgment or
7 settlement, at least to the extent that such judgment or settlement would be otherwise
8 be covered under the STARR Policy had the exhaustion of JAMES RIVER's
9 \$1,000,000 per "Occurrence" indemnity limit not been an issue.

10 **ON ALL CAUSES OF ACTION**

11 5. For costs of suit and interest;

12 6. For such other relief as the Court deems just and proper.

13
14 DATED: November 17, 2015

NEMECEK & COLE

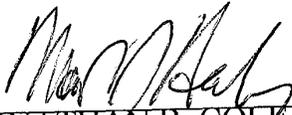
15
16 By 
17 JONATHAN B. COLE
18 MATTHEW J. HAFEEY
19 Attorneys for Plaintiff JAMES RIVER
20 INSURANCE COMPANY
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Exhibit A

JR000001

FREEDOM PACK POLICY DECLARATIONS

JAMES RIVER INSURANCE COMPANY
6641 WEST BROAD STREET, SUITE 300
RICHMOND, VA 23230

POLICY NUMBER
00061011-0

- 1. NAMED INSURED AND MAILING ADDRESS:** **PRODUCER:** 15984
- | | |
|--|--|
| American States Water Company
Golden State Water Company
American States Utility Services, Inc.
630 East Foothill Blvd
San Dimas, CA 91773 | AmWINS Ins. Brokerage of CA (Santa Ana)

1551 N. Tustin Ave., Suite 700
Santa Ana, CA 92705 |
|--|--|
- 2. POLICY PERIOD:** From 02/01/2014 to 02/01/2015 12:01 A.M. Standard Time at your Mailing Address above.

In consideration of the payment of the Policy premium and in reliance upon the statements contained in the application and any other supplemental materials and information submitted in connection with the application, and subject to all the terms, conditions, exclusions, and limitations of this Policy, we agree to provide insurance coverage to the "Insured" as described herein:

LIMITS OF INSURANCE	
EACH OCCURRENCE OR LOSS LIMIT OF LIABILITY	\$ 1,000,000
POLICY AGGREGATE LIMIT OF LIABILITY – Applies to all Coverage Parts, combined	\$ 5,000,000
PRODUCTS/COMPLETED OPERATIONS AGGREGATE LIMIT	\$ 2,000,000
DAMAGE TO PREMISES RENTED TO YOU LIMIT	\$ 100,000
MEDICAL EXPENSE LIMIT	Excluded
PERSONAL & ADVERTISING INJURY LIMIT	\$ 1,000,000
The EACH OCCURRENCE OR LOSS LIMIT OF LIABILITY shown in the LIMITS OF INSURANCE schedule above applies separately to each coverage part checked below and made a part of this Policy. However, the total of all "losses" covered by this Policy cannot exceed the POLICY AGGREGATE LIMIT OF LIABILITY stated in the LIMITS OF INSURANCE schedule above.	

COVERAGE PARTS INCLUDED AND DEDUCTIBLES or SELF-INSURED RETENTION AMOUNT (SIR)		
Included Coverage Part:	Deductible or SIR:	Deductible or SIR applies:
<input checked="" type="checkbox"/> Coverage Part A: General Liability <input type="checkbox"/> Claims Made <input checked="" type="checkbox"/> Occurrence	GL SIR: \$200,000.00	Per Occurrence
<input type="checkbox"/> Coverage Part B: Contractor's Pollution Liability <input type="checkbox"/> CPL Claims Made / SEL Claims Made <input type="checkbox"/> CPL Occurrence / SEL Claims Made	Coverage Part Not Included	Not Applicable
<input type="checkbox"/> Coverage Part C: Professional Liability	Coverage Part Not Included	Not Applicable
<input type="checkbox"/> Coverage Part D: Site Environmental Liability <input type="checkbox"/> Pre-Existing Pollution Conditions <input type="checkbox"/> New Pollution Conditions	Coverage Part Not Included Coverage Part Not Included	Not Applicable Not Applicable

JR000002

COVERAGE PARTS INCLUDED AND DEDUCTIBLES or SIRs (continued)		
<input type="checkbox"/> Coverage Part E: Products Pollution Liability		
<input type="checkbox"/> Pre-Existing Products Pollution Conditions	Coverage Part Not Included	Not Applicable
<input type="checkbox"/> New Products Pollution Conditions	Coverage Part Not Included	Not Applicable
<input type="checkbox"/> Coverage Part F: Other	Coverage Part Not Included	Not Applicable

RETROACTIVE DATE (APPLIES TO COVERAGES SHOWN BELOW)			
If a retroactive date is shown for any Coverage Part listed below, the Coverage Part is provided on a claims made and reported basis, which provides liability coverage only if a claim is first made and reported during the Policy Period or any applicable extended reporting period.			
RETROACTIVE DATE OR "N/A" IF NO RETROACTIVE DATE APPLIES OR COVERAGE PART IS NOT INCLUDED.			
Coverage Part A – Commercial General Liability	NONE	Coverage Part D – Site Environmental Liability - Pre-existing Pollution Conditions	NONE
Coverage Part B – Contractor's Pollution Liability		Coverage Part E – Products Pollution Liability - Pre-existing Products Pollution Conditions	NONE
Contracting Services Pollution Liability	NONE	Coverage Part F - Other	NONE
Site Environmental Liability From Contractor's Covered Location	NONE		
Coverage Part C – Professional Liability	NONE		

DESCRIPTION OF BUSINESS	
FORM OF BUSINESS:	Corporation
BUSINESS DESCRIPTION:	Water and electric utility company
COVERED OPERATIONS:	N/A
COVERED PROFESSIONAL SERVICES:	N/A

CLASSIFICATION AND PREMIUM				
CLASSIFICATION	CODE NO.	PREMIUM BASE	RATE \$	ADVANCE PREMIUM \$
Refer to Form FP5004 - Composite Rate Endorsement				REDACTED
Refer to Form IL1201 - Policy Changes- Coverage Extension – Employee Benefits Liability With Self Insured Retention				REDACTED

ALL COVERED LOCATIONS	
LOCATION NUMBER	ADDRESS OF COVERED LOCATION(S)

JR000003

TOTAL PREMIUM (SUBJECT TO AUDIT)	
If checked, premium shown is flat and not subject to audit <input type="checkbox"/>	Company Fee \$ 1,000.00
TOTAL ADVANCE PREMIUM SHOWN IS PAYABLE:	AT INCEPTION REDACTED

AUDIT PERIOD (IF APPLICABLE)	FREQUENCY: Annual
------------------------------	-------------------

ENDORSEMENTS
ENDORSEMENTS ATTACHED TO THIS POLICY:
See attached schedule A – Schedule of Forms

THESE DECLARATIONS, TOGETHER WITH THE COVERAGE PART(S) AND ANY ENDORSEMENT(S), COMPLETE THE ABOVE NUMBERED POLICY.

JR000004

SCHEDULE A

FORMS AND ENDORSEMENTS THAT APPLY TO THIS POLICY:

POLICY NO. 00061011-0

FORM NUMBER	DESCRIPTION
FP2001-0112	Freedom Pack Policy Declarations
AP0001US-0403	Schedule A
CG0001-1207	Commercial General Liability Coverage Form
FP4001-0112	Common Conditions and Definitions
AP2103US-0607	Minimum Policy Premium
AP5052US-0111	Self Insured Retention Endorsement Claims Cost Included
FP5004-0112	Composite Rate Endorsement
FP5005-0112	Premium Audit Conditions Amended Including Past Due Balances
FP5012-0912	Amended Aggregate Limits per Location
FP5013-0112	Amended Policy Aggregate Limits of Insurance per Project
FP5015-1113	Premium Base Endorsement
FP5114-0112	First Aid
CG2010-0704	Additional Insured - Owners, Lessees or Contractors - Scheduled Person or Organization
CG2012-0509	Additional Insured - State or Governmental Agency or Subdivision or Political Subdivision - Permits or Authorizations
CG2037-0704	Additional Insured - Owners, Lessees or Contractors - Completed Operations
CG2417-1001	Contractual Liability - Railroads
AP2004US-0403	Additional Insured - Managers or Lessors of Premises
AP5017US-0604	Broad Form Insured Endorsement
FP5201-0112	Additional Insured - Automatic Status When Required by Written Contract
FP5279-0112	Additional Insured - Vendors
AP5020US-0704	Unintentional Failure to Disclose
EG2030US-0807	Knowledge Of An Occurrence, Claim Or Suit By Corporate Risk Manager
FP5406-0112	Conditions - Independent Contractors and Subcontractors Coverage Requirements
FP5325-0612	Limitation - Damages
CG0068-0509	Recording and Distribution of Material or Information in Violation of the Law Exclusion
CG2147-1207	Employment-Related Practices Exclusion
CG2167-1204	Fungi or Bacteria Exclusion
AP2044US-0411	Assault and Battery Exclusion
AP5007US-0104	Exclusion - MTBE and Other Fuel Oxygenates
CG2266-1185	Misdelivery of Liquid Products Coverage
EG2031US-0408	Employers Liability - Exclusion
FP5601-0812	Exclusion - Occupational Disease
FP5609-0612	Exclusion - Asbestos
FP5615-0612	Exclusion - Nuclear Energy Liability
FP5635-0612	Exclusion - Silica
FP5663-0112	Exclusion - Cross Suits
FP5664-0112	Exclusion - Absolute Pollution and Pollution Related Liability
FP5665-0612	Exclusion - Lead or Lead-Based Paint
FP5667-0612	Exclusion - Claims in Progress
FP5669-0612	Exclusion - Professional Liability
FP5675-0112	Fiduciary Exclusion
FP5691-0112	Exclusion - Failure to Supply

AP0001US 04-03

1 of 2

JR000004

C-000013

JR000005

FP5695-0112	Exclusion - Operations in the US Virgin Islands
FP5698-0812	Exclusion - Discrimination
AP1015US-0306	Cancellation and Non Renewal Third Party
AP5013US-0404	Sixty-Day Notice of Cancellation
FP5900-0112	Auditable Policy Notice
AP5027R-0107	Rejection of Coverage for Certified Acts of Terrorism Coverage (Pursuant to Terrorism Risk Insurance Act)
FP9001-0912	Exclusion of Certified Acts of Terrorism and Exclusion of Other Acts of Terrorism Comitted Outside the United States
AP5048US-0410	California - Service of Suit
IL1201-0403	Policy Changes- Coverage Extension - Fellow Employee
IL1201-0403	Policy Changes- Coverage Extension – Scheduled Notice To Others By Insured's Representative
IL1201-0403	Policy Changes- Conditions - Lot or Batch Clause
IL1201-0403	Policy Changes- Coverage Extension - Employee Benefits Liability With Self Insured Retention
AP0100US-0403	Privacy Policy

JR000006

COMMERCIAL GENERAL LIABILITY
CG 00 01 12 07

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

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

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II – Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V – Definitions.

SECTION I – COVERAGES

COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

b. This insurance applies to "bodily injury" and "property damage" only if:

- (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
- (2) The "bodily injury" or "property damage" occurs during the policy period; and
- (3) Prior to the policy period, no insured listed under Paragraph 1. of Section II – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

- (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
- (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
- (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

JR000007

- e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
 - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
 - (b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

JR000008

f. Pollution

- (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":
- (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:
 - (i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;
 - (ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or
 - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";
 - (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
 - (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:
 - (i) Any insured; or
 - (ii) Any person or organization for whom you may be legally responsible; or
 - (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
 - (i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;
 - (ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
 - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".
 - (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

JR000009

(2) Any loss, cost or expense arising out of any:

- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 26 feet long; and
 - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of:

- (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged; or
- (b) the operation of any of the machinery or equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment".

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

"Bodily injury" or "property damage", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

j. Damage To Property

"Property damage" to:

- (1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of the insured;

JR000010

- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section III – Limits Of Insurance.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

l. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

m. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

n. Recall Of Products, Work Or Impaired Property

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:

- (1) "Your product";
- (2) "Your work"; or
- (3) "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 in it.

o. Personal And Advertising Injury

"Bodily injury" arising out of "personal and advertising injury".

p. Electronic Data

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

q. Distribution Of Material In Violation Of Statutes

"Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment or addition to such law; or
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- (3) Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

JR000011

Exclusions c. through n. do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section III – Limits Of Insurance.

COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

a. Knowing Violation Of Rights Of Another

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

b. Material Published With Knowledge Of Falsity

"Personal and advertising injury" arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.

c. Material Published Prior To Policy Period

"Personal and advertising injury" arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.

d. Criminal Acts

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

e. Contractual Liability

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

f. Breach Of Contract

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

g. Quality Or Performance Of Goods – Failure To Conform To Statements

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

h. Wrong Description Of Prices

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

i. Infringement Of Copyright, Patent, Trademark Or Trade Secret

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your "advertisement".

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

j. Insureds In Media And Internet Type Businesses

"Personal and advertising injury" committed by an insured whose business is:

- (1) Advertising, broadcasting, publishing or telecasting;
- (2) Designing or determining content of websites for others; or

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- (3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs 14.a., b. and c. of "personal and advertising injury" under the Definitions Section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

k. Electronic Chatrooms Or Bulletin Boards

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

l. Unauthorized Use Of Another's Name Or Product

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

m. Pollution

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

n. Pollution-Related

Any loss, cost or expense arising out of any:

- (1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

o. War

"Personal and advertising injury", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

p. Distribution Of Material In Violation Of Statutes

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- (3) Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

COVERAGE C MEDICAL PAYMENTS

1. Insuring Agreement

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

- (1) On premises you own or rent;
 - (2) On ways next to premises you own or rent; or
 - (3) Because of your operations;
- provided that:

- (a) The accident takes place in the "coverage territory" and during the policy period;
- (b) The expenses are incurred and reported to us within one year of the date of the accident; and
- (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

- b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

- (1) First aid administered at the time of an accident;
- (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
- (3) Necessary ambulance, hospital, professional nursing and funeral services.

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2. Exclusions

We will not pay expenses for "bodily injury":

a. Any Insured

To any insured, except "volunteer workers".

b. Hired Person

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. Injury On Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.

d. Workers Compensation And Similar Laws

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

e. Athletics Activities

To a person injured while practicing, instructing or participating in any physical exercises or games, sports, or athletic contests.

f. Products-Completed Operations Hazard

Included within the "products-completed operations hazard".

g. Coverage A Exclusions

Excluded under Coverage A.

SUPPLEMENTARY PAYMENTS – COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

- a. All expenses we incur.
- b. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
- c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
- e. All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.

f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

- a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
- b. This insurance applies to such liability assumed by the insured;
- c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
- d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
- e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
- f. The indemnitee:
 - (1) Agrees in writing to:
 - (a) Cooperate with us in the investigation, settlement or defense of the "suit";
 - (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
 - (c) Notify any other insurer whose coverage is available to the indemnitee; and
 - (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
 - (2) Provides us with written authorization to:
 - (a) Obtain records and other information related to the "suit"; and

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- (b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph 2.b.(2) of Section I – Coverage A – Bodily Injury And Property Damage Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when we have used up the applicable limit of insurance in the payment of judgments or settlements or the conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.

SECTION II – WHO IS AN INSURED

1. If you are designated in the Declarations as:

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
- c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
- d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
- e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:

- a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:

- (1) "Bodily injury" or "personal and advertising injury":

- (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
- (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1)(a) above;
- (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1)(a) or (b) above; or
- (d) Arising out of his or her providing or failing to provide professional health care services.

- (2) "Property damage" to property:

- (a) Owned, occupied or used by,
- (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

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- b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
 - c. Any person or organization having proper temporary custody of your property if you die, but only:
 - (1) With respect to liability arising out of the maintenance or use of that property; and
 - (2) Until your legal representative has been appointed.
 - d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
 - b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
 - c. Coverage B does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
- a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".
2. The General Aggregate Limit is the most we will pay for the sum of:
- a. Medical expenses under Coverage C;
 - b. Damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
 - c. Damages under Coverage B.

3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to Paragraph 2. above, the Personal and Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.
5. Subject to Paragraph 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
- a. Damages under Coverage A; and
 - b. Medical expenses under Coverage C
- because of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. Subject to Paragraph 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.
7. Subject to Paragraph 5. above, the Medical Expense Limit is the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
 - (1) How, when and where the "occurrence" or offense took place;
 - (2) The names and addresses of any injured persons and witnesses; and

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- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.
- b. If a claim is made or "suit" is brought against any insured, you must:
- (1) Immediately record the specifics of the claim or "suit" and the date received; and
 - (2) Notify us as soon as practicable.
- You must see to it that we receive written notice of the claim or "suit" as soon as practicable.
- c. You and any other involved insured must:
- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
 - (2) Authorize us to obtain records and other information;
 - (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
 - (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.
- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages A or B of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when Paragraph b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph c. below.

b. Excess Insurance

- (1) This insurance is excess over:
 - (a) Any of the other insurance, whether primary, excess, contingent or on any other basis:
 - (i) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
 - (ii) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;
 - (iii) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or
 - (iv) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. of Section I – Coverage A – Bodily Injury And Property Damage Liability.
 - (b) Any other primary insurance available to you covering liability for damages arising out of the premises or operations, or the products and completed operations, for which you have been added as an additional insured by attachment of an endorsement.
- (2) When this insurance is excess, we will have no duty under Coverages A or B to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

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(3) When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (a) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (b) The total of all deductible and self-insured amounts under all that other insurance.

(4) We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and

c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V – DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:

- a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
- b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.

2. "Auto" means:

- a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or
- b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

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3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. "Coverage territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph a. above; or
 - c. All other parts of the world if the injury or damage arises out of:
 - (1) Goods or products made or sold by you in the territory described in Paragraph a. above;
 - (2) The activities of a person whose home is in the territory described in Paragraph a. above, but is away for a short time on your business; or
 - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communicationprovided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in Paragraph a. above or in a settlement we agree to.
5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
 - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;if such property can be restored to use by the repair, replacement, adjustment or removal of "your product" or "your work" or your fulfilling the terms of the contract or agreement.
9. "Insured contract" means:
 - a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
 - b. A sidetrack agreement;
 - c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
 - d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
 - e. An elevator maintenance agreement;
 - f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f. does not include that part of any contract or agreement:

 - (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;
 - (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
 - (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

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10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

11. "Loading or unloading" means the handling of property:

- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b. While it is in or on an aircraft, watercraft or "auto"; or
- c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b. Vehicles maintained for use solely on or next to premises you own or rent;
- c. Vehicles that travel on crawler treads;
- d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1) Power cranes, shovels, loaders, diggers or drills; or
 - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e. Vehicles not described in Paragraph a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2) Cherry pickers and similar devices used to raise or lower workers;
- f. Vehicles not described in Paragraph a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

- (1) Equipment designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance, but not construction or resurfacing; or
 - (c) Street cleaning;
- (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

However, "mobile equipment" does not include any land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- e. Oral or written publication, in any manner, of material that violates a person's right of privacy;
- f. The use of another's advertising idea in your "advertisement"; or
- g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

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15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
16. "Products-completed operations hazard":
- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
 - (1) Products that are still in your physical possession; or
 - (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.
 - b. Does not include "bodily injury" or "property damage" arising out of:
 - (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
 - (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
 - (3) Products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.
17. "Property damage" means:
- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
 - b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.
- For the purposes of this insurance, electronic data is not tangible property.
- As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.
18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:
- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
 - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.
19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.
20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.
21. "Your product":
- a. Means:
 - (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (a) You;
 - (b) Others trading under your name; or
 - (c) A person or organization whose business or assets you have acquired; and
 - (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.
 - b. Includes:
 - (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and

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- (2) The providing of or failure to provide warnings or instructions.
 - c. Does not include vending machines or other property rented to or located for the use of others but not sold.
22. "Your work":
- a. Means:
 - (1) Work or operations performed by you or on your behalf; and
 - (2) Materials, parts or equipment furnished in connection with such work or operations.
 - b. Includes:
 - (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work", and
 - (2) The providing of or failure to provide warnings or instructions.

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COMMON CONDITIONS AND DEFINITIONS

These Common Conditions and Definitions apply to each Coverage Part in addition to the specific terms, conditions and definitions sent forth in the Coverage Part. If any provision in these Common Conditions and Definitions is inconsistent or in conflict with the terms, conditions and definitions of any Coverage Part, the conditions and definitions of such Coverage Part shall, for the purposes of coverage, supersede any condition and definition provided herein.

Throughout this Policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as Named Insured under this Policy. The words "we", "us" or "our" refer to the company providing this insurance. Other words and phrases that appear in quotations (" ") have special meaning. Refer to the DEFINITIONS.

SECTION I - COMMON CONDITIONS

1. Aggregation of Limits

The EACH OCCURRENCE OR LOSS LIMIT OF LIABILITY shown in the LIMITS OF INSURANCE on the Declaration applies separately to each Coverage Part made a part of this Policy. However, the total of all combined damages and "losses" covered by this Policy cannot exceed the POLICY AGGREGATE LIMIT OF LIABILITY stated in the LIMITS OF INSURANCE on the Declarations.

2. Assignment

Assignment of any interest by any "insured" under this Policy shall not bind us without our written consent.

3. Arbitration

Should we and the "insured" disagree as to the rights and obligations owed by us under this Policy, including the effect of any applicable statutes or common law upon the contractual obligations otherwise owed, either party may make a written demand that the dispute be subject to binding arbitration.

When such a request is made, The American Arbitration Association shall be used, with each party selecting an arbitrator from the list of qualified arbitrators for insurance coverage disputes provided by that Association. The two chosen arbitrators shall select a third arbitrator from the same list; if they cannot agree to a selection. The American Arbitration Association shall make the selection for them. Each party shall bear the cost of its arbitrator and share equally the costs of the third arbitrator and of the arbitration process. A decision agreed to by two of the arbitrators will be binding.

In the event you prevail in the arbitration and we offer you arbitration costs and reasonable attorney fees incurred in connection therewith, in addition to the disputed contract benefit, you shall have no right to sue us for breach of implied covenants, unreasonable withholding of contract benefits, or any form of consequential damages or extra-contractual relief.

To the extent that we prevail in the arbitration, the arbitrators may award us any expenses and/or damages incurred or paid under reservation of rights in excess of our contract obligations as determined by the arbitrators.

4. Bankruptcy

Bankruptcy or insolvency of the "insured" or of the "insured's" estate will not relieve us our obligations under the coverage parts included in this policy. Bankruptcy or insolvency will not, however, relieve

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the "insured" of any duties set forth in paragraph 5 below, and both your failure to comply with these duties will be deemed a material breach of the Policy.

5. Duties In The Event of Occurrence, Pollution Condition, Offense, Claim, Suit or Wrongful Act

- a. You must see to it that we are notified as soon as practicable of an "occurrence", "pollution condition", "wrongful act" or an offense which may result in a "claim". To the extent possible, notice should include:
 - i. How, when and where the "occurrence", "pollution condition", "wrongful act" or offense took place;
 - ii. The names and addresses of any injured persons and witnesses; and
 - iii. The nature and location of any injury or damage arising out of the "occurrence", "pollution condition", "wrongful act" or offense.
- b. You and any other involved "insured" must:
 - i. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "claim" or "suit"; and
 - ii. Authorize us to obtain records and other information; and
 - iii. Cooperate with us in the investigation or settlement of the "claim" or defense against the "suit"; and
 - iv. Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the "insured" because of injury or damage to which this insurance may also apply.
- c. No "insured" will, except at that "insured's" own cost, voluntarily make a payment, assume any obligation, enter into any settlement, or incur any expense, other than for first aid, without our consent. Notwithstanding the foregoing, an "insured" may take such "emergency action" as reasonably necessary to prevent or mitigate further "loss" or damages, provided the "insured" provides notice to us with ninety six (96) hours after first actions to prevent or mitigate the "loss" or damages commence. In the event of any oral notice, the "insured" agrees to furnish a written report to us as soon as practicable.
- d. All "insureds" shall cooperate with the Company and upon the Company's request shall submit to examination by representative of the Company, under oath if required, shall preserve and produce records, attend hearings, depositions and trials and shall assist in effecting settlement, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of "suits", as well as in the investigation and/or defense, all without charge to the Company. The "insured" shall further cooperate with the Company and do whatever is necessary to secure and enforce any rights of indemnity, contribution or apportionment which the "insured" may have or any subrogation rights that the Company may have.
- e. If you misrepresent any information concerning a "claim" that prejudices our rights under this Policy or compromises defenses otherwise afforded to you, we have the right to deny coverage under this Policy.

6. First Named Insured as Sole Agent

The "first named insured" shall act on behalf of all "insureds" with respect to completing the Application for the insurance, including representing the truth and completeness of all information as required including providing notice of "occurrence", "claim", "pollution condition", "products pollution condition", offense, "suit", or "wrongful act", giving or receiving notice of cancellation or non-renewal, paying premium or receiving unearned premium, agreeing to any changes in this Policy, and

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electing whether or not to purchase, under any Coverage Part for which an option of an extended reporting period is available.

7. Inspections

The Company shall be permitted but not obligated to inspect, sample and monitor on a continuing basis the "insured's" property or operations at any time. Neither the Company's right to make inspections, sample and monitor, nor the actual undertaking thereof nor any report thereon shall constitute an undertaking, on behalf of the "insured" or others, to determine or warrant that property or operations are safe, healthful or conform to acceptable engineering practice or are in compliance with any law, rule or regulation.

8. In The Event of Cancellation or Non-Renewal

- a. The "first named insured" shown on the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
- b. We may cancel this Policy by mailing or delivering to the "first named insured" written notice of cancellation at least:
 - i. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - ii. 30 days before the effective date of cancellation if we cancel for any other reason.
- c. Any cancellation due to non-payment of premium will be considered as a request to cancel by the "first named insured".
- d. We will mail or deliver our notice to the "first named insured's" last mailing address known to us.
- e. Notice of cancellation will state the effective date of cancellation. The "policy period" will end on that date.
- f. If this policy is cancelled, we will send the "first named insured" any premium refund due.
 - i. If we cancel, the refund will be pro rata.
 - ii. If the "first named insured" cancels, the refund may be less than pro rata.The cancellation will be effective even if we have not made or offered a refund.
- g. If we decide not to renew any Coverage Part, we will mail or deliver to the "first named insured" shown in the Declarations written notice of the non-renewal in compliance with the applicable state laws.
- h. If notice is mailed, proof of mailing will be sufficient proof of notice.

9. Legal Action Against Us

No person or organization has a right under this Policy:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an "insured"; or
- b. To sue us on these Coverage Parts unless all of the Policy terms have been fully complied with by the "insured."

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an "insured"; but we will not be liable for damages that are not payable under the terms of these Coverage Parts or that are in excess of the applicable limit of insurance. An agreed settlement

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means a settlement and release of liability signed by us, the "insured", and the claimant or the claimant's legal representative.

10. Multiple Coverage Parts – Deductible or Self-Insured Retention

In the event that more than one coverage part applies to the same "occurrence", "claim" or "wrongful act", only one deductible or Self-Insured Retention Amount shall apply. The Deductible or Self-Insured Retention shall be the highest Deductible or Self-Insured Retention applicable to the covered "occurrence", "claim" or "wrongful act".

11. Other Insurance

If other insurance is available to the "insured" for a loss we cover under one of these Coverage Parts, our obligations are limited as follows:

Any coverage provided by these Coverage Parts shall be excess over any other insurance available whether a Self-Insured Retention, primary, excess, contingent or on any other basis unless a written contract or written agreement specifically requires that this insurance apply on a primary and non-contributory basis.

When this insurance is excess over other insurance:

- a. We will have no duty to defend the "insured" against any "suit" if any other insurer has a duty to defend the "insured" against that "suit". If no other insurer defends, we may undertake to do so, but we will be entitled to the "insured's" rights against all those other insurers and the "insured" shall cooperate with us in securing and enforcing those rights.
- b. We will pay only our share of the amount of the loss, if any, that exceeds the sum of:
 - i. The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
 - ii. The total of all Deductible and Self-Insured Amounts under all that other insurance.

If, however, the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

12. Premium Audit

- a. We will compute all premiums in accordance with our rules and rates.
- b. Premium shown as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the "first named insured". The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the "policy period" is greater than the earned premium, we will return the excess to the "first named insured".
- c. The "first named insured" must keep records of the information we need for premium computation, and send us copies at such times as we may request.
- d. Your refusal to maintain or provide needed records, or to allow us to conduct a physical audit of needed records, will result in our developing and calculating a final audit premium based on information available to us and without your cooperation. If final premium audits calculated

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without your cooperation result in additional premium, you are obligated to pay such additional premium.

- e. Earned premium that has been invoiced by the Company and has not been paid, subsequently becomes past due and will be subject to an interest rate charge on the unpaid earned premium due. Interest will be calculated daily at a simple rate of 9% per annum, applied to the unpaid balance due, from the past due date until full payment is received by the Company.

13. Representations

By accepting this Policy, you agree that:

- a. The statements in the Declarations, any applications, any other supplemental materials and information and amendments to these Coverage Parts during the "policy period" are accurate and complete; and
- b. The applications, any other supplemental materials, information and amendments you made to us are deemed material; and
- c. We have issued this Policy in reliance upon your representations made in the application, any other supplemental materials and information.

14. Separation of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in Policy to the "first named insured", this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each "insured" against whom "claim" is made or "suit" is brought.

15. Service of Suit

It is agreed that in the event of the failure of this Company to pay any amount claimed to be due hereunder this Company will submit to the jurisdiction of any court of competent jurisdiction within the United States of America and will comply with all requirements necessary to give such Court jurisdiction and all matters arising hereunder shall be determined in accordance with the law and practice of such Court.

It is further agreed that service of process in such "suit" may be made upon the Company's president, or his nominee, at the address shown on the Declarations page of this Policy, and that in any "suit" instituted against any one of them upon this Policy, this Company will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named is authorized and directed to accept service of process on behalf of this Company in any such "suit" and or upon the request of the "insured" to give a written undertaking to the "insured" that it or they will enter a general appearance upon this Company's behalf in the event such "suit" shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States of America, which makes provision therefore, this Company hereby designates the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, "suit" or proceeding instituted by or on behalf of the "insured" or any beneficiary hereunder arising out of this contract of insurance, and hereby designated the above named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

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16. Transfer of Rights of Recovery Against Others to Us

If the "insured" has rights to recover all or part of any payment we have made under any Coverage Part, those rights are transferred to us. The "insured" must do nothing after loss to impair them. At our request, the "insured" will bring "suit" or transfer those rights to us and help us enforce them.

The Company agrees to waive any right of recovery against any person or organization, when required by written contract executed prior to a "responsible person" first becoming aware of any "bodily injury", "property damage", "environmental damage", "cleanup costs", "mitigation expense", or "wrongful act".

SECTION II - COMMON DEFINITIONS

The terms listed below may not appear in any Coverage Part that is made a part of this Policy, thereby making the definition inapplicable.

Additionally, there may be definitions that do not appear below, but are included in a Coverage Part made a part of this Policy. In such event, the definition provided in the Coverage Part shall apply.

If any definition listed below is inconsistent or in conflict with the definition included in any Coverage Part made a part of this Policy, the definition of such Coverage Part shall, for the purposes of that coverage, supersede any definition provided herein.

"Additional named insured" means any person, organization, or entity identified as an "additional named insured" in an endorsement issued by us, but solely for their liability as specified in such endorsement.

"Auto" means:

- a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or
- b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

"Bodily injury" means:

- a. Bodily injury, sickness, disease, or building-related illness sustained by any person, including death resulting therefrom, and
- b. Mental anguish, emotional distress, or shock, resulting from a physical injury caused by a "pollution condition".

"Claim" shall have the meaning set forth in the applicable Coverage Part.

"Clean-up costs" means reasonable and necessary expenses incurred as a result of a "claim" to investigate, remove, dispose of, abate, contain, treat, or neutralize a "pollution condition", including any monitoring and testing cost:

- a. To the extent required by "environmental laws", including state voluntary cleanup or risk based corrective action guidance, governing the liability or responsibilities of the "insured", or
- b. In the absence of items in (a), above, to the extent recommended in writing by an "environmental professional".

With respect to a "pollution condition", "clean-up costs" includes "replacement costs" and fees and expenses associated with an "environmental professional".

"Emergency actions" means urgent intervention taken to mitigate threats to life, property and or the environment.

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"Employee" includes a "leased worker" or a "temporary worker".

"Environmental damage" means adulteration of soil, surface water, groundwater or other media arising from a "pollution condition" and resulting in "clean-up cost". "Environmental damage" does not include "property damage".

"Environmental laws" means any federal, state, provincial, municipal or other local laws, but not limited to, statutes, rules, ordinances, guidance documents, regulations and all amendments thereto, including state voluntary cleanup or risk based action guidance, and governmental, judicial or administrative orders and directives, that are applicable to a "pollution condition".

"Environmental professional" means an individual designated by us who is duly certified or licensed in a recognized field of environmental science as required by a state board, a professional association, or both. We shall consult with the "insured" in conjunction with the "environmental professional". We may require that such professional meet certain minimum qualifications and maintain errors and omissions insurance.

"First named insured" means the first person or first entity stated in the Declarations.

"Insured" shall have the meaning set forth in the applicable Coverage Part.

"Leased Worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

"Legal Expense" means attorneys' fees and other charges and expenses incurred in the defense or settlement of any "claim" for "loss". "Legal expense" includes the fees and expenses of consultants, expert witnesses, accountants, court reporters, and other vendors, for goods or services in connection with such defense, or settlement. "Legal expense" also includes all court costs taxed against the "insured" in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the "insured". "Legal expense" does not include the time and expense incurred by the "insured" in assisting in the investigation or resolution of a "claim", including but not limited to the costs of the "insured's" in-house counsel or consultant.

"Loss" means:

- a. Compensatory damages, including those for "bodily injury", "property damage", "environmental damage", "clean-up costs", or "mitigation expense", and
- b. Punitive, exemplary or multiplied damages, civil fines, penalties and assessments based upon or arising out of a., above, where insurable by law.

"Mitigation Expense" means, reasonable, necessary, and customary business expenses paid by the "insured" during "emergency actions" to minimize damage resulting from a "pollution condition" that may result in a "claim".

"Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a. Bulldozers, farm machinery, forklifts, and other vehicles designed for use principally off public roads;
- b. Vehicles maintained for use solely on or next to premises you own or rent;
- c. Vehicles that travel on crawler treads;
- d. Vehicles, whether self-propelled or not; maintained primarily to provide mobility to permanently mounted:

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- i. Power cranes, shovels, loaders, diggers or drills; or
- ii. Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e. Vehicles not described in a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - i. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - ii. Cherry pickers and similar devices used to raise or lower workers;
- f. Vehicles not described in a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "automobiles":

- i. Equipment designed primarily for :
 - a) Snow removal;
 - b) Road maintenance, but not construction or resurfacing; or
 - c) Street cleaning;
- ii. Cherry pickers and similar devices mounted on "automobile" or truck chassis and used to raise or lower workers; and
- iii. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

However, "mobile equipment" does not include any land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

"Mold matter" means mold, mildew or any type or form of fungus; including any mycotoxins, spores, or byproducts produced or released by fungi.

"Natural resources" means land, fish, wildlife, biota, air, surface water, ground water, drinking water supplies and other such resources belonging to, managed by, held in trust by, pertaining to, or otherwise controlled by the United States, any state or local government, any foreign government, any Native American tribe, or if such resources are subject to a trust restriction on alienation, any member of an Native American tribe.

"Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful condition.

"Policy period" means the period stated in the Declarations. However, if this Policy is cancelled, by either the "first named insured" or us, the "policy period" ends at the effective date and time of the cancellation.

"Pollutants" mean any solid, liquid, gaseous or thermal pollutant, irritant or contaminant, including but not limited to smoke, vapors, odors, soot, fumes, acids, alkalis, toxic chemicals, hazardous substances, petroleum hydrocarbons, waste materials, including medical, infectious and pathological waste, "mold matter" and low-level radioactive waste and material.

"Pollution condition" shall have the meaning set forth in any applicable Coverage Part.

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"Products pollution condition" shall have the meaning set forth in the applicable Coverage Part.

"Professional services" means any professional services stated in the Declarations, or otherwise scheduled as such onto this Policy in an endorsement issued by us, performed by or on behalf of the "insured".

"Property damage" means:

With regard to "natural resources":

- a. Adulteration or destruction of "natural resources", but not diminution in value.

With regard to tangible property:

- b. Physical damage to or destruction of tangible property, including all resulting loss of use, and
- c. Diminution in value of that property, and
- d. For other tangible property that is not physically damaged or destroyed, loss of use only.

"Property damage" does not include "mitigation expense", "clean-up cost" or "environmental damage".

"Replacement costs" means costs incurred by the "insured" with our written consent, to repair, restore or replace real or personal property that was damaged in the course of incurring reasonable and necessary "clean-up costs". We will repair, restore or replace (at our sole discretion) the damaged real or personal property to the condition it was in prior to being damaged.

"Responsible Person" means any officer, director, or partner of the "insured", or the manager, foreman, supervisor, or any other "employee" of the "insured" responsible for environmental or health and safety affairs, control or compliance, or any manager of a "covered location".

"Suit" means a civil proceeding in which damages because of "bodily injury", "property damage", "environmental damage", "clean-up costs", "wrongful act" or "mitigation expense", to which this insurance applies is alleged. "Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which the "insured" must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the "insured" submits with our consent.

"Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

"Underground storage tank system" means any container or vessel, including the associated piping connected thereto, which is ten percent (10%) or more beneath the surface of the ground.

"Wrongful Act" means any actual or alleged act, error, omission, misstatement, misleading statement, neglect or breach of duty in the performing of or failure to perform "professional services".

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MINIMUM POLICY PREMIUM

This endorsement modifies and amends insurance provided under the following:

ALL COVERAGE PARTS

This endorsement sets forth the minimum earned premium for the policy. The minimum earned premium for this policy is calculated in accordance with the following:

1. The minimum premium for the policy period is 95% of the total policy premium as shown on the policy declarations page plus any premium adjustment by endorsements and any additional premium developed by audit.
2. Audits that indicate a return premium will not reduce the minimum as stated in paragraph 1.
3. If the insured cancels this policy and the policy is not subject to audit, the return premium will be 90% of the unearned policy premium; however in no event will the Company retain less than **25%** of the minimum premium shown in paragraph 1. above.
4. If the insured cancels this policy and the policy is subject to audit, the earned premium will be determined by final audit, however in no event will it be less than **25%** of the minimum premium as described in paragraph 1. above.
5. If the Company cancels the policy for any reason, other than for non-payment of premium, then the insured will be returned the full amount of the unearned premium without any minimum premium restrictions.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SELF INSURED RETENTION ENDORSEMENT CLAIMS COSTS INCLUDED

This endorsement modifies insurance provided under the:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

SELF-INSURED RETENTION AMOUNT	\$ 200,000 <input checked="" type="checkbox"/> Each Occurrence <input type="checkbox"/> Each Claim
SELF INSURED RETENTION AGGREGATE AMOUNT	Not Applicable ANY ONE POLICY PERIOD
MAINTENANCE SELF INSURED RETENTION AMOUNT	Not Applicable Applicable if SELF INSURED RETENTION AGGREGATE AMOUNT is reached
PERIODIC REPORTING REQUIREMENT	PERIODIC REPORTING FREQUENCY: Periodic reports are due 30 days from the end of the reporting period indicated.
POTENTIAL PENETRATION LEVEL OF SELF INSURED RETENTION FOR NOTIFICATION	\$50,000
AUTHORIZED CLAIM SERVICE PROVIDER	Sedgwick Claims Management Services, Inc.

The insurance provided by this policy is subject to the following additional provisions, which in the event of conflict with any other provisions elsewhere in the policy, shall control the application of the insurance to which this endorsement applies:

I. Self Insured Retention and Claims Costs – Your obligations

A. The “self insured retention” amounts stated in the Schedule of this endorsement apply as follows:

1. If an Each Occurrence “self insured retention” amount is shown in the Schedule of this endorsement, it is a condition precedent to our liability that you make actual payment of all damages and “claims costs” for each “occurrence” or offense, until you have paid “self insured retention” amounts and “claims costs” equal to the Each Occurrence amount shown in the Schedule, subject to the provisions of A.3. below, if applicable. The Each Occurrence amount is the most you will pay for “self insured retention” amounts and “claims costs” arising out of any one “occurrence” or offense, regardless of the number of persons or organizations making claims or bringing “suits” because of the “occurrence” or offense.
2. If an Each Claim “self insured retention” amount is shown in the Schedule of this endorsement, it is a condition precedent to our liability that you make actual payment of all damages and “claims costs” for each claim until you have paid “self insured retention” amounts and “claims costs” equal to the Each Claim amount shown in the Schedule, subject to the provisions of A.3. below, if applicable. The Each Claim amount is the most you will pay for “self insured

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

retention" amounts and "claims costs" sustained by one person or organization as a result of any one "occurrence" or offense.

3. If a Self Insured Retention Aggregate Amount is shown in the Schedule of this endorsement, such -aggregate amount is the most you will pay for all "self insured retention" amounts and "claims costs" incurred under this policy. This amount applies separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations of this policy.

If no entry appears in the Schedule of this endorsement as a Self Insured Retention Aggregate Amount, then your obligation for payment of "self insured retention" amounts and "claims costs" applies in accordance with the Each Occurrence or Each Claim "self insured retention" provisions, as applicable.

4. If a Maintenance Self-insured Retention Amount is shown in the Schedule of this endorsement, the following applies:

Once the Self Insured Retention Aggregate Amount is exhausted, the "maintenance self-insured retention" amount takes the place of the original "self-insured retention" amount and applies in the same manner as the original "self insured retention" amount. However, the Self Insured Retention Aggregate Amount shown in the Schedule of this endorsement does not apply to such "maintenance self insured retention".

5. Except for any "claims costs" that we may elect to pay, you shall pay all such "claims costs" as they are incurred until you have paid "claims costs" and damages for "bodily injury," "property damage," "personal and advertising injury", medical payments or any other coverages included in this policy, equal to the applicable "self insured retention" amount. If any final judgment or settlement and "claims costs" is less than the "self insured retention" amount stated above, we shall have no obligation to reimburse you or pay "claims costs" under this policy.
6. Payments by others, including but not limited to additional insureds or insurers, do not serve to satisfy the "self insured retention" amount.
7. There will be no reduction of the Self Insured Retention Aggregate Amount because of payment of claims or "suits" for which coverage is not afforded by this policy.

B. Settlement of Claim

You may not settle any claim or "suit" which exceeds any "self insured retention" amount indicated in the Schedule of this endorsement without our written permission to do so. If you fail to obtain such written permission, we shall have no obligation to provide coverage for that claim or "suit" under this policy.

C. Authorized Claim Service Provider

1. You shall employ a Claim Service Provider acceptable to us for the purpose of providing claim services for settlement of losses within the "self insured retention" amounts. You shall pay all fees, charges and costs of the Claim Service Provider in addition to the "self insured retention" amounts, without any reimbursement from us.
2. In the event of cancellation, expiration or revision of the claims service contract between you and the Claim Service Provider, you shall notify us within (10) days of such change and shall replace the Claim Service Provider with another Claim Service Provider that is acceptable to us.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

D. Audit Provision

1. We reserve the right to audit and review the claim handling by the claim service provider at any time, and to verify that procedures, documentation and all other reasonable requirements are met.
2. You must cooperate with us in any audit or review of the claim service provider.

E. Notification of Potential Penetration

1. You or the authorized Claim Service Provider must notify us promptly of an "occurrence" or offense which may result in a claim under this policy.

Notice must include:

- a. How, when and where the "occurrence" or offense took place;
- b. The names and addresses of any injured persons and witnesses; and
- c. The nature and location of any injury or damage arising out of the "occurrence" or offense.

2. You or the Authorized Claim Service Provider must notify us promptly, per E.1. above, in the event of any "occurrence" or offense, without regard to liability, which results in any of the following injuries:

- a. Death;
- b. Brain damage
- c. Paraplegic or quadriplegic impairment;
- d. Amputation or serious functional impairment of any major limb;
- e. Burns involving more than 25% of the body or causing serious disfigurement;
- f. Sensory impairment (sight, hearing, taste or smell);
- g. Internal body organ damage or loss;
- h. Multiple fractures involving more than one body part;
- i. Sexual abuse or molestation;
- j. Significant psychological/neurological involvement;
- k. Heart attack;
- l. Class action; or
- m. Any disability which could last more than a year.

3. You or the Authorized Claim Service Provider must notify us promptly of any:
 - a. Potential exposure which equals or exceeds the level of notification of potential penetration of the "self insured retention" amount shown in the Schedule of this endorsement for Each Occurrence or Each Claim, whichever applies;
 - b. Loss reserve established which equals or exceeds the level of notification of potential penetration of the "self insured retention" amount shown in the Schedule of this endorsement for Each Occurrence or Each Claim, whichever applies;
 - c. Potential judgment, if the claim prevails, without regard to liability, which equals or exceeds the level of notification of potential penetration of the "self insured retention" amount shown

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in the Schedule of this endorsement for Each Occurrence or Each Claim, whichever applies; or

- d. "Suit", in the event a "suit" is filed.

F. Reporting – Self Insured Retention –

In addition to those notification requirements set forth in E. above,

1. You must report on claims or "suits" pursuant to the following:

During the policy period you or the Claim Service Provider must:

- a. monitor the cumulative "self insured retention" incurred amounts and "claims costs" sustained during the policy period, and
- b. report those total amounts to us in accordance with the frequency of report indicated in the Periodic Reporting Requirement of the Schedule of this endorsement.

However, if the total of all incurred losses and "claims costs" should at any time during the policy period attain a total amount equal to 75% of the Aggregate Self Insured Retention amount, you are required in that event to make an immediate report to us as to total incurred losses and "claims costs" sustained at that time.

The Periodic Report that you send to us must be in a format that is acceptable to us, and include an accounting of all individual losses and "claims costs" incurred as of the date of the report.

2. Within forty-five (45) days after the end of the policy term, you must give us a listing of all existing claims or "suits" within the Self Insured Retention Amounts. At a minimum, such listing will include the following for each claim or suit:
 - i. A description of each claim or "suit";
 - ii. The date of the "occurrence" or offense;
 - iii. The amounts paid and reserved for future payments for loss and "claims costs"; and
 - iv. The current status of the claim or "suit".
3. Quarterly thereafter, you are required to give us an updated listing of the status of all claims or "suits", both paid and reserved, until all claims or "suits" for the reporting period are closed.
4. In the event you do not meet the reporting requirements as set forth in this endorsement and the failure to report prejudices our rights under this policy or defenses otherwise afforded to you, we reserve the right to deny coverage under this policy.

G. Representations

By acceptance of this policy you agree that you will not procure insurance for all or any part of the "self insured retention" amounts shown in the Schedule of this endorsement. If such insurance is procured, there will be no coverage under this policy.

H. Bankruptcy or Your Failure to Meet SIR Payment Obligations

Any Bankruptcy condition in any applicable Coverage Form indicated in the above Schedule is hereby replaced by the following:

Bankruptcy, insolvency, or receivership of the insured, or the insured's inability to pay the "self insured retention" shown in the above Schedule, will not relieve us of our obligations under any applicable Coverage Forms(s) indicated in the Schedule above.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The applicable Coverage Form(s) relevant Limit of Insurance set forth in the applicable Declarations or in any endorsements attached thereto will apply in excess of the "self insured retention" amount shown in the above Schedule. Therefore, in the event of bankruptcy, insolvency, receivership of the insured or inability of the insured to pay the "self insured retention" amount shown in the above Schedule, coverage will apply as if the "self insured retention" amount shown in the Schedule is available and paid by the insured.

If for any other reason the insured is unable or fails to pay the "self insured retention" amount shown in the above Schedule, coverage will apply as if the "self insured retention" amount shown in the above Schedule is available and paid by the insured.

II. Self Insured Retention and Claims Costs – Our Rights and Obligations

- A. In no event shall this policy be obligated to satisfy your obligations for the payment of "self insured retention" amounts or "claims costs".
- B. We shall be liable only for the amount of damages and "claims costs" in excess of the "self insured retention" amounts as applicable, shown in the Schedule above, up to the applicable Limits of Insurance shown in the Declarations of this policy.
- C. Settlement of Claims
 - 1. We shall have, at our option, the right to negotiate the settlement of any claim we deem expedient both within and in excess of the applicable "self insured retention" amount, but we shall obtain your consent prior to entering into any settlement of any claim which is equal to or less than the "self insured retention" amount.
 - 2. If you refuse to consent to any settlement or compromise recommended by us and acceptable to the claimant, and elect to contest the claim, our liability for any damages and "claims costs" shall not exceed the amount for which the claim could have been settled, less the remaining "self insured retention" amount, plus the "claims costs" incurred up to the date such settlement or compromise was recommended to the insured.
 - 3. With respect to any claim under this insurance which has been tendered to us and which may exceed the "self insured retention" amount shown in the Schedule of this endorsement for Each Occurrence or Each Claim, whichever applies, we may pay any or all of the "self insured retention" amount and "claims costs" on your behalf to defend or to effect settlement of such claim. Such amount paid by us shall be reimbursed promptly by you.

Regardless of whether the damages for "bodily injury", "property damage", "personal and advertising injury" medical payments or "claims costs" or any other coverage provided under this policy appear likely to exceed the "self insured retention" amounts stated above, we shall have the right, but not the duty, to defend any claim seeking damages for which coverage would be provided under this policy regardless of the "self insured retention" amount. In the event we incur any "claims costs" in the exercise of our right to defend any claim, you shall not be liable to reimburse us for those "claims costs".

III. Midterm Cancellation

In the event of a midterm cancellation of this policy, the "self insured retention" amount shown in the Schedule of this endorsement as Aggregate is not subject to reduction.

IV. Definitions

- A. "Self insured retention" means:
The amount or amounts which you must pay for all damages which you shall become legally obligated to pay because of "bodily injury", "property damage", "personal and advertising injury" medical payments or any other such coverage included in this policy.
- B. "Claims costs" means:

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

1. Attorneys' fees, expert witness fees, and other fees and costs resulting from the investigation, defense and appeal of a claim or "suit";
2. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance;
3. All costs taxed against the insured in the "suit";
4. Pre-judgment and post-judgment interest awarded against the insured on that part of the judgment covered by the policy; and
5. Attorneys' fees, expert witness fees, and other reasonable fees and costs resulting from the defense of an indemnitee if the "suit" seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";

"Claims costs" must be reasonable in amount and directly allocated to a specific claim or "suit" covered by the policy.

"Claims costs" shall not include:

1. Fees, charges or costs of any Claim Service Provider;
 2. Expenses incurred by the insured to assist in the investigation or defense of the claim or "suit", including actual loss of earnings because of time off from work.
- C. "Maintenance self insured retention" means: the amount that replaces the Self Insured Retention Amount shown in the schedule of this endorsement at the time the Self Insured Aggregate Amount shown in the schedule of this endorsement is reached. Except for the Self Insured Aggregate Amount, all provisions of this endorsement applicable to the "self insured retention" also apply to the "maintenance self insured retention."

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000038

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMPOSITE RATE ENDORSEMENT

This endorsement modifies insurance provided by the Coverage Part(s) checked below:

- All Coverage Parts or
- Only the following checked Coverage Part(s)

- COVERAGE PART A - COMMERCIAL GENERAL LIABILITY
- COVERAGE PART B - CONTRACTOR'S POLLUTION LIABILITY
- COVERAGE PART C - PROFESSIONAL LIABILITY
- COVERAGE PART D - SITE ENVIRONMENTAL LIABILITY
- COVERAGE PART E - PRODUCTS POLLUTION LIABILITY
- COVERAGE PART F - OTHER

Solely with respect to coverage afforded by the Coverage Part(s) checked above:

The premium stated in the Declarations of this Policy is an estimated premium only. Upon expiration of the policy, the earned premium shall be computed by applying a rate of:

\$	REDACTED		REDACTED
REDACTED		REDACTED	REDACTED

If the earned premium thus computed exceeds the estimated premium paid, you shall pay the excess to us.

It is understood that a complete re-survey of the exposures and revision of rate may be made at any time at our request. You agree to notify us at any time exposures change or your operation changes.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000039

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PREMIUM AUDIT CONDITIONS – INCLUDING PAST DUE BALANCES PROVISION

This endorsement modifies insurance provided by the Coverage Part(s) checked below:

All Coverage Parts or

Only the following checked Coverage Part(s)

- COVERAGE PART A - COMMERCIAL GENERAL LIABILITY
- N/A COVERAGE PART B - CONTRACTOR'S POLLUTION LIABILITY
- N/A COVERAGE PART C - PROFESSIONAL LIABILITY
- N/A COVERAGE PART D - SITE ENVIRONMENTAL LIABILITY
- N/A COVERAGE PART E - PRODUCTS POLLUTION LIABILITY
- N/A COVERAGE PART F - OTHER

Solely with respect to coverage afforded by the Coverage Part(s) checked above:

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS, Item 5. Premium Audit, is deleted and replaced with the following:

5. Premium Audit

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request. We have the right, but not the obligation, to conduct a physical audit of records needed for premium computation after the expiration of this Policy.
- d. Your refusal to maintain or provide needed records, or to allow us to conduct a physical audit of needed records, will result in our developing and calculating a final audit premium based on information available to us and without your cooperation. If final premium audits calculated without your cooperation result in additional premium, you are obligated to pay such additional premium.
- e. Earned premium that has been invoiced by the Company and has not been paid, and subsequently becomes past due, will be subject to an interest rate charge on the unpaid earned premium due. Interest will be calculated daily at a simple rate of 9% per annum, applied to the unpaid balance due, from the past due date until full payment is received by the Company.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000040

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDED AGGREGATE LIMITS OF INSURANCE PER LOCATION

This endorsement modifies insurance provided by the Coverage Part(s) checked below:

- All Coverage Parts or
 Only the following checked Coverage Part(s)

- COVERAGE PART A - COMMERCIAL GENERAL LIABILITY
N/A COVERAGE PART B - CONTRACTOR'S POLLUTION LIABILITY
N/A COVERAGE PART C - PROFESSIONAL LIABILITY
N/A COVERAGE PART D - SITE ENVIRONMENTAL LIABILITY
N/A COVERAGE PART E - PRODUCTS POLLUTION LIABILITY
N/A COVERAGE PART F - OTHER

Solely with respect to coverage afforded by the Coverage Part(s) checked above:

SECTION III – LIMITS OF INSURANCE - The General Aggregate Limit (referred to as POLICY AGGREGATE LIMIT OF LIABILITY on the Declarations of this Policy) applies separately to each "location" of the Named Insured.

Notwithstanding the application of the General Aggregate Limit to each "Location" of the Named Insured, under no circumstances will we pay more than **\$5,000,000** for all claims under this Policy that are subject to the General Aggregate limit.

For the purpose of this endorsement, the following definition is added:

"Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000041

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDED AGGREGATE LIMITS OF INSURANCE PER PROJECT

This endorsement modifies insurance provided by the Coverage Part(s) checked below:

- All Coverage Parts or
 Only the following checked Coverage Part(s)

- COVERAGE PART A - COMMERCIAL GENERAL LIABILITY
N/A COVERAGE PART B - CONTRACTOR'S POLLUTION LIABILITY
N/A COVERAGE PART C - PROFESSIONAL LIABILITY
N/A COVERAGE PART D - SITE ENVIRONMENTAL LIABILITY
N/A COVERAGE PART E - PRODUCTS POLLUTION LIABILITY
N/A COVERAGE PART F - OTHER

Solely with respect to coverage afforded by the Coverage Part(s) checked above:

SECTION III – LIMITS OF INSURANCE - The General Aggregate Limit applies separately to each "Project" of the Named Insured.

Notwithstanding the application of the General Aggregate Limit to each "Project" of the Named Insured, under no circumstances will we pay more than **\$5,000,000** for all claims under this Policy that are subject to the General Aggregate limit.

For the purpose of this endorsement, the following definition is added:

"Project" means all work done by you or on your behalf, away from premises owned or rented to you, to complete an individual bid or negotiated contract to provide services for a specified period of time. Multiple jobs, work orders, purchase orders, or work done at multiple "locations" under one contract are not separate "projects" within the meaning of this coverage.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000042

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PREMIUM BASE ENDORSEMENT

This endorsement modifies insurance provided by the Coverage Part(s) checked below:

- All Coverage Parts or
- Only the following checked Coverage Part(s)

- COVERAGE PART A - COMMERCIAL GENERAL LIABILITY
- COVERAGE PART B - CONTRACTOR'S POLLUTION LIABILITY
- COVERAGE PART C - PROFESSIONAL LIABILITY
- COVERAGE PART D - SITE ENVIRONMENTAL LIABILITY
- COVERAGE PART E - PRODUCTS POLLUTION LIABILITY
- COVERAGE PART F - OTHER

Solely with respect to coverage afforded by the Coverage Part(s) checked above:

One or more of the following may be entered as the Bases of Premium on the Declarations Page or the Composite Rate Endorsement of this Policy. These Bases of Premium designate the base used for determining your premium for the policy period shown on the Declarations Page or as amended by endorsement. The rates will apply as shown below unless shown differently on the Composite Rate Endorsement attached to this Policy. The following are definitions of these Bases of Premium.

"Acre" means:

A total number of acres owned or controlled by the Named Insured. An "Acre" is a measure of land equal to 43,560 square feet.

The rates apply per "Acre".

"Area" means:

The total number of square feet of floor space at the Named Insured's premises, computed as follows:

For entire buildings, by multiplying the product of the horizontal dimensions of the outside of the outer building walls by the number of floors, including basements but do not use the area of the following:

1. Courts and mezzanine types of floor openings.
2. Portions of basements or floors where 50% or more of the area is used for shop or storage for building maintenance, dwelling by building maintenance employees, heating units, power plants or air-conditioning equipment.
3. For tenants, determine the area they occupy in the same manner as for the entire buildings.

The rates apply per 1,000 square feet of "Area".

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“Barrels” means:

The total number of “Barrels” of liquid product. For purposes of this definition there are 42 gallons in a barrel.

The rates apply per 10,000 “Barrels”.

“BOE (Barrels of Oil Equivalent)” means:

The total amount of natural gas converted to an equivalent measure of crude oil. 6 MCF of natural gas equal 1 barrel of crude oil. 1 MCF equals 1,000 cubic feet.

The rates apply per 10,000 “BOE Barrels”.

“Covered Location” means:

Each “Covered Location” scheduled on the Declarations or any endorsement attached to this Policy that adds or removes a “Covered Location”.

Unless this policy is written on a flat, non-auditable basis, the rates apply per “Covered Location”.

“Field Payroll” means:

Gross workers' compensation payroll excluding clerical, officers and salesmen payroll.

The rates apply per \$1,000 of “Field Payroll”.

“Gallons” means:

The total number of “Gallons” of product. There are 128 fluid ounces in a “gallons”.

The rates apply per 10,000 “Gallons”.

“Gross Contract Revenue” means:

Revenue that is determined under the percentage of completion method. The percentage of completion method limits the auditable amount of the Designated Revenue of a contract to that which has been paid, to the Named Insured, during the policy period. Percentage of completion method should only be used on project specific policies when the term of the contract is longer than the policy period.

The rates apply per \$1,000 of “Gross Contract Revenue”.

“Gross Over Water Payroll” means all of the following:

1. “Gross Over Water Payroll” includes:
 - a. Remuneration, which includes money or substitutes for money.

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- b. Marine payroll (subject to Jones Act, & General Maritime Law) and wet, over water, non-marine payroll (subject to United States and Longshoreman's and Harbor Workers Act)
 - c. Commissions, bonuses, pay for holidays, vacations or periods of illness;
 - d. Extra pay for overtime;
 - e. Payments by you, the employer, or amounts otherwise required by law to be paid by "employees" to statutory insurance or pension plans, including, but not limited to, the Federal Social Security Act;
 - f. The value of store certificates, merchandise, credits or any other substitute for money received by employees as part of their pay.
2. "Gross Over Water Payroll" does **not** include:
- a. Tips and other gratuities received by "employees";
 - b. Payments by you, the employer, to group insurance or group pension plans for "employees" in accordance with the manuals in use by us;
 - c. The value of special rewards for individual invention or discovery;
 - d. Dismissal or severance payments except for time worked or accrued vacation.

The rates apply per \$1,000 of "Gross Over Water Payroll".

"Gross Payroll" means all of the following:

1. "Gross Payroll" includes:
 - a. Remuneration, which includes money or substitutes for money.
 - b. Commissions, bonuses, pay for holidays, vacations or periods of illness;
 - c. Extra pay for overtime.
 - d. Payments by you, the employer, or amounts otherwise required by law to be paid by "employees" to statutory insurance or pension plans, including, but not limited to, the Federal Social Security Act;
 - e. Payment to "employees" on any basis other than time worked, such as piece work, profit sharing or incentive plans;
 - f. Payment or allowance for hand tools or power tools used by hand provided by "employees" and used in their work or operations for the Named Insured;
 - g. The rental value of an apartment or a house provided for an "employee" based on comparable accommodations;
 - h. Value of meals and lodging other than an apartment or house received by "employees" as part of their pay;
 - i. The value of store certificates, merchandise, credits or any other substitute for money received by "employees" as part of their pay;

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- j. The payroll of all drivers, mobile equipment operators and their helpers, whether or not the operators are designated or licensed to operate automobiles. If the operators and their helpers are provided to the Named Insured, along with equipment hired under contract and their actual payroll is not known, we will use 1/3 of the total amount paid out by the Named Insured, for the hire of the equipment.
 - k. The payroll of executive officers, individual Named Insured, and co-partners;
 - l. Fees paid to employment agencies for temporary personnel provided to the Named Insured;
2. "Gross Payroll" does not include:
 - a. Tips and other gratuities received by "employees";
 - b. Payments by you, the employer, to group insurance or group pension plans for "employees" in accordance with the manuals in use by us;
 - c. The value of special rewards for individual invention or discovery;
 - d. Dismissal or severance payments except for time worked or accrued vacation.

The rates apply per \$1,000 of "Gross Payroll".

"Gross Domestic Receipts", "Gross Domestic Revenue" or "Gross Domestic Sales" means:

1. The gross amount charged by the Named Insured, concessionaires of the Named Insured or by others trading under the Named Insured's name for:
 - a. All services, goods, or products, provided, sold or distributed for use in the United States;
 - b. Operations performed during the policy period;
 - c. Rentals; and
 - d. Dues or fees.
2. Inclusions

The following items shall **not** be deducted from "Gross Domestic Receipts", "Gross Domestic Revenue" or "Gross Domestic Sales":

 - a. Freight allowance to customers;
 - b. Total sales of consigned goods and warehouse receipts;
 - c. Trade or cash discounts;
 - d. Bad debts; and
 - e. Repossession of items sold on installments (amount actually collected).
3. Exclusions

The following items **shall** be deducted from "Gross Domestic Receipts", "Gross Domestic Revenue" or "Gross Domestic Sales":

 - a. Sales or receipts from services, goods, or products, provided, sold or distributed for use in other than the United States;

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- b. Operations performed outside the United States during the policy period;
- c. Rentals obtained from operations or services conducted outside the United States;
- d. Dues or fees obtained from operations or services conducted outside the United States;
- e. Foreign exchange discounts;
- f. Sales or excise taxes which are collected and submitted to a foreign governmental division;
- g. Credits for repossessed merchandise and products returned that were sold for use outside the United States;
- h. Allowances for damaged and spoiled goods that were sold for use outside the United States;
- i. Finance charges for items sold on installments outside the United States;
- j. Overseas Freight charges on sales if freight is charged as a separate item on customers invoice; and
- k. Royalty income from patent rights or copyrights which are not product sales.

Unless otherwise agreed to by us, "Accrual Accounting" will apply to this premium base. "Accrual Accounting" means a method of accounting that recognizes expenses when incurred and revenue when earned rather than when payment is made or received.

The rates apply per \$1,000 of "Gross Domestic Receipts", "Gross Domestic Revenue" or "Gross Domestic Sales".

"Gross Worldwide Receipts", "Gross Worldwide Revenue" or "Gross Worldwide Sales" means:

- 1. The gross amount charged by the Named Insured, concessionaires of the Named Insured or by others trading under the Named Insured's name on a worldwide basis for:
 - a. All services, goods or products, provided, sold or distributed;
 - b. Operations performed during the policy period;
 - c. Rentals; and
 - d. Dues or fees.

2. Inclusions

The following items shall **not** be deducted from "Gross Worldwide Receipts", "Gross Worldwide Revenue" or "Gross Worldwide Sales":

- a. Foreign exchange discounts;
- b. Freight allowance to customers;
- c. Total sales of consigned goods and warehouse receipts;
- d. Trade or cash discounts;
- e. Bad debts; and
- f. Repossession of items sold on installments (amount actually collected).

3. Exclusions

The following items **shall** be deducted from "Gross Worldwide Receipts", "Gross Worldwide Revenue" or "Gross Worldwide Sales":

- a. Sales or excise taxes which are collected and submitted to a governmental division;

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- b. Credits for repossessed merchandise and products returned;
- c. Allowances for damaged and spoiled goods;
- d. Finance charges for items sold on installments;
- e. Freight charges on sales if freight is charged as a separate item on customers invoice;
and
- f. Royalty income from patent rights or copyrights which are not product sales.

Unless otherwise agreed to by us, "Accrual Accounting" will apply to this premium base. "Accrual Accounting" means a method of accounting that recognizes expenses when incurred and revenue when earned rather than when payment is made or received.

The rates apply per \$1,000 of "Gross Worldwide Receipts", "Gross Worldwide Revenue" or "Gross Worldwide Sales".

"KWH" means:

The total "KWH" (Kilowatt Hours) generated. A "KWH" equals 1,000 watts operating for one hour.

The rates apply per 1,000 "KWH".

"Linear/Lineal Foot" means:

A distance of 12 inches measured in a line along a surface.

The rates apply per 1,000 "linear/lineal feet".

"Marginal or Net Revenue" means:

The total "Gross Domestic Receipts" or "Gross Worldwide Receipts" or "Gross Domestic Revenue" or "Gross Worldwide Revenue" or "Gross Domestic Sales" or "Gross Worldwide Sales", as defined above minus the cost of associated goods sold.

Unless otherwise agreed to by us, "Accrual Accounting" will apply to this premium base. "Accrual Accounting" means a method of accounting that recognizes expenses when incurred and revenue when earned rather than when payment is made or received.

The rates apply per \$1,000 of "Marginal or Net Revenue."

"MCF of Natural Gas" means:

The total "MCF of Natural Gas" not converted to "BOE." 1 MCF equals 1,000 cubic feet of natural gas.

The rates apply per 10,000 "MCF of Natural Gas".

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"MKWH" means:

The total "MKWH" (Mega Kilowatt Hours) generated. A "MKW" equals 1,000,000 watts operating for one hour.

The rates apply per 10,000 "MKWH".

"Miles" means:

The total number of "Miles" of pipeline in which the Named Insured has an economic interest. A "mile" is a measure equal to 1,760 yards or 5,280 feet. A pipeline may include but not be limited to, gathering systems, transmission systems and or distribution systems.

The rates apply per "Mile".

"Production at the Well Head" means:

Raw product including, oil, gas, water or other mineral substances produced at the well head before or prior to any processing and before entering into any gathering system.

The rates apply per 10,000 of "Production at the Well Head".

"Power Unit" means:

A land motor vehicle designed for travel on public roads including any permanently attached machinery; or any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law. However, "Power Unit" does not include "mobile equipment" as defined in Section II of FP 4001 - Common Conditions and Definitions.

The rates apply per "Power Unit".

"Pyrotechnic Stand" means:

Any premises, site or location, including temporary structures, which is owned, occupied by, or operated by the Additional Insured, and is used for the retail sales of the Named Insured's pyrotechnic products.

The rates apply per "Pyrotechnic Stand".

"Royalties" means:

Royalties are defined as usage based payments made by one party (the "licensee") to another (the "licensor") for the right to ongoing use of an asset. These assets can include any natural resource including oil, gas or other mineral substances identified as an asset in oil and gas exploration and or mining operations.

The rates apply per 1,000 of "Royalties".

JR000049

"Rig" means:

The term "Rig" refers to the complex of equipment that is used to penetrate the surface of the Earth's crust in the extraction of Natural Resources or the re-drilling or work over of a well bore.

The rates apply per "Rig".

"Standard Cubic Feet" means:

The total number of "Standard Cubic Feet" of gaseous product. For purposes of this definition a "Standard cubic Foot" is a cubic foot of volume at 60 degrees Fahrenheit and 14.7 pounds per square inch (PSI) of pressure.

The rates apply per 1,000 of "Standard Cubic Feet".

"Subcontracted Costs" means:

Total costs for all labor, equipment and materials that are provided by the subcontractor for completion of the job.

The rates apply per \$1,000 of "Subcontracted Costs."

"Thru Put at the Fence Line" means:

The total "Gallons" or "Barrels" of product that exits the premises at the fence line.

The rates apply per 10,000 of total "Gallons" or "Barrels" or "BOE" of product unless noted otherwise on the Composite Rate Endorsement.

Ton Variables

"Clean Ton" means:

Coal that has been treated for waste, processed, or washed.

"Metric Ton" means:

A "Ton - Metric" equals 2,200 pounds.

"Raw Ton" means:

Coal recovered from a mine, prior to any treatment for waste, processing, or washed.

"US Short Ton" or "Standard Ton" or "Ton" means:

A "Ton - US Short" or "Ton - Standard Ton" or "Ton" equals 2,000 pounds.

The rates for the above defined tons are on a per 100 basis.

JR000050

"Total Cost" means:

The "Total Cost" of all work let or sublet in connection with all projects including:

1. The cost of all labor, materials and equipment furnished, used or delivered for use in the execution of the work.
2. All fees, bonuses or commissions made, paid or due.

Unless otherwise agreed to by us, "Accrual Accounting" will apply to this premium base. "Accrual Accounting" means a method of accounting that recognizes expenses when incurred and revenue when earned rather than when payment is made or received.

The rates apply per \$1,000 of "Total Cost".

"Total Cost Project Specific" means:

The "Total Cost" of all work let or sublet in connection with each Specific Project including:

3. The cost of all labor, materials and equipment furnished, used or delivered for use in the execution of the work.
4. All fees, bonuses or commissions made, paid or due.

Unless otherwise agreed to by us, "Accrual Accounting" will apply to this premium base. "Accrual Accounting" means a method of accounting that recognizes expenses when incurred and revenue when earned rather than when payment is made or received.

The rates apply per \$1,000 of "Total Cost Project Specific".

"Unit" means:

The term "Unit" means as defined as one.

The rates apply per "Unit".

"Well" means:

An existing "Well" or "Well" to be drilled, in which the Named Insured has an economic interest.

The rates apply per "Well".

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000051

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COVERAGE EXTENSION - FIRST AID

This endorsement modifies insurance provided by the Coverage Part(s) checked below:

All Coverage Parts or

Only the following checked Coverage Part(s)

- COVERAGE PART A - COMMERCIAL GENERAL LIABILITY
- N/A COVERAGE PART B - CONTRACTOR'S POLLUTION LIABILITY
- N/A COVERAGE PART C - PROFESSIONAL LIABILITY
- N/A COVERAGE PART D - SITE ENVIRONMENTAL LIABILITY
- N/A COVERAGE PART E - PRODUCTS POLLUTION LIABILITY
- N/A COVERAGE PART F - OTHER

Solely with respect to coverage afforded by the Coverage Part(s) checked above:

SECTION II - WHO IS AN INSURED, Paragraph 2.a.(1)(a) is deleted and replaced with the following:

- (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business except for the rendering of First Aid by non professional health care "volunteer workers" or "employees".

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000052
POLICY NUMBER: 00061011-0

COMMERCIAL GENERAL LIABILITY
CG 20 10 07 04

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – SCHEDULED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):	Location(s) Of Covered Operations
Any Owner, Lessee or Contractor whom you have agreed to include as an additional insured under a written contract; provided such contract was executed prior to the date of the loss	Per schedule on file with company
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

B. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

JR000053
POLICY NUMBER: 00061011-0

COMMERCIAL GENERAL LIABILITY
CG 20 12 05 09

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED – STATE OR GOVERNMENTAL
AGENCY OR SUBDIVISION OR POLITICAL
SUBDIVISION – PERMITS OR AUTHORIZATIONS**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

<p>State Or Governmental Agency Or Subdivision Or Political Subdivision:</p> <p>City of Simi Valley 2929 Tapo Canyon Rd., Simi Valley, CA 93063</p>
--

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

Section II – Who Is An Insured is amended to include as an insured any state or governmental agency or subdivision or political subdivision shown in the Schedule, subject to the following provisions:

1. This insurance applies only with respect to operations performed by you or on your behalf for which the state or governmental agency or subdivision or political subdivision has issued a permit or authorization.

2. This insurance does not apply to:

- a. "Bodily injury", "property damage" or "personal and advertising injury" arising out of operations performed for the federal government, state or municipality; or
- b. "Bodily injury" or "property damage" included within the "products-completed operations hazard".

JR000054
 POLICY NUMBER: 00061011-0

COMMERCIAL GENERAL LIABILITY
 CG 20 37 07 04

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):	Location And Description Of Completed Operations
<p>1. Cherry Hill Construction 8211 Washington Blvd. Jessup, MD 20794 – for commercial use only</p>	<p>Repair / Replacement of West Runway 01L/19R AAFB Contract No. FA3002-08-D-0011-0005, CHC Job No. 1113</p>
<p>– 2. Manhattan / Hunt, a Joint Venture 7600 Leesburg Pike, Suite 150 West Falls Church, VA 22043 General Contractors – for commercial use only</p>	<p style="text-align: center;">Ambulatory Care Center & Dental Clinic Replacement - Project No. 3544</p>
<p>3. Manhattan Construction Company 7600 Leesburg Pike, Suite 150 West Falls Church, VA 22043 General Contractor – for commercial use only</p>	
<p>4. Hunt Construction Group, Inc. P.O. Box 128 Indianapolis, IN 46206 General Contractor – for commercial use only</p>	
<p>5. Naval Facilities Engineering Command Washington 1314 Hardwood Street SE Washington Navy Yard, DC 20374 Owner – for commercial use only</p>	
<p>Information required to complete this Schedule, if not shown above, will be shown in the Declarations.</p>	

JR000055
POLICY NUMBER: 00061011-0

COMMERCIAL GENERAL LIABILITY
CG 20 37 07 04

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part, by "your work"

at the location designated and described in the schedule of this endorsement performed for that additional insured and included in the "products-completed operations hazard".

JR000056
POLICY NUMBER: 00061011-0

COMMERCIAL GENERAL LIABILITY
CG 24 17 10 01

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONTRACTUAL LIABILITY – RAILROADS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Scheduled Railroad:	Designated Job Site:
As required by written contract or agreement provided such contract was executed prior to the date of the loss	

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

With respect to operations performed for, or affecting, a Scheduled Railroad at a Designated Job Site, the definition of "insured contract" in the Definitions section is replaced by the following:

9. "Insured Contract" means:

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b. A sidetrack agreement;
- c. Any easement or license agreement;
- d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e. An elevator maintenance agreement;
- f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f. does not include that part of any contract or agreement:

- (1) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a) Preparing, approving or failing to prepare or approve maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage;
- (2) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in Paragraph (1) above and supervisory, inspection, architectural or engineering activities.



JR000057

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – MANAGERS OR LESSORS OF PREMISES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE

SCHEDULE

- | |
|---|
| <ol style="list-style-type: none">1. Designation of Premises (Part Leased to You):
Per Schedule on File with Company
2. Name of Person or Organization (Additional Insured):
Any Manager or Lessor of Premises whom you have agreed to include as an additional insured under a written contract; provided such contract was executed prior to the date of loss.
3. Additional Premium:
Included |
|---|

Who is an "Insured" is amended to include as an Insured the person or organization shown in the Schedule as an Additional Insured. The coverage afforded to the Additional Insured is solely limited to liability directly caused by the ownership, maintenance or use of that part of the premises leased to you by the Additional Insured and shown in the Schedule.

Where no coverage shall apply herein for the Named Insured, no coverage or defense shall be afforded to the Additional Insured.

With respect to the coverage afforded to the Additional Insured, the following exclusions apply:

This coverage does not apply to:

1. Any "occurrence" which takes place after you cease to be a tenant in that premises;
2. Structural alterations, new construction or demolition operations performed by or on behalf of the person or organization shown in the Schedule;
3. "Bodily injury" or "property damage" or "personal and advertising injury" arising out of the sole negligence of the Additional Insured;
4. "Bodily injury", "property damage" or "personal and advertising injury" arising out of the claimed negligence of the Additional Insured other than directly caused by "your work" in the ownership, maintenance or use of that part of the premises leased to you which shall be imputed to the Additional Insured; or
5. "Bodily injury", "property damage" or "personal and advertising injury" to any employee of the Named Insured or to any obligation of the Additional Insured to indemnify another because of damages arising out of such injury.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000058

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BROAD FORM INSURED ENDORSEMENT

This endorsement modifies insurance provided under the following:

ALL COVERAGE PARTS

SECTION II – WHO IS AN INSURED is amended to include the following:

Who is an Insured includes the following:

- (1) Any other person or organization shown on the Declarations page as an Insured; or
- (2) Any subsidiary, associated, affiliated, allied or acquired company or corporation (including subsidiaries thereof) of which any Named Insured has more than 50% ownership interest in or exercises management or financial control over at the inception of this policy provided such subsidiary, associated, affiliated, allied or acquired company or corporation and their operations have been declared to us prior to the inception date of this policy.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000059

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED—AUTOMATIC STATUS WHEN REQUIRED BY WRITTEN CONTRACT OR WRITTEN AGREEMENT

This endorsement modifies insurance provided by the Coverage Part(s) checked below:

- All Coverage Parts or
- Only the following checked Coverage Part(s)

- COVERAGE PART A - COMMERCIAL GENERAL LIABILITY
- N/A COVERAGE PART B - CONTRACTOR'S POLLUTION LIABILITY
- N/A COVERAGE PART C - PROFESSIONAL LIABILITY
- N/A COVERAGE PART D - SITE ENVIRONMENTAL LIABILITY
- N/A COVERAGE PART E - PRODUCTS POLLUTION LIABILITY
- N/A COVERAGE PART F - OTHER

Solely with respect to coverage afforded by the Coverage Part(s) checked above:

SECTION II – Who Is An Insured is amended to include as an additional insured any person or organization you are required to include as an additional insured on this Policy by written contract or written agreement in effect during this "policy period" and executed prior to the "occurrence" of any "bodily injury" or, "property damage" but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part, by:

1. Your acts or omissions, or
2. The acts or omissions of those acting on your behalf.

Liability for the above acts or omissions includes the liability you are required to assume in a written contract or written agreement with an additional insured that is specifically related to "your work", provided that assumption of the additional insured's liability is permitted by law.

The insurance provided to the additional insured(s) under this endorsement is limited as follows:

1. In the event that the Limits of Insurance provided by this Policy exceed the Limits of Insurance required by the written contract or written agreement, the insurance provided by this endorsement shall be limited to the Limits of Insurance required by the written contract or written agreement. This endorsement shall not increase the Limits of Insurance stated in the Declarations.
2. Any coverage provided by this endorsement to an additional insured(s) shall be excess over any other valid and collectible insurance available to the additional insured whether primary, excess, contingent or on any other basis unless a written contract or written agreement specifically requires that this insurance apply on a primary and noncontributory basis.
3. With respect to the insurance afforded to the additional insured(s), the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

- a. All work, including materials, parts or equipment furnished in connection with such work, (other than service, maintenance or repairs) on the project to be performed by

JR000060

or on behalf of the additional insured(s) at the location of the covered operations, has been completed; or

- b. That portion of "your work" out of which the "bodily injury" or "property damage" arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project;

provided that item 3.a. and 3.b. above shall not apply if such coverage is required by written contract or written agreement in effect during this "policy period" and executed prior to the "occurrence" of any "bodily injury" or "property damage".

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

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JR000061

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - VENDORS

This endorsement modifies insurance provided by the Coverage Part(s) checked below:

- All Coverage Parts or
- Only the following checked Coverage Part(s)
 - COVERAGE PART A - COMMERCIAL GENERAL LIABILITY
 - N/A COVERAGE PART B - CONTRACTOR'S POLLUTION LIABILITY
 - N/A COVERAGE PART C - PROFESSIONAL LIABILITY
 - N/A COVERAGE PART D - SITE ENVIRONMENTAL LIABILITY
 - N/A COVERAGE PART E - PRODUCTS POLLUTION LIABILITY
 - N/A COVERAGE PART F - OTHER

Solely with respect to coverage afforded by the Coverage Part(s) checked above:

SCHEDULE

Any Vendor whom you have agreed to include as an additional insured under a written contract; provided such contract was executed prior to the date of loss.

SECTION II – WHO IS AN INSURED - is amended to include as an Insured the person or organization shown in the Schedule as an Additional Insured but only with respect to the distribution or sale in the regular course of the Additional Insured's business of "your product", and, for "bodily injury", "property damage", or "personal and advertising injury" arising out of the defective manufacturing, designing or warning of "your product". The coverage afforded to the Additional Insured is solely limited to liability directly caused by "your product" which is imputed to the Additional Insured.

Where no coverage shall apply herein for the Named Insured, no coverage or defense shall be afforded to the Additional Insured.

With respect to the coverage afforded to the Additional Insured, the following exclusions apply:

1. This coverage does not apply to:
 - a. "Bodily injury", "property damage", or "personal and advertising injury" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
 - b. Any express warranty unauthorized by you;
 - c. Any physical or chemical change in the product made intentionally by the vendor;
 - d. Repackaging, unless unpacked solely for the purpose of inspection, demonstration, testing or the substitution of parts under instruction from the manufacturer, and then repackaged in the original container;
 - e. Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;
 - f. Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;

JR000062

- g. Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor;
 - h. "Bodily injury", "property damage", or "personal and advertising injury" arising out of the sole negligence of the Additional Insured; or
 - i. "Bodily injury", "property damage", or "personal and advertising injury" to any "employee" of the Named Insured or to any obligation of the Additional Insured to indemnify another because of damages arising out of such injury.
2. This insurance does not apply to any insured person or organization, from which you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.
3. In the event that the Limits of Insurance provided by this Policy exceed the Limits of Insurance required by the written contract or written agreement, the insurance provided by this endorsement shall be limited to the Limits of Insurance required by the written contract or written agreement. This endorsement shall not increase the Limits of Insurance stated in the Declarations.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

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JR000063

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

UNINTENTIONAL FAILURE TO DISCLOSE

This endorsement modifies insurance provided under the following:

ALL COVERAGE PARTS

The failure of the insured to disclose all hazards or exposures in the application for insurance for this policy shall not be a basis for denial of any coverage afforded by this policy provided:

1. The insured first became aware of such undisclosed hazards or exposures prior to the inception date of this policy period; and
2. The undisclosed hazards or exposures are reported to the Company within 20 days of discovery by the insured of such hazards or exposures; and
3. We have the right to underwrite such hazards or exposures.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000064

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KNOWLEDGE OF AN OCCURRENCE, CLAIM OR SUIT BY CORPORATE RISK MANAGER

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Section IV - COMMERCIAL GENERAL LIABILITY CONDITIONS – Paragraph 2. a., b. & c. are amended to include:

You have knowledge of an occurrence, claim or suit when the corporate risk manager receives such knowledge.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000065

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONDITIONS - INDEPENDENT CONTRACTORS AND SUBCONTRACTORS COVERAGE REQUIREMENTS

This endorsement modifies insurance provided by the Coverage Part(s) checked below:

- All Coverage Parts or
- Only the following checked Coverage Part(s)

- COVERAGE PART A - COMMERCIAL GENERAL LIABILITY
- COVERAGE PART B - CONTRACTOR'S POLLUTION LIABILITY
- COVERAGE PART C - PROFESSIONAL LIABILITY
- COVERAGE PART D - SITE ENVIRONMENTAL LIABILITY
- COVERAGE PART E - PRODUCTS POLLUTION LIABILITY
- COVERAGE PART F - OTHER

Solely with respect to coverage afforded by the Coverage Part(s) checked above:

"Bodily injury", "property damage", "environmental damage", "clean-up costs", "mitigation expense", "wrongful acts", "legal expense", or damages caused by acts of independent contractors/subcontractors contracted by you or on your behalf shall not apply unless at the time the "bodily injury", "property damage", "environmental damage", "clean-up costs", "mitigation expense", "wrongful acts", or damages occur:

- 1) the independent contractor/subcontractor contracted by you or on your behalf:
 - a. maintains insurance coverage and limits of insurance equal to or greater than the insurance coverage and limits of insurance provided by this Policy; and
 - b. provides you with an endorsement or certificate indicating that you have been added to the independent contractor's/subcontractor's policy as an Additional Insured; and
 - c. provides you with an endorsement or certificate indicating that the independent contractor's/subcontractor's insurance carrier has agreed to provide a waiver of subrogation endorsement in your favor; and
- 2) the contracts with the independent contractors/subcontractors you have hired contain hold harmless or indemnity agreements in your favor, indemnifying you against any losses arising from work performed for you or on your behalf by such independent contractors/subcontractors.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000066

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITATION – DAMAGES

This endorsement modifies insurance provided by the Coverage Parts checked below:

- All Coverage Parts or
 Only the following checked Coverage Parts

- COVERAGE PART A - COMMERCIAL GENERAL LIABILITY
- N/A COVERAGE PART B - CONTRACTOR'S POLLUTION LIABILITY
- N/A COVERAGE PART C - PROFESSIONAL LIABILITY
- N/A COVERAGE PART D - SITE ENVIRONMENTAL LIABILITY
- N/A COVERAGE PART E - PRODUCTS POLLUTION LIABILITY
- N/A COVERAGE PART F - OTHER

Solely with respect to coverage afforded by the Coverage Part(s) checked above:

The following is added to this Coverage Part:

Damages mean a monetary judgment, award, or settlement. Damages do not include:

- a. Civil or criminal fines, sanctions or penalties, whether imposed pursuant to statute or otherwise; or
- b. Judgments or awards arising from acts or omissions deemed uninsurable by law; or
- c. The restitution of consideration or expense paid to you for professional services rendered or which should have been rendered; or
- d. Disputed fees or any actual or alleged personal profit or advantage to which you are not legally entitled; or
- e. Equitable or non-pecuniary relief.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000067

COMMERCIAL GENERAL LIABILITY
CG 00 68 05 09

RECORDING AND DISTRIBUTION OF MATERIAL OR INFORMATION IN VIOLATION OF LAW EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. Exclusion q. of Paragraph 2. Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability is replaced by the following:**
- 2. Exclusions**
- This insurance does not apply to:
- q. Recording And Distribution Of Material Or Information In Violation Of Law**
- "Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:
- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
 - (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
 - (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or
 - (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.
- B. Exclusion p. of Paragraph 2. Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability is replaced by the following:**
- 2. Exclusions**
- This insurance does not apply to:
- p. Recording And Distribution Of Material Or Information In Violation Of Law**
- "Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:
- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
 - (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
 - (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or
 - (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

JR000068

COMMERCIAL GENERAL LIABILITY
CG 21 47 12 07

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYMENT-RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:

This insurance does not apply to:

"Bodily injury" to:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment; or
 - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the injury-causing event described in Paragraphs (a), (b) or (c) above occurs before employment, during employment or after employment of that person;
- (2) Whether the insured may be liable as an employer or in any other capacity; and
- (3) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

B. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:

This insurance does not apply to:

"Personal and advertising injury" to:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment; or
 - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the injury-causing event described in Paragraphs (a), (b) or (c) above occurs before employment, during employment or after employment of that person;
- (2) Whether the insured may be liable as an employer or in any other capacity; and
- (3) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

JR000069

COMMERCIAL GENERAL LIABILITY
CG 21 67 12 04

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FUNGI OR BACTERIA EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. The following exclusion is added to Paragraph 2. **Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:**
- 2. Exclusions**
- This insurance does not apply to:
- Fungi Or Bacteria**
- a. "Bodily injury" or "property damage" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
- b. Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.
- This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for bodily consumption.
- B. The following exclusion is added to Paragraph 2. **Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**
- 2. Exclusions**
- This insurance does not apply to:
- Fungi Or Bacteria**
- a. "Personal and advertising injury" which would not have taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.
- b. Any loss, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.
- C. The following definition is added to the **Definitions** Section:
- "Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

JR000070

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ASSAULT AND BATTERY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE
LIQUOR LIABILITY COVERAGE

SCHEDULE

Applicable Coverage Forms:	<input checked="" type="checkbox"/> Commercial General Liability Coverage Form <input type="checkbox"/> Liquor Liability Coverage Form
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- A. When this endorsement applies to the COMMERCIAL GENERAL LIABILITY COVERAGE FORM, as shown in the SCHEDULE above, **SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions** and **SECTION I – COVERAGES, COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY, 2. Exclusions** are amended to add the following:

Assault and Battery

This insurance does not apply to damages or expenses due to "bodily injury", "property damage" or "personal and advertising injury" arising out of, resulting from, or in connection with:

1. Assault or battery, whether or not caused or committed by or at the instructions of, or at the direction of or negligence of you, any insured, any person, or any causes whatsoever;
2. The failure to suppress or prevent assault or battery by you, any insured, or any person;
3. The failure to provide an environment safe from assault or battery, including but not limited to the failure to provide adequate security, or the failure to warn of the dangers of the environment which could contribute to assault or battery;
4. The negligent employment, investigation, hiring, supervision, training, or retention of any person;
5. The use of any force to protect persons or property whether or not the "bodily injury", "property damage", or "personal and advertising injury" was intended from the standpoint of the insured or committed by or at the direction of any insured;
6. The failure to render or secure medical treatment or care necessitated by any assault or battery.

Assault includes, but is not limited to, assault, sexual abuse, sexual assault, intimidation, sexual harassment, verbal abuse, and any threatened harmful or offensive contact between two or more persons, whether or not caused or committed by or at the instructions of, or at the direction of or negligence of you, any insured, any person, or any causes whatsoever.

Battery includes, but is not limited to, battery, sexual abuse, sexual battery, sexual molestation, and any actual harmful or offensive contact between two or more persons, whether or not caused or committed by or at the instructions of, or at the direction of or negligence of you, any insured, any person, or any causes whatsoever.

JR000071

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

B. When this endorsement applies to the COMMERCIAL GENERAL LIABILITY COVERAGE FORM, as shown in the SCHEDULE above, **SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions, paragraph a.** is deleted in its entirety and replaced with the following:

a. Expected or Intended Injury

“Bodily injury” or “property damage” which is expected or intended by any insured even if the “bodily injury” or “property damage”:

- (1) Is of a different kind, quality, or degree than initially expected or intended; or
- (2) Is sustained by a different person, entity, real or personal property than initially expected or intended.

C. When this endorsement applies to the LIQUOR LIABILITY COVERAGE FORM, as shown in the SCHEDULE above:

1. The terms “bodily injury” and “property damage” in this endorsement are replaced by the term, “injury” and the term “personal and advertising injury” does not apply.
2. The following is added to section A. of this endorsement:
 7. The intoxication of any person.
3. **SECTION I – LIQUOR LIABILITY COVERAGE 2. Exclusions, paragraph a.** is deleted in its entirety and replaced with the following:

a. Expected Or Intended Injury

“Injury” which is expected or intended by any insured even if the “injury”:

- (1) Is of a different kind, quality, or degree than initially expected or intended; or
- (2) Is sustained by a different person, entity, real or personal property than initially expected or intended.

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ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000072

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – MTBE AND OTHER FUEL OXYGENATES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

This policy does not apply to any claim arising out of, containing or from Methyl-Tertiary-Butyl Ether (MTBE) or other fuel oxygenates including, but not limited to;

1. Alcohol oxygenates such as Ethanol (Ethyl Alcohol), Methanol (Methyl Alcohol), and Tertiary -Butyl Alcohol (TBE);
2. Ether oxygenates such as Ethyl-Tertiary-Butyl- Ether (ETBE), Tertiary-Amyl Methyl Ether (TAME), Tertiary-Amyl Ethyl Ether (TAEE), Diisopropyl Ether (DIPE), and Dimethyl Ether (DME); or
3. Any breakdown of component parts thereof.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000073

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MISDELIVERY OF LIQUID PRODUCTS COVERAGE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

Exclusion g. of COVERAGE A (Section I) does not apply to "bodily injury" or "property damage" arising out of:

1. The delivery of any liquid product into a wrong receptacle or to a wrong address; or
2. The erroneous delivery of one liquid product for another by an "auto,"

if the "bodily injury" or "property damage" occurs after such operations have been completed or abandoned at the site of such delivery.

Operations which may require further service, maintenance, correction, repair or replacement of performance at the wrong address or because of any error, defect or deficiency, but which are otherwise completed, will be deemed completed.

JR000074

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYER'S LIABILITY – EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE

The **Employer's Liability** exclusion under **SECTION I—2. Exclusions**, of this policy is deleted and replaced with the following:

This insurance does not apply to any claim, suit, cost or expense arising out of "bodily injury" to:

- a. Any employee of any Insured arising out of and in the course of:
 - (1) Employment by any insured; or,
 - (2) Performing duties related to the conduct of any insured's business; or
- b. The spouse, child, parent, brother, sister or relative of that employee as a consequence of Paragraph a. above.

This exclusion applies:

- a. Whether any insured may be liable as an employer or in any other capacity;
- b. To any obligation to share damages with or repay someone else who must pay damages because of the injury; or
- c. To liability assumed by the insured, as a result of the insured, properly or improperly rejecting the Workers Compensation Act of a state.

This exclusion does not apply to liability assumed by the insured under an "insured contract" except for any assumption of liability due to properly or improperly rejecting the Workers Compensation Act of a state.

Wherever the word "employee" appears above, it shall mean any member, associate, "leased worker", "temporary worker" or any person or persons loaned to or volunteering services to you.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000075

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – OCCUPATIONAL DISEASE

This endorsement modifies insurance provided by the Coverage Part(s) checked below:

- All Coverage Parts or
 Only the following checked Coverage Part(s)
- COVERAGE PART A - COMMERCIAL GENERAL LIABILITY
 - COVERAGE PART B - CONTRACTOR'S POLLUTION LIABILITY
 - COVERAGE PART C - PROFESSIONAL LIABILITY
 - COVERAGE PART D - SITE ENVIRONMENTAL LIABILITY
 - COVERAGE PART E - PRODUCTS POLLUTION LIABILITY
 - COVERAGE PART F - OTHER

Solely with respect to coverage afforded by the Coverage Part(s) checked above:

This insurance does not apply to:

- 1) any "bodily injury" to any insured's "employee(s)" arising from an "occupational disease(s)," or
- 2) any "bodily injury" to any person or any "claims" by any person that they sustained "bodily injury" or the fear of sustaining "bodily injury" because of any contact with, handling of, or exposure to any environmental, chemical, or toxic agent or substance, including any dust or fumes there from, arising out of the "insured's" operations.

"Occupational disease(s)" means any physical or mental disease, condition or disability of any employee(s) of any "insured" arising out of the "insured's" operations or conditions of employment, including any disease, condition or disability from a repetitive operation or any contact with, handling of, or exposure to any environmental, chemical, or, toxic agent or substance including any dust or fumes there from arising out of the "insured's" operations.

This exclusion applies regardless of whether the allegations include the performance or failure to perform "professional services" by or at the direction of the "insured".

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000076

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - ASBESTOS

This endorsement modifies insurance provided by the Coverage Part(s) checked below:

- All Coverage Parts or
 Only the following checked Coverage Part(s)
- COVERAGE PART A - COMMERCIAL GENERAL LIABILITY
 - N/A COVERAGE PART B - CONTRACTOR'S POLLUTION LIABILITY
 - N/A COVERAGE PART C - PROFESSIONAL LIABILITY
 - N/A COVERAGE PART D - SITE ENVIRONMENTAL LIABILITY
 - N/A COVERAGE PART E - PRODUCTS POLLUTION LIABILITY
 - N/A COVERAGE PART D - OTHER

Solely with respect to coverage afforded by the Coverage Part(s) checked above:

The following exclusion is added:

This Coverage Part does not apply to "bodily injury," "property damage", "personal and advertising injury," or any "claim", injury, "loss" or damage arising out of:

- (1) the inhalation, ingestion, physical exposure to, absorption of, or toxic substances of or from asbestos in any form, or from any goods, products or structures containing same, or "property damage" or devaluation of property arising from any form of same; or
- (2) existence of asbestos in any form, in occupancy or construction, or the manufacture, sale, transportation, handling, storage, disposal, or removal of same, or goods or products containing same; or
- (3) damages or fines and/or penalties arising out of any (1) request, demand, order, governmental authority directive or that of any private party or citizen action that any "insured", or others, test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any way respond to or assess the effects of asbestos or (2) any litigation or administrative procedure in which any "insured" or others may be involved as a party in response to the effects or alleged effects of asbestos; or
- (4) Supervision, instructions, recommendations, requests, warnings or advice given or which should have been given with regard to asbestos, as well as any costs, including but not limited to abatement, mitigation, removal, containment, treatment, detoxification, neutralization, or disposal of asbestos or in any way responding to or assessing the effects of same; or
- (5) Actual or alleged injury, disease, or sickness related to asbestos.

This exclusion applies regardless of whether an alleged cause for the "bodily injury", "property damage", or "personal and advertising injury" is the "insured's" negligent hiring, placement, training, supervision, retention, act, error or omission.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000077

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - NUCLEAR ENERGY LIABILITY

This endorsement modifies insurance provided by the Coverage Part(s) checked below:

- All Coverage Parts or
- Only the following checked Coverage Part(s)

- COVERAGE PART A - COMMERCIAL GENERAL LIABILITY
- COVERAGE PART B - CONTRACTOR'S POLLUTION LIABILITY
- COVERAGE PART C - PROFESSIONAL LIABILITY
- COVERAGE PART D - SITE ENVIRONMENTAL LIABILITY
- COVERAGE PART E - PRODUCTS POLLUTION LIABILITY
- COVERAGE PART F - OTHER

Solely with respect to coverage afforded by the Coverage Part(s) checked above:

The following exclusion supersedes any other nuclear material or nuclear energy liability exclusion clause in this Policy.

1. The insurance does not apply:

- A. Under any Liability Coverage, to "bodily injury" or "property damage":
 - (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.
- C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:
 - (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;
 - (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
 - (3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "Special nuclear material" or "by-product material".

JR000078

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material (a) containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and (b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a) Any "nuclear reactor";
- (b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing "spent fuel", or (3) handling, processing or packaging "waste";
- (c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- (d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

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JR000079

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – SILICA

This endorsement modifies insurance provided by the Coverage Part(s) checked below:

- All Coverage Parts or
 Only the following checked Coverage Part(s)

- COVERAGE PART A - COMMERCIAL GENERAL LIABILITY
N/A COVERAGE PART B - CONTRACTOR'S POLLUTION LIABILITY
N/A COVERAGE PART C - PROFESSIONAL LIABILITY
N/A COVERAGE PART D - SITE ENVIRONMENTAL LIABILITY
N/A COVERAGE PART E - PRODUCTS POLLUTION LIABILITY
N/A COVERAGE PART F - OTHER

Solely with respect to coverage afforded by the Coverage Part(s) checked above:

The following exclusion is added:

This Coverage Part does not apply to "bodily injury," "property damage", "personal and advertising injury," or any "claim", injury, "loss" or damage arising out of:

- (1) the inhalation, ingestion, physical exposure to, absorption of, or toxic substances of or from silica in any form, or from any goods, products or structures containing same, or "property damage" or devaluation of property arising from any form of same; or
- (2) existence of silica in any form, in occupancy or construction, or the manufacture, sale, transportation, handling, storage, disposal, or removal of same, or goods or products containing same; or
- (3) damages or fines and/or penalties arising out of any (1) request, demand, order, governmental authority directive or that of any private party or citizen action that any "insured", or others, test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any way respond to or assess the effects of silica or (2) any litigation or administrative procedure in which any "insured" or others may be involved as a party in response to the effects or alleged effects of silica; or
- (4) actual or alleged injury, disease, or sickness related to silica.

This exclusion applies regardless of whether an alleged cause for the "bodily injury", "property damage", or "personal and advertising injury" is the "insured's" negligent hiring, placement, training, supervision, retention, act, error or omission.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000080

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITATION – CROSS SUITS

This endorsement modifies insurance provided by the Coverage Part(s) checked below:

All Coverage Parts or

Only the following checked Coverage Part(s)

- COVERAGE PART A - COMMERCIAL GENERAL LIABILITY
- N/A COVERAGE PART B - CONTRACTOR'S POLLUTION LIABILITY
- N/A COVERAGE PART C - PROFESSIONAL LIABILITY
- N/A COVERAGE PART D - SITE ENVIRONMENTAL LIABILITY
- N/A COVERAGE PART E - PRODUCTS POLLUTION LIABILITY
- N/A COVERAGE PART F - OTHER

Solely with respect to coverage afforded by the Coverage Part(s) checked above:

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" or any other claim for damages brought by any insured covered by this Policy, against any other insured that has an ownership interest in, is operated, controlled, or managed by or is a parent, subsidiary or affiliate of any such insured.

This exclusion does not apply to any additional insured added to this policy by endorsement if such additional insured is:

1. specifically named in the Schedule of such endorsement; or
2. an indemnitee in a written contract or written agreement between any Named Insured and any additional insured signed before the date of the first "occurrence" or first offense and requiring the Named Insured to add such indemnitee as an additional insured;

Provided such additional insured:

- a. is not a parent, subsidiary or affiliate of the Named Insured;
- b. does not have any ownership interest in the Named Insured;
- c. is not owned, operated, controlled or managed by the Named Insured.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000081

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - POLLUTION AND POLLUTION RELATED LIABILITY

This endorsement modifies insurance provided by the Coverage Part(s) checked below:

- All Coverage Parts or
- Only the following checked Coverage Part(s)

- COVERAGE PART A - COMMERCIAL GENERAL LIABILITY
- N/A COVERAGE PART B - CONTRACTOR'S POLLUTION LIABILITY
- N/A COVERAGE PART C - PROFESSIONAL LIABILITY
- N/A COVERAGE PART D - SITE ENVIRONMENTAL LIABILITY
- N/A COVERAGE PART E - PRODUCTS POLLUTION LIABILITY
- N/A COVERAGE PART F - OTHER

Solely with respect to coverage afforded by the Coverage Part(s) checked above:

SECTION I – COVERAGES, 2. Exclusions, f. Pollution, is deleted and replaced with the following

f. Pollution - Pollution/environmental impairment/contamination is not covered under this policy, nor are any expenses nor any obligation to share damages with or repay anyone else who must pay damages from same in conjunction with occurrences arising out of or alleged to have arisen out of same. All liability and expense arising out of or related to any form of pollution, whether intentional or otherwise and whether or not any resulting injury, damage, devaluation, cost or expense is expected by any insured or any other person or entity is excluded throughout this policy.

This insurance does not apply to any damages, "claim", or suit arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" including but not limited to any:

- a. "Bodily injury", "property damage", or "personal and advertising injury", or damages for the devaluation of property, or for taking, use or acquisition or interference with the rights of others in or on property or air space, or any other type injury or expense; or
- b. Any loss, cost, expense, fines and/or penalties arising out of any (1) request, demand, order, governmental authority or directive or that of any private party or citizen action that any insured, or others, test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any way respond to, or assess same, the effects of "pollutants", environmental impairments, contaminants or (2) any litigation or administrative procedure in which any insured or others may be involved as a party as a result of actual, alleged or threatened discharge, dispersal, seepage, migration, release, escape or placement of "pollutants", environmental impairments, or contaminants into or upon land, premises, buildings, the atmosphere, any water course, body of water, aquifer or ground water, whether sudden, accidental or gradual in nature or not, and regardless of when.

This exclusion applies regardless of whether:

- a. Injury or damage claimed is included within the "products-completed operations hazard" of the policy; or
- b. An alleged cause for the injury or damage is the insured's negligent hiring, placement, training, supervision, retention, act, error or omission.

JR000082

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SECTION VI – DEFINITIONS, 15. Pollutants, is deleted and replaced with the following:

“Pollutants” mean any solid, liquid, gaseous or thermal pollutant, irritant or contaminant, including but not limited to smoke, vapors, odors, soot, fumes, acids, alkalis, toxic chemicals, hazardous substances, petroleum hydrocarbons, waste materials, including medical, infectious and pathological waste, “mold matter” and low-level radioactive waste and material.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000083

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – LEAD OR LEAD-BASED PAINT

This endorsement modifies insurance provided by the Coverage Part(s) checked below:

- All Coverage Parts or
- Only the following checked Coverage Part(s)

- COVERAGE PART A - COMMERCIAL GENERAL LIABILITY
- N/A COVERAGE PART B - CONTRACTOR'S POLLUTION LIABILITY
- N/A COVERAGE PART C - PROFESSIONAL LIABILITY
- N/A COVERAGE PART D - SITE ENVIRONMENTAL LIABILITY
- N/A COVERAGE PART E - PRODUCTS POLLUTION LIABILITY
- N/A COVERAGE PART F - OTHER

Solely with respect to coverage afforded by the Coverage Part(s) checked above:

The following exclusion is added:

This Coverage Part does not apply to "bodily injury", "property damage", "personal and advertising injury", or any "claim", injury, "loss" or damage arising out of:

- (1) the inhalation, ingestion, physical exposure to, absorption of, or toxic substances of or from lead or lead-based paint in any form, or from any goods, products or structures containing same, or "property damage" or devaluation of property arising from any form of same; or
- (2) existence of lead or lead-based paint in any form, in occupancy or construction, or the manufacture, sale, transportation, handling, storage, disposal, or removal of same, or goods or products containing same; or
- (3) damages or fines and/or penalties arising out of any (1) request, demand, order, governmental authority directive or that of any private party or citizen action that any "insured," or others, test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any way respond to or assess the effects of lead or lead-based paint or (2) any litigation or administrative procedure in which any "insured" or others may be involved as a party in response to the effects or alleged effects of lead or lead-based paint; or
- (4) supervision, instructions, recommendations, requests, warnings or advice given or which should have been given with regard to lead or lead-based paint, as well as any costs, including but not limited to abatement, mitigation, removal, containment, treatment, detoxification, neutralization, or disposal of lead or lead-based paint or in any way responding to or assessing the effects of same; or
- (5) actual or alleged injury, disease, or sickness related to lead or lead-based paint.

This exclusion applies regardless of whether an alleged cause for the "bodily injury", "property damage", or "personal and advertising injury" is the "insured's" negligent hiring, placement, training, supervision, retention, act, error or omission.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000084

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – CLAIMS IN PROGRESS

This endorsement modifies insurance provided by the Coverage Part(s) checked below:

- All Coverage Parts or
 Only the following checked Coverage Part(s)

- COVERAGE PART A - COMMERCIAL GENERAL LIABILITY
- N/A COVERAGE PART B - CONTRACTOR'S POLLUTION LIABILITY
- N/A COVERAGE PART C - PROFESSIONAL LIABILITY
- N/A COVERAGE PART D - SITE ENVIRONMENTAL LIABILITY
- N/A COVERAGE PART E - PRODUCTS POLLUTION LIABILITY
- N/A COVERAGE PART F - OTHER

Solely with respect to coverage afforded by the Coverage Part(s) checked above:

The following exclusion is added:

- a. This Coverage Part does not apply to "bodily injury", "property damage", or "personal and advertising injury" which begins or takes place before the inception date of coverage, whether such "bodily injury", "property damage", or "personal and advertising injury" is known to an "insured", even though the nature and extent of such damage or injury may change and even though the damage may be continuous, progressive, cumulative, changing or evolving, and even though the "occurrence" causing such "bodily injury", "property damage" or "personal and advertising injury" may be or may involve a continuous or repeated exposure to substantially the same general harm.
- b. All "property damage" to units of or within a single project or development, and arising from the same general type of harm, shall be deemed to occur at the time of damage to the first such unit, even though the existence, nature and extent of such damage or injury may change and even though the "occurrence" causing such "property damage" may be or involve a continuous or repeated exposure to substantially the same general harm which also continues or takes place (in the case of repeated exposure to substantially the same general harm) during the policy term.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000085

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – PROFESSIONAL LIABILITY

This endorsement modifies insurance provided by the Coverage Part(s) checked below:

- All Coverage Parts or
 Only the following checked Coverage Part(s)

- COVERAGE PART A - COMMERCIAL GENERAL LIABILITY
- N/A COVERAGE PART B - CONTRACTOR'S POLLUTION LIABILITY
- N/A COVERAGE PART C - PROFESSIONAL LIABILITY
- N/A COVERAGE PART D - SITE ENVIRONMENTAL LIABILITY
- N/A COVERAGE PART E - PRODUCTS POLLUTION LIABILITY
- N/A COVERAGE PART D - OTHER

Solely with respect to coverage afforded by the Coverage Part(s) checked above:

The following exclusion is added:

This Coverage Part does not apply to "bodily injury," "property damage", "personal and advertising injury," or any "claim", injury, "loss" or damage arising out of professional liability, malpractice, errors, omissions, or acts of any type including rendering or failure to render any type of "professional service".

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000086

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - FIDUCIARY

This endorsement modifies insurance provided by the Coverage Part(s) checked below:

- All Coverage Parts or
 Only the following checked Coverage Part(s)

- COVERAGE PART A - COMMERCIAL GENERAL LIABILITY
- COVERAGE PART B - CONTRACTOR'S POLLUTION LIABILITY
- COVERAGE PART C - PROFESSIONAL LIABILITY
- COVERAGE PART D - SITE ENVIRONMENTAL LIABILITY
- COVERAGE PART E - PRODUCTS POLLUTION LIABILITY
- COVERAGE PART F - OTHER

Solely with respect to coverage afforded by the Coverage Part(s) checked above:

This Policy does not apply to any "claim" arising out of the:

1. Coercion, conversion or misappropriation of others' funds or property;
2. Any dishonest, fraudulent, criminal, malicious acts or omissions of the "insured", partner or "employee" or any person for whom you are legally responsible; or
3. Any activities or operations performed in the capacity of a fiduciary.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000087

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - FAILURE TO SUPPLY

This endorsement modifies insurance provided by the Coverage Part(s) checked below:

- All Coverage Parts or
 Only the following checked Coverage Part(s)

- | | |
|-------------------------------------|--|
| <input checked="" type="checkbox"/> | COVERAGE PART A - COMMERCIAL GENERAL LIABILITY |
| N/A | COVERAGE PART B - CONTRACTOR'S POLLUTION LIABILITY |
| N/A | COVERAGE PART C - PROFESSIONAL LIABILITY |
| N/A | COVERAGE PART D - SITE ENVIRONMENTAL LIABILITY |
| N/A | COVERAGE PART E - PRODUCTS POLLUTION LIABILITY |
| N/A | COVERAGE PART F - OTHER |

Solely with respect to coverage afforded by the Coverage Part(s) checked above:

This insurance does not apply to any "bodily injury" or "property damage" arising out of the failure of any insured to adequately supply gas, oil, coal, water, electricity, steam, or any type of fuel or fuel additive.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000088

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – OPERATIONS IN THE U.S. VIRGIN ISLANDS

This endorsement modifies insurance provided by the Coverage Part(s) checked below:

- All Coverage Parts or
 Only the following checked Coverage Part(s)

- COVERAGE PART A - COMMERCIAL GENERAL LIABILITY
- N/A COVERAGE PART B - CONTRACTOR'S POLLUTION LIABILITY
- N/A COVERAGE PART C - PROFESSIONAL LIABILITY
- N/A COVERAGE PART D - SITE ENVIRONMENTAL LIABILITY
- N/A COVERAGE PART E - PRODUCTS POLLUTION LIABILITY
- N/A COVERAGE PART F - OTHER

Solely with respect to coverage afforded by the Coverage Part(s) checked above:

SECTION V - DEFINITIONS, paragraph 4. "Coverage territory" is amended as follows:

"Coverage territory" does not include the U.S. Virgin Islands.

In addition, the following exclusion is added:

This insurance does not apply to any liability arising out of any operations of any insured in the U.S. Virgin Islands.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000089

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - DISCRIMINATION

This endorsement modifies insurance provided by the Coverage Part(s) checked below:

- All Coverage Parts or
 Only the following checked Coverage Part(s)
- COVERAGE PART A - COMMERCIAL GENERAL LIABILITY
 - COVERAGE PART B - CONTRACTOR'S POLLUTION LIABILITY
 - COVERAGE PART C - PROFESSIONAL LIABILITY
 - COVERAGE PART D - SITE ENVIRONMENTAL LIABILITY
 - COVERAGE PART E - PRODUCTS POLLUTION LIABILITY
 - COVERAGE PART F - OTHER

Solely with respect to coverage afforded by the Coverage Part(s) checked above:

Discrimination charges, of any kind, actual and alleged, are not covered under this Coverage Part, nor are any expenses or obligation to share damages with or repay another who must pay damages from same.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000090

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CANCELLATION AND NON RENEWAL NOTICE TO THIRD PARTY

The following is added to the CANCELLATION AND NON-RENEWAL condition of this policy:

If we cancel or non-renew this policy, we will send written notice of cancellation or non-renewal to the person or organization shown in the Schedule below at the address shown below.

If the policy is being cancelled for non-payment of premium, the notice will be mailed at least 10 days before the effective date of the cancellation. If the policy is being cancelled for any other reason or non-renewed, the notice will be mailed at least 30 days before the effective date of the cancellation or non-renewal. If notice is mailed, proof of mailing will be sufficient proof of notice.

SCHEDULE

<p>City of Simi Valley 2929 Tapo Canyon Rd., Simi Valley, CA 93063</p>

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000091

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SIXTY-DAY NOTICE OF CANCELLATION

This endorsement modifies insurance provided under the following:

ALL COVERAGE PARTS

The CANCELLATION AND NON-RENEWAL Condition of this Policy is deleted and replaced with the following:

CANCELLATION AND NON-RENEWAL

- A. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
- B. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - (2) 60 days before the effective date of cancellation if we cancel for any other reason.
- C. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
- D. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
- E. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
- F. If notice is mailed, proof of mailing will be sufficient proof of notice.

If we elect not to renew this Policy for an additional policy period, we shall mail written notice to the first Named Insured at the address shown in the Declarations. Such written notice of non-renewal shall be mailed at least 60 days prior to the end of the policy period.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000092

THIS IS AN AUDITABLE POLICY

AN IMPORTANT NOTICE TO OUR INSURED

The attached policy is subject to a physical audit of your records. The reason for this is that the premium shown on this policy is an estimated premium that was developed by applying a rate(s) to the estimated exposure(s) you provided on the insurance applications submitted. At the appropriate time, we will arrange for an auditor to visit you and go over your records.

It is important that you understand how your premium may be changed based upon results of the physical audit that will be conducted. There are two endorsements that are part of this policy that have a direct effect on the audit. These endorsements are:

- COMPOSITE RATE ENDORSEMENT
- PREMIUM BASE ENDORSEMENT

If you have any questions or need further clarification after reading this policy, including the two endorsements listed above, please contact your insurance agent.

THIS IS A NOTICE REGARDING ONE ASPECT OF YOUR COVERAGE AND DOES NOT CHANGE, EXPAND, OR REDUCE ANY PROVISIONS CONTAINED IN YOUR POLICY.

READ YOUR INSURANCE POLICY FOR COMPLETE POLICY TERMS AND PROVISIONS

JR000093

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

**REJECTION OF COVERAGE
FOR CERTIFIED ACTS OF TERRORISM COVERAGE
(PURSUANT TO TERRORISM RISK INSURANCE ACT)**

SCHEDULE

THE INSURED WAS OFFERED AND

HAS DECLINED TERRORISM COVERAGE ON THIS POLICY

In accordance with the federal Terrorism Risk Insurance Act, this notice confirms that you were offered and have rejected coverage for terrorist acts certified under that Act.

JR000094

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM AND EXCLUSION OF OTHER ACTS OF TERRORISM COMMITTED OUTSIDE THE UNITED STATES

This endorsement modifies insurance provided under the following:

- All Coverage Parts or
- Only the following checked Coverage Part(s)

- COVERAGE PART A - COMMERCIAL GENERAL LIABILITY
- COVERAGE PART B - CONTRACTOR'S POLLUTION LIABILITY
- N/A COVERAGE PART C - PROFESSIONAL LIABILITY
- COVERAGE PART D - SITE ENVIRONMENTAL LIABILITY
- COVERAGE PART E - PRODUCTS POLLUTION LIABILITY
- COVERAGE PART F - OTHER

Solely with respect to coverage afforded by the Coverage Part(s) checked above:

A. The following exclusion is added:

This insurance does not apply to:

TERRORISM

"Any injury or damage" arising, directly or indirectly, out of a "certified act of terrorism", or out of an "other act of terrorism" that is committed outside of the United States (including its territories and possessions and Puerto Rico), but within the "coverage territory". However, with respect to an "other act of terrorism", this exclusion applies only when one or more of the following are attributed to such act:

1. The total of insured damage to all types of property exceeds \$25,000,000 (valued in US dollars). In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the terrorism and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
2. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
 - a. Physical injury that involves a substantial risk of death; or
 - b. Protracted and obvious physical disfigurement; or
 - c. Protracted loss of or impairment of the function of a bodily member or organ; or
3. The terrorism involves the use, release or escape of nuclear materials, or directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
4. The terrorism is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
5. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.

JR000095

With respect to this exclusion, Paragraphs 1. and 2. describe the thresholds used to measure the magnitude of an incident of an "other act of terrorism" and the circumstances in which the threshold will apply for the purpose of determining whether this exclusion will apply to that incident.

B. The following definitions are added:

1. For the purposes of this endorsement, "any injury or damage" means any injury or damage covered under any Coverage Part to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage", "personal and advertising injury", "injury" or "environmental damage" as may be defined in any applicable Coverage Part or Policy.
2. "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:
 - a. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act;
 - b. The act resulted in damage:
 - (1) Within the United States (including its territories and possessions and Puerto Rico); or
 - (2) Outside of the United States in the case of:
 - (a) An air carrier (as defined in Section 40102 of title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs; or
 - (b) The premises of any United States mission; and
 - (c) 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.
3. "Other act of terrorism" means a violent act or an act that is dangerous to human life, property or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion, and the act is not a "certified act of terrorism".

Multiple incidents of an "other act of terrorism" which occur within a seventy-two hour period and appear to be carried out in concert or to have a related purpose or common leadership shall be considered to be one incident.

- C. In the event of any incident of a "certified act of terrorism" or an "other act of terrorism" that is not subject to this exclusion, coverage does not apply to any loss or damage that is otherwise excluded under this Coverage Part or Policy.**

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000096

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA - SERVICE OF SUIT

This endorsement modifies and amends insurance provided under the following:

ALL COVERAGE PARTS

Pursuant to California statutes, this Company designates the following as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this contract of insurance:

CSC – Corporation Service Company
Karen Harris
2710 Gateway Oaks Drive, Suite 150N
Sacramento, CA 95833

Phone # 800-927-9800
Fax # 916-641-5151

The above-named is authorized and directed to accept service of process on behalf of the Company.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

JR000097

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

POLICY CHANGES

POLICY NUMBER 00061011-0	POLICY CHANGES EFFECTIVE 2/1/2014 12:01 AM Standard Time at the address of the Named Insured	COMPANY JAMES RIVER INSURANCE COMPANY
NAMED INSURED American States Water Company		AUTHORIZED REPRESENTATIVE Richard J. Schmitzer
COVERAGE PARTS AFFECTED ALL COVERAGE PARTS		
<h3>COVERAGE EXTENSION - FELLOW EMPLOYEE</h3> <p>This endorsement modifies insurance provided by the Coverage Part(s) checked below:</p> <p> <input type="checkbox"/> All Coverage Parts or <input checked="" type="checkbox"/> Only the following checked Coverage Part(s) </p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> COVERAGE PART A - COMMERCIAL GENERAL LIABILITY N/A COVERAGE PART B - CONTRACTOR'S POLLUTION LIABILITY N/A COVERAGE PART C - PROFESSIONAL LIABILITY N/A COVERAGE PART D - SITE ENVIRONMENTAL LIABILITY N/A COVERAGE PART E - PRODUCTS POLLUTION LIABILITY N/A COVERAGE PART F - OTHER <p>Solely with respect to coverage afforded by the Coverage Part(s) checked above:</p> <p>Paragraphs (a), (b) and (c) of 2.a (1) of Section II - "WHO IS AN INSURED" are deleted. Coverage under this endorsement is excess over any insurance, whether primary, excess, contingent or on any other basis, unless written specifically to apply in excess of this policy.</p> <p style="text-align: center;">ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.</p>		



Authorized Representative Signature

JR000098

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

POLICY CHANGES

POLICY NUMBER 00061011-0	POLICY CHANGES EFFECTIVE 2/1/2014 12:01 AM Standard Time at the address of the Named Insured	COMPANY JAMES RIVER INSURANCE COMPANY
NAMED INSURED American States Water Company	AUTHORIZED REPRESENTATIVE Richard J. Schmitzer	
COVERAGE PARTS AFFECTED ALL COVERAGE PARTS		

COVERAGE EXTENSION – SCHEDULED NOTICE TO OTHERS BY INSURED’S REPRESENTATIVE

This endorsement modifies insurance provided by the Coverage Part(s) checked below:

- All Coverage Parts or
 Only the following checked Coverage Part(s)

- COVERAGE PART A - COMMERCIAL GENERAL LIABILITY
- N/A COVERAGE PART B - CONTRACTOR'S POLLUTION LIABILITY
- N/A COVERAGE PART C - PROFESSIONAL LIABILITY
- N/A COVERAGE PART D - SITE ENVIRONMENTAL LIABILITY
- N/A COVERAGE PART E - PRODUCTS POLLUTION LIABILITY
- N/A COVERAGE PART F - OTHER

Solely with respect to coverage afforded by the Coverage Part(s) checked above:

- A. If we cancel this Policy prior to its expiration date by notice to you or the first Named Insured for any reason other than non-payment of premium, we will endeavor, as set out in this endorsement, to send written notice of cancellation, to the person(s) or organization(s) listed in the schedule that you or your representative create or maintain (the "Schedule") by allowing your representative to send such notice to such person(s) or organization(s). This notice will be in addition to our notice to you or the first Named Insured, and any other party whom we are required to notify by statute and in accordance with the cancellation provisions of the Policy.
- B. The notice referenced in this endorsement as provided by your representative is intended only to be a courtesy notification to the person(s) or organization(s) named in the Schedule in the event of a pending cancellation of coverage. We have no legal obligation of any kind to any such person(s) or organization(s). The failure to provide advance notification of cancellation to the person(s) or organization(s) shown in the Schedule will impose no obligation or liability of any kind upon us, our agents or representatives, will not extend any Policy cancellation date and will not negate any cancellation of the Policy.
- C. We are not responsible for verifying any information in any Schedule, nor are we responsible for any incorrect information that you or your representative may use.
- D. We will only be responsible for sending such notice to your representative, and your representative will in turn send the notice to the person(s) or organization(s) listed in the Schedule at least 30 days prior to the cancellation date applicable to the Policy. You will cooperate with us in providing the Schedule, or in

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causing your representative to provide the Schedule.

E. This endorsement does not apply in the event that you cancel the Policy.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

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ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.



Authorized Representative Signature

JR000100

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

POLICY CHANGES

POLICY NUMBER 00061011-0	POLICY CHANGES EFFECTIVE 2/1/2014 12:01 AM Standard Time at the address of the Named Insured	COMPANY JAMES RIVER INSURANCE COMPANY
NAMED INSURED American States Water Company		AUTHORIZED REPRESENTATIVE Richard J. Schmitzer
COVERAGE PARTS AFFECTED ALL COVERAGE PARTS		
<h3>CONDITIONS - LOT OR BATCH CLAUSE</h3> <p>This endorsement modifies insurance provided by the Coverage Part(s) checked below:</p> <p> <input type="checkbox"/> All Coverage Parts or <input checked="" type="checkbox"/> Only the following checked Coverage Part(s) </p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> COVERAGE PART A - COMMERCIAL GENERAL LIABILITY N/A COVERAGE PART B - CONTRACTOR'S POLLUTION LIABILITY N/A COVERAGE PART C - PROFESSIONAL LIABILITY N/A COVERAGE PART D - SITE ENVIRONMENTAL LIABILITY N/A COVERAGE PART E - PRODUCTS POLLUTION LIABILITY N/A COVERAGE PART F - OTHER <p>Solely with respect to coverage afforded by the Coverage Part(s) checked above:</p> <p>Any "bodily injury" or "property damage" that:</p> <p>A. Is included in the "products-completed operations hazard";</p> <p>B. Arises from the substantially same general harmful condition, cause, defect, error, or suspected deficiency;</p> <p>and</p> <p>C. Arises out of any one "lot" of "your product" that is prepared or acquired by you;</p> <p>shall be considered as a single "occurrence". Such "occurrence" shall be deemed to occur when the "bodily injury" or "property damage" occurs for the first claim arising from such "lot".</p> <p>For the purpose of this endorsement, a "lot" means all goods or products prepared or acquired:</p> <p>A. During the time frame that is the normal amount of time for a single "lot" in accordance with the insured's customary procedures; and</p> <p>B. At a single production facility; and</p> <p>C. Prepared in accordance with the insured's customary production and quality control "lot" identification procedures.</p>		

JR000101

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

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ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.



Authorized Representative Signature

JR000102

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

POLICY CHANGES

POLICY NUMBER 00061011-0	POLICY CHANGES EFFECTIVE 2/1/2014 12:01 AM Standard Time at the address of the Named Insured	COMPANY JAMES RIVER INSURANCE COMPANY
NAMED INSURED American States Water Company		AUTHORIZED REPRESENTATIVE Richard J. Schmitzer
COVERAGE PARTS AFFECTED ALL COVERAGE PARTS		

COVERAGE EXTENSION – EMPLOYEE BENEFITS LIABILITY WITH SELF INSURED RETENTION

This endorsement modifies insurance provided by the Coverage Part(s) checked below:

- All Coverage Parts or
 Only the following checked Coverage Part(s)
- COVERAGE PART A - COMMERCIAL GENERAL LIABILITY
 - N/A COVERAGE PART B - CONTRACTOR'S POLLUTION LIABILITY
 - N/A COVERAGE PART C - PROFESSIONAL LIABILITY
 - N/A COVERAGE PART D - SITE ENVIRONMENTAL LIABILITY
 - N/A COVERAGE PART E - PRODUCTS POLLUTION LIABILITY
 - N/A COVERAGE PART F - OTHER

Solely with respect to coverage afforded by the Coverage Part(s) checked above:

SCHEDULE

Coverage	Limit Of Insurance	Each Employee SIR	Premium
Employee Benefits Programs	\$ 1,000,000 each employee	\$ 1,000.00	REDACTED
	\$ 1,000,000 aggregate		
Retroactive Date:	10/1/2009		
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.			

A. The following is added to Section I – Coverages:

COVERAGE – EMPLOYEE BENEFITS LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of any act, error or omission, of the insured, or of any other person for whose acts the insured is legally liable, to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages to which this insurance does not apply. We may, at our discretion, investigate any report of an act, error or omission and settle any "claim" or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Paragraph D. (Section III – Limits

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Of Insurance); and

(2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments.

b. This insurance applies to damages only if:

(1) The act, error or omission, is negligently committed in the "administration" of your "employee benefit program";

(2) The act, error or omission, did not take place before the Retroactive Date, if any, shown in the Schedule nor after the end of the policy period; and

(3) A "claim" for damages, because of an act, error or omission, is first made against any insured, in accordance with Paragraph c. below, during the policy period or an Extended Reporting Period we provide under Paragraph F. of this endorsement.

c. A "claim" seeking damages will be deemed to have been made at the earlier of the following times:

(1) When notice of such "claim" is received and recorded by any insured or by us, whichever comes first; or

(2) When we make settlement in accordance with Paragraph 1. a. above.

A "claim" received and recorded by the insured within 60 days after the end of the policy period will be considered to have been received within the policy period, if no subsequent policy is available to cover the claim.

d. All "claims" for damages made by an "employee" because of any act, error or omission, or a series of related acts, errors or omissions, including damages claimed by such "employee's" dependents and beneficiaries, will be deemed to have been made at the time the first of those "claims" is made against any insured.

2. Exclusions

This insurance does not apply to:

a. Dishonest, Fraudulent, Criminal Or Malicious Act

Damages arising out of any intentional, dishonest, fraudulent, criminal or malicious act, error or omission, committed by any insured, including the willful or reckless violation of any statute.

b. Bodily Injury, Property Damage, Or Personal And Advertising Injury

"Bodily injury", "property damage" or "personal and advertising injury".

c. Failure To Perform A Contract

Damages arising out of failure of performance of contract by any insurer.

d. Insufficiency Of Funds

Damages arising out of an insufficiency of funds to meet any obligations under any plan included in the "employee benefit program".

e. Inadequacy Of Performance Of Investment/Advice Given With Respect To Participation

Any "claim" based upon:

(1) Failure of any investment to perform;

(2) Errors in providing information on past performance of investment vehicles; or

(3) Advice given to any person with respect to that person's decision to participate or not to participate in any plan included in the "employee benefit program".

f. Workers' Compensation And Similar Laws

Any "claim" arising out of your failure to comply with the mandatory provisions of any workers' compensation, unemployment compensation insurance, social security or disability benefits law or any similar law.

g. ERISA

Damages for which any insured is liable because of liability imposed on a fiduciary by the Employee Retirement Income Security Act of 1974, as now or hereafter amended, or by any similar federal, state or local laws.

h. Available Benefits

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Any "claim" 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.

i. Taxes, Fines Or Penalties

Taxes, fines or penalties, including those imposed under the Internal Revenue Code or any similar state or local law.

j. Employment-Related Practices

Damages arising out of wrongful termination of employment, discrimination, or other employment-related practices.

B. For the purposes of the coverage provided by this endorsement:

1. All references to Supplementary Payments – Coverages **A** and **B** are replaced by Supplementary Payments – Coverages **A**, **B** and **Employee Benefits Liability**.
2. Paragraphs 1.b. and 2. of the Supplementary Payments provision do not apply.

C. For the purposes of the coverage provided by this endorsement, Paragraphs 2. and 3. of Section II – Who Is An Insured are replaced by the following:

2. Each of the following is also an insured:
 - a. Each of your "employees" who is or was authorized to administer your "employee benefit program".
 - b. Any persons, organizations or "employees" having proper temporary authorization to administer your "employee benefit program" if you die, but only until your legal representative is appointed.
 - c. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Endorsement.
3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if no other similar insurance applies to that organization. However:
 - a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier.
 - b. Coverage under this provision does not apply to any act, error or omission that was committed before you acquired or formed the organization.

D. For the purposes of the coverage provided by this endorsement, Section III – Limits Of Insurance is replaced by the following:

1. Limits Of Insurance

- a. The Limits of Insurance shown in the Schedule and the rules below fix the most we will pay regardless of the number of:
 - (1) Insureds;
 - (2) "Claims" made or "suits" brought;
 - (3) Persons or organizations making "claims" or bringing "suits";
 - (4) Acts, errors or omissions; or
 - (5) Benefits included in your "employee benefit program".
- b. The Aggregate Limit is the most we will pay for all damages because of acts, errors or omissions negligently committed in the "administration" of your "employee benefit program".
- c. Subject to the Aggregate Limit, the Each Employee Limit is the most we will pay for all damages sustained by any one "employee", including damages sustained by such "employee's" dependents and beneficiaries, as a result of:
 - (1) An act, error or omission; or
 - (2) A series of related acts, errors or omissions; negligently committed in the "administration" of your "employee benefit program".

However, the amount paid under this endorsement shall not exceed, and will be subject to, the limits and restrictions that apply to the payment of benefits in any plan included in the "employee benefit program".

The Limits of Insurance of this endorsement apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations of the policy to which this endorsement is attached, unless the policy period is extended af-

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ter issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits Of Insurance.

2. Self-Insured Retention and Deductible

You are responsible for the payment of the "self insured retention" and any deductible applicable to this Coverage. We will pay those sums that the insured becomes legally obligated to pay as damages to which this insurance applied, and which are in excess of the "self insured retention" and deductible stated in the Declarations.

a.Satisfaction of the Self Insured Retention

The "self insured retention" under this policy must be satisfied by actual payment by you. The "self insured retention" shall not be satisfied by payment by the insured of any deductible of any other policy or payments made on behalf of the insured by any other insurer, person or entity. The "self insured retention" under this policy shall not be satisfied by any insurance coverage whatsoever. In the event that "bodily injury", "property damage", and /or "personal and advertising injury" coverage by this policy is also covered by any other insurance, even if such other insurance is provided by us, the insured must make actual payment of the "self insured retention" under this policy without regard to whether the insured must pay other "self insured retention" under any other policy even if such other policy is issued by us and even if the damages claimed are deemed to have been caused by one "occurrence".

b.Satisfaction of Deductible

- (1) In addition to the "self insured retention", our obligation to pay damages on behalf of the insured also applied only to the amount of damages in excess of the deductible amount stated in the Schedule as applicable to Each Employee. The limits of insurance shall not be reduced by the amount of this deductible.
- (2) The deductible amount stated in the Schedule applies to all damages sustained by any one "employee", including such "employee's" dependents and beneficiaries, because of all acts, errors or omissions to which this insurance applies.
- (3) The terms of this insurance, including those with respect to:
 - (a) Our right and duty to defend any "suits" seeking those damages; and
 - (b) Your duties, and the duties of any other involved insured, in the event of an act, error or omission, or "claim" apply irrespective of the application of the deductible amount.
- (4) We may pay any part or all of the deductible amount to effect settlement of any "claim" or "suits" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount we have paid.

For the purposes of the coverage provided by this endorsement, Conditions 2. and 4. of **Section IV – Commercial General Liability Conditions** are replaced by the following:

Duties In The Event Of An Act, Error Or Omission, Or "Claim" Or "Suit"

a. You must see to it that we are notified as soon as practicable of an act, error or omission which may result in a "claim". To the extent possible, notice should include:

- (1) What the act, error or omission was and when it occurred; and
- (2) The names and addresses of anyone who may suffer damages as a result of the act, error or omission.

b. If a "claim" is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the "claim" or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the "claim" or "suit" as soon as practicable.

c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "claim" or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of the "claim" or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of an act, error or omission to which this insurance

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may also apply.

- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation or incur any expense without our consent.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under this endorsement, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when Paragraph b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph c. below.

b. Excess Insurance

- (1) This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis that is effective prior to the beginning of the policy period shown in the Schedule of this insurance and that applies to an act, error or omission on other than a claims-made basis, if:
- (a) No Retroactive Date is shown in the Schedule of this insurance; or
- (b) The other insurance has a policy period which continues after the Retroactive Date shown in the Schedule of this insurance.
- (2) When this insurance is excess, we will have no duty to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.
- (3) When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of the total amount that all such other insurance would pay for the loss in absence of this insurance; and the total of all deductible and self-insured amounts under all that other insurance.
- (4) We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Schedule of this endorsement.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limits of insurance to the total applicable limits of insurance of all insurers.

- F. For the purposes of the coverage provided by this endorsement, the following Extended Reporting Period provisions are added, or, if this endorsement is attached to a claims-made Coverage Part, replaces any similar Section in that Coverage Part:

EXTENDED REPORTING PERIOD

1. You will have the right to purchase an Extended Reporting Period, as described below, if:
- a. This endorsement is canceled or not renewed; or
- b. We renew or replace this endorsement with insurance that:
- (1) Has a Retroactive Date later than the date shown in the Schedule of this endorsement; or
- (2) Does not apply to an act, error or omission on a claims-made basis.
2. The Extended Reporting Period does not extend the policy period or change the scope of coverage provided. It applies only to "claims" for acts, errors or omissions that were first committed before the end of the policy period but not before the Retroactive Date, if any, shown in the Schedule. Once in effect, the Extended Reporting Period may not be canceled.
3. An Extended Reporting Period of five years is available, but only by an endorsement and for an extra charge.

You must give us a written request for the endorsement within 60 days after the end of the policy period. The Extended Reporting Period will not go into effect unless you pay the additional premium promptly

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when due.

We will determine the additional premium in accordance with our rules and rates. In doing so, we may take into account the following:

- a. The "employee benefit programs" insured;
- b. Previous types and amounts of insurance;
- c. Limits of insurance available under this endorsement for future payment of damages; and
- d. Other related factors.

The additional premium will not exceed 100% of the annual premium for this endorsement.

The Extended Reporting Period endorsement applicable to this coverage shall set forth the terms, not inconsistent with this Section, applicable to the Extended Reporting Period, including a provision to the effect that the insurance afforded for "claims" first received during such period is excess over any other valid and collectible insurance available under policies in force after the Extended Reporting Period starts.

4. If the Extended Reporting Period is in effect, we will provide an extended reporting period aggregate limit of insurance described below, but only for claims first received and recorded during the Extended Reporting Period.

The extended reporting period aggregate limit of insurance will be equal to the dollar amount shown in the Schedule of this endorsement under Limits of Insurance.

Paragraph D.1.b. of this endorsement will be amended accordingly. The Each Employee Limit shown in the Schedule will then continue to apply as set forth in Paragraph D.1.c.

- G. For the purposes of the coverage provided by this endorsement, the following definitions are added to the **Definitions** Section:

1. "Administration" means:

- a. Providing information to "employees", including their dependents and beneficiaries, with respect to eligibility for or scope of "employee benefit programs";
- b. Handling records in connection with the "employee benefit program"; or
- c. Effecting, continuing or terminating any "employee's" participation in any benefit included in the "employee benefit program".

However, "administration" does not include handling payroll deductions.

2. "Cafeteria plans" means plans authorized by applicable law to allow employees to elect to pay for certain benefits with pre-tax dollars.
3. "Claim" means any demand, or "suit", made by an "employee" or an "employee's" dependents and beneficiaries, for damages as the result of an act, error or omission.
4. "Employee benefit program" means a program providing some or all of the following benefits to "employees", whether provided through a "cafeteria plan" or otherwise:
 - a. Group life insurance, group accident or health insurance, dental, vision and hearing plans, and flexible spending accounts, provided that no one other than an "employee" may subscribe to such benefits and such benefits are made generally available to those "employees" who satisfy the plan's eligibility requirements;
 - b. Profit sharing plans, employee savings plans, employee stock ownership plans, pension plans and stock subscription plans, provided that no one other than an "employee" may subscribe to such benefits and such benefits are made generally available to all "employees" who are eligible under the plan for such benefits; c. Unemployment insurance, social security benefits, workers' compensation and disability benefits;
 - d. Vacation plans, including buy and sell programs; leave of absence programs, including military, maternity, family, and civil leave; tuition assistance plans; transportation and health club subsidies; and
 - e. Any other similar benefits designated in the Schedule or added thereto by endorsement.

- H. For the purposes of the coverage provided by this endorsement, Definitions 5. and 18. in the **Definitions** Section are replaced by the following:

5. "Employee" means a person actively employed, formerly employed, on leave of absence or disabled, or retired. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
18. "Suit" means a civil proceeding in which damages because of an act, error or omission to which this insurance applies are alleged. "Suit" includes:

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a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.



Authorized Representative Signature

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JAMES RIVER INSURANCE COMPANY

Privacy Policy

We do not sell customer information to nonaffiliated third parties, and we do not share customer information with nonaffiliated third parties except those parties who perform contractual services for us, and parties to which we are authorized to provide information by law. In addition, when we provide information to affiliates or non-affiliates, we limit those disclosures to information about your transactions and experiences with us and to disclosures otherwise permitted by law. You do not need to take any action to prevent us from selling or sharing information we obtain about you.

We use security measures and training in our effort to protect the customer information we collect. We protect the information we obtain about you by maintaining physical, electronic and procedural safeguards.

We collect the following types of information about you when you purchase or use our products and services. Most of the information that we obtain about you comes directly from you, such as through the insurance applications you submit when requesting insurance products. These applications and other inquiries we make of you allow us to learn information that we may use to contact you in the future, such as your name, address, telephone number and e-mail address. In addition, insurance applications and other information you provide enables us to determine the type and value of your insured property, the types of insurance coverages you have or in which you might be interested, and similar information.

If you visit an Internet site that we maintain, we might request or obtain information that will enable us to identify you as a registered user, such as your name, a user identification name, a password, password reminders, and your Internet service provider. We might use a "cookie" to retain some of this information. We also might obtain information about your operating system, web browser and similar information to enable us to improve the operation of our site.

When we consider products and services in which you may be interested, we often review information that we have about your past transactions with us or our affiliates, such as your existing or former policy coverages, premiums and payment history. In addition, we may learn information about your transactions with nonaffiliated third parties, including the types of products or services you obtained from them and your experiences with them. Finally, we may obtain other information from third parties that has a bearing upon your eligibility for the products or services you seek from us. This information may include your credit report or information about your creditworthiness, or other information maintained by consumer reporting agencies.

We provide customer information only to our affiliates and to nonaffiliates that must protect your customer information.

We also may provide information as mentioned in this notice to nonaffiliated third parties that perform services for us or perform functions on our behalf, such as marketing and research, or to other financial institutions with which we have joint agreements for activities such as marketing. By law, our contracts with these parties must prevent them from using the information they receive about you except as described in this notice.

Finally, we may share customer information as permitted by applicable law. This means that we will share information with parties as necessary to affect, administer, or enforce transactions that you request. For example, we might provide information to a company that processes, prints and mails our insurance policies to you, or to a company that adjusts claims under your policies. We also might disclose customer information to other entities specified by law, such as insurance advisory organizations, our attorneys and accountants, consumer reporting agencies, or civil and regulatory authorities. Federal law sets the limitations on these types of disclosures.

We strive to keep our records as accurate as possible. We attempt to maintain accurate records about you and we will gladly make appropriate corrections when you notify us. Of course, we do not control the accuracy of information gathered and provided by third parties, and you may need to notify third parties directly if you believe that any information we received from them is inaccurate. You may request the name and address of any consumer-reporting agency from which we obtain a report on you. You then may contact that consumer-reporting agency to request a copy of the report it makes or to advise of any changes to the information they maintain and report.

We will provide one copy of this Privacy Policy to joint contract holders. Please share this information with everyone covered under your policy or contract.

Exhibit B

EXCESS LIABILITY DECLARATIONS

Starr Indemnity & Liability Company

Dallas, Texas

Administrative Office: 399 Park Avenue, 8th Floor New York, NY 10022

POLICY NUMBER: 1000010381 RENEWAL OF: SISCESEL01752013

PRODUCER NAME: Aon Risk Insurance Services West, Inc.

ADDRESS: 707 West Shore Boulevard Suite 2600
Los Angeles, CA 90017

ITEM 1. NAMED INSURED: AMERICAN STATES WATER COMPANY

ADDRESS: 630 East Foothill Boulevard
San Dimas, CA 91773

ITEM 2. POLICY PERIOD: FROM 02/01/2014 TO 02/01/2015
12:01 A.M. STANDARD TIME AT THE ADDRESS OF THE NAMED INSURED SHOWN ABOVE.

ITEM 3. COVERAGE: Commercial Excess Liability

ITEM 4. LIMITS OF INSURANCE:

The Limits of Insurance, subject to all the terms of this Policy, are:

- A. \$10,000,000 Each Occurrence
- B. \$10,000,000 Other Aggregate(s), Where Applicable
- C. \$10,000,000 Products-Completed Operations Aggregate

ITEM 5. "UNDERLYING INSURANCE"

A. First Underlying Insurance Policy(ies)

Insurer

See attached Schedule of Underlying Insurance

Policy No.

Policy Period

B. Additional Underlying Insurance Policy(ies)

Insurer

Policy No.

Policy Period

ITEM 6. POLICY PREMIUM:

Advance Premium

REDACTED

Minimum Premium

N/A

Minimum Earned Premium

REDACTED

Estimated Exposure

N/A

Rate Per

N/A

Audit Period

N/A

ITEM 7. NOTICES

In the event of an accident, occurrence, wrongful act, claim or suit, that is reasonably likely to involve this Policy, send all pertinent facts to:

New claims can be reported to:

Email: 4869excessclaims@yorkrsg.com

Telephone: 1-866-391-9675

Fax: (973) 404-1040

Provide the following information when reporting a claim:

1. York Client Code: 4869
2. Policy Numbers

ITEM 8. ENDORSEMENTS ATTACHED:

<u>Title</u>	<u>Form Number</u>
Excess Liability Declarations	XS 101 D 10 08
Excess Liability Policy Schedule Of Underlying Insurance	XS 102 10 08
Excess Liability Policy Form	XS 100 10 08
California Changes - Cancellation And Nonrenewal	XS 301 CA 10 08
Auto Coverage - Exclusion Of Terrorism	XS 341 10 08
Cap On Losses From Certified Acts Of Terrorism	XS 342 10 08
Certified Acts Of Terrorism Coverage Excess Of Retained Amount With Cap On Losses	XS 343 10 08
Disclosure Pursuant To Terrorism Risk Insurance Act	XS 344 10 08
Starr Companies Excess Casualty Program Claim Reporting Guidelines	XS CLAIMS NOTICE

The foregoing discloses all hazards insured hereunder known to exist at the inception date of this Policy, unless otherwise stated herein by endorsement on this Policy.

COUNTERSIGNED 02/05/2014 BY 
DATE AUTHORIZED REPRESENTATIVE



Starr Indemnity & Liability Company

Dallas, TX 1-866-519-2522

**Excess Liability Policy
Schedule of Underlying Insurance**

Policy Number: 1000010381	Effective Date: 02/01/2014 at 12:01 A.M.
Named Insured: AMERICAN STATES WATER COMPANY	Issuing Company: Starr Indemnity & Liability Company

The Declarations, Schedule(s), and all terms and conditions complete this insurance Policy.

Type of Policy or Coverage and Insurer, Policy Number and Policy Period		Limits of Insurance	
A. First Underlying Insurance Policy(ies)			
Carrier:	James River Insurance Company	Limits:	
Policy No.:	00061011-0		
Coverage:	GENERAL LIABILITY	\$1,000,000	Each Occurrence Limit
Policy Period:	02/01/2013 to 02/01/2014	\$5,000,000	General Aggregate Limit
		\$2,000,000	Products/Comp. Ops. Aggregate Limit
		\$200,000	SIR



Starr Indemnity & Liability Company

Dallas, TX 1-866-519-2522

Coverage:	EMPLOYEE BENEFITS LIABILITY		
Po cy Per od:	02/01/2014 to 02/01/2015		
		\$1,000,000	Each Emp oyee
		\$1,000,000	Aggregate
Carr er:	The Trave ers Indemn ty Company of Connect cut		
Po cy No.:	HC2E-CAP-474M5253-TCT-14		
Coverage:	AUTO LIABILITY	L m ts:	
Po cy Per od:	02/01/2014 to 02/01/2015	\$1,000,000	Comb ned S ng e L m t
		\$200,000	SIR
Carr er:	Trave ers Property Casua ty Company of Amer ca		
Po cy No.:	HWXJ-UB-474M5265-14		
Coverage:	EMPLOYERS LIABILITY	L m ts:	
Po cy Per od:	02/01/2014 to 02/01/2015	\$1,000,000	D sease - Each Acc dent L m t
		\$1,000,000	D sease - Each Emp oyee L m t
		\$1,000,000	D sease - Po cy L m t
		\$500,000	SIR
B. Additional Underlying Insurance Policy(ies)			
Date of Issue:	02/05/2014	Authorized Representative:	

Starr Indemnity & Liability Company

Dallas, Texas
Administrative Office: 399 Park Avenue, 8th Floor, New York, NY 10022

Excess Liability Policy

Named Insured: AMERICAN STATES WATER COMPANY

Policy Number: 1000010381

Effective Date: 02/01/2014 at 12:01 A.M.

This Policy is a legal contract between the Named Insured and Starr Indemnity & Liability Company (herein referenced as "the Company"). The Company agrees to provide insurance to the Named Insured, in exchange for the payment of the required premium. Coverage is subject to the terms and conditions described in this Policy.

This Policy and the coverage provided by it become effective at 12:01 A.M. at the address of the Named Insured on the Policy Effective Date shown above. It continues in effect in accordance with the provisions set forth in this Policy.

This Policy is governed by the laws of the state where it was delivered.

Signed for the Company as of the Effective Date above:



Charles H. Dangelo, President



Nehemiah E. Ginsburg, General Counsel

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EXCESS LIABILITY POLICY FORM

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

Throughout this Policy, the words you and your refer to the Named Insured as shown in **ITEM 1.** of the Declarations. The words we, us and our refer to the Company shown in the Declaration providing this insurance.

The word Insured means the Named Insured and any person or organization qualifying as an Insured in the First Underlying Insurance Policy(ies), but only to the extent to which such person(s) or organization(s) qualify as an Insured in the First Underlying Insurance Policy(ies) at the inception date of this Policy. Newly acquired or formed organizations must comply with **SECTION IV. CONDITIONS, D. Changes** in order to qualify for coverage.

Words and phrases that appear in quotation marks have special meaning. Refer to **SECTION III. DEFINITIONS**, or to the specific section, of this Policy where such words appear.

SECTION I. COVERAGE

- A. We will pay on behalf of the Insured, the "Ultimate Net Loss" in excess of the "Underlying Insurance" as shown in **ITEM 5.** of the Declarations, that the Insured becomes legally obligated to pay for loss or damage to which this insurance applies and that takes place in the Coverage Territory. Except for the terms, definitions, conditions and exclusions of this Policy, the coverage provided by this Policy shall follow the terms, definitions, conditions and exclusions of the applicable First Underlying Insurance Policy(ies) shown in **ITEM 5.A.** of the Declarations.
- B. Regardless of any other warranties, terms, conditions, exclusions or limitations of this Policy, if any applicable Underlying Insurance Policy(ies) does not cover "Ultimate Net Loss" for reasons other than exhaustion of its limit of liability by payment of claims or suits, then this Policy will not cover such "Ultimate Net Loss".
- C. The amount we will pay for the "Ultimate Net Loss" is limited as described in **SECTION II. LIMITS OF INSURANCE.**

SECTION II. LIMITS OF INSURANCE

- A. The Limits of Insurance shown in the Declarations and the rules below describe the most we will pay regardless of the number of:
 - 1. Insureds;
 - 2. Claims made or suits brought; or
 - 3. Persons or organizations making claims or bringing suits.
- B. The Limits of Insurance of this Policy will apply as follows:
 - 1. This Policy applies only in excess of the "Underlying Insurance" scheduled in **ITEM 5.** of the Declarations.
 - 2. If our Limits of Insurance stated in **ITEM 4.** of the Declarations are less than the total Limits of Insurance stated in **ITEM 4.** of the Declarations, then our Limits of Insurance shall be that proportion of the "Ultimate Net Loss" to which our Limits of Insurance apply to the total Limits of Insurance stated in **ITEM 4.** of the Declarations and apply only in excess of the total Limits of "Underlying Insurance" scheduled in **ITEM 5.** of the Declarations.

3. Subject to Paragraph **B.2.** above, the Each Occurrence limit stated in **ITEM 4.A.** of the Declarations is the most we will pay for the "Ultimate Net Loss" for loss or damages arising out of any one occurrence to which this insurance applies.
4. Subject to Paragraphs **B.2.** and **B.3.** above, the limit stated in **Item 4.C.** of the Declarations for the Products-Completed Operations Aggregate is the most we will pay for all "Ultimate Net Loss" under the products-completed operations hazard.
5. Subject to Paragraphs **B.2.** and **B.3.** above, the Other Aggregate Limit stated in **Item 4.B.** of the Declarations is the most we will pay for all "Ultimate Net Loss" except "Ultimate Net Loss" covered under the products-completed operations hazard, that is subject to an aggregate limit provided by the First Underlying Insurance Policy(ies). The Other Aggregate Limit stated in **ITEM 4.B.** applies separately and in the same manner as the aggregate limits provided by the First Underlying Insurance Policy(ies).
6. Subject to Paragraphs **B.2., B.3., B.4.** and **B.5.** above, if the total applicable Limits of Insurance of "Underlying Insurance" scheduled in **ITEM 5.** of the Declarations are:
 - a. Exhausted by payment of "Ultimate Net Loss" arising solely out of a claim first made, or occurrence(s) which first took place, during the Policy Period shown in the Declarations and would be covered under the provisions of this Policy, this insurance applies in excess of such exhausted limit(s); or
 - b. Reduced or exhausted by payment of "Ultimate Net Loss" arising out of a claim which was not first made during the Policy Period shown in the Declarations, or occurrence(s) which took place before or after the Policy Period shown in the Declarations or would not be covered under the provisions of this Policy, this insurance applies as if such payments had not been made.
7. The Limits of Insurance shown in **ITEM 4.** of the Declarations apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the Policy Period shown in the Declarations, unless the Policy Period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the preceding period for purposes of determining the Limits of Insurance.

SECTION III. DEFINITIONS

A. "Ultimate Net Loss"

"Ultimate Net Loss" means the total sum, after reduction for all recoveries including other valid and collectible insurance, excepting only the "Underlying Insurance" scheduled under **ITEM 5.** of the Declarations, actually paid or payable due to a claim or suit for which you or an Insured are liable either by a settlement to which we agreed or a final judgment.

The term "Ultimate Net Loss" shall also include defense costs when such defense costs are included within the limits of insurance of any applicable "Underlying Insurance".

B. "Underlying Insurance"

"Underlying Insurance" means the Policy(ies) and/or self-insured retention identified in **ITEM 5.** of the Declarations. "Underlying Insurance" shall include:

1. The First Underlying Insurance Policy(ies) scheduled in **ITEM 5.A.** of the Declarations;

2. Any Additional Underlying Insurance Policy(ies) scheduled in ITEM 5.B. of the Declarations; and
3. Any renewal or replacement of such Policy(ies).

SECTION IV. CONDITIONS

A. Appeals

If the Insured or underlying insurer elects not to appeal a judgment or award in excess of the limits of the "Underlying Insurance," we may do so at our expense. We will not be liable for any judgment or award that exceeds the Limits of Insurance stated in ITEM 4. of the Declarations.

B. Bankruptcy or Insolvency

Your or an Insured's bankruptcy, insolvency or inability to pay will not relieve us from our obligations under this Policy.

In the event of bankruptcy, insolvency or refusal or inability to pay, of any underlying insurer or insurer providing other insurance, the insurance afforded by this Policy will not drop down or replace such "Underlying Insurance" or other insurance, but will apply as if all limits of any "Underlying Insurance" or other insurance are fully available and collectible.

C. Cancellation

1. You may cancel this Policy. You must mail or deliver advance written notice to us stating when the cancellation is to take effect.
2. We may cancel this Policy. If we cancel because of non-payment of premium, we must mail or deliver to you not less than ten (10) days advance written notice stating when the cancellation is to take effect. If we cancel for any other reason, we must mail or deliver to you not less than thirty (30) days advance written notice stating when the cancellation is to take effect. Mailing that notice to you at your mailing address shown in ITEM 1. of the Declarations will be sufficient to prove notice.
3. The Policy Period will end on the day and hour stated in the cancellation notice.
4. If we cancel, earned premium will be calculated pro rata based on the time this Policy was in force.
5. If you cancel, earned premium will be more than a pro rata of the Advanced Premium as shown on ITEM 6. of the Declarations; it will be based on the time this Policy was in force and increased by the applicable short rate cancellation table and procedure.
6. Premium adjustment may be made at the time of cancellation or as soon as practicable thereafter but the cancellation will be effective even if we have not made or offered any refund due you. Our check or our representative's check, mailed or delivered, shall be sufficient tender of any refund due you.
7. The first Named Insured in ITEM 1. of the Declarations shall act on behalf of all other Insured(s) with respect to the giving and receiving of notice of cancellation and the receipt of any refund that may become payable under this Policy.
8. Any of these provisions that conflict with a law that controls the cancellation of the insurance in this Policy is changed by this statement to comply with that law.

D. Changes

You must promptly notify us of any newly acquired or formed organizations, or coverage or limit changes made after the inception date of this Policy to the First Underlying Insurance Policy(ies) as scheduled in **ITEM 5.A.** of the Declarations.

Coverage under this Policy will apply to newly acquired or formed organizations only if we endorse the organization as an Insured onto this Policy. Any newly acquired or formed organizations endorsed onto this Policy may be subject to an additional premium and to a premium audit.

E. Coverage Territory

Any claim or suit for loss or damage occurring within the Coverage Territory must be brought within the United States of America.

Coverage Territory shall be deemed to be anywhere in the world with the exception of any country or jurisdiction which is subject to trade or other economic sanction or embargo by the United States of America.

Payments under this Policy shall only be made in full compliance with all United States of America economic or trade sanction laws or regulations, including, but not limited to, sanctions, laws and regulations administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").

F. Defense

We have no duty to defend any claim or suit and will not be obligated to assume charge of the investigation, settlement or defense of any claim, suit or proceeding instituted against you or any Insured for loss or damages to which this insurance may apply. We will have the right and opportunity to participate or associate in the investigation, settlement or defense of any claim, suit or proceeding against you or an Insured for loss or damage to which this insurance may apply. If we exercise such right, which is at our sole discretion, we will do so at our own expense.

G. Maintenance of "Underlying Insurance"

You agree to maintain all "Underlying Insurance" in full force and effect during our Policy Period stated in **ITEM 2.** of the Declarations, except for the reduction of the aggregate limits of the "Underlying Insurance" due to payment of claim(s) or suit(s) for loss or damage to which this insurance may apply. If you fail to comply with this condition precedent, then the insurance provided by this Policy shall only apply as though such "Underlying Insurance" had been in full force and effect by you.

H. Notification of Accidents or Occurrences

1. You or an Insured must see to it that we are notified as soon as practicable of an accident, occurrence or wrongful act which is reasonably likely to result in a claim or suit to which this insurance may apply.

To the extent possible, notice will include:

- a. How, when and where the accident, occurrence or wrongful act took place;
- b. The names and addresses of any injured persons and witnesses;
- c. The nature and location of any loss, injury or damage arising out of the accident, occurrence or wrongful act.

2. If a claim is made or a suit is brought against an Insured that is reasonably likely to involve this Policy, you or an Insured must notify us in writing as soon as practicable.
3. You and an Insured must:
 - a. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or suit;
 - b. Authorize us to obtain records and other information;
 - c. Cooperate with us in the investigation, settlement or defense of the claim or suit; and
 - d. Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the Insured because of loss or damage to which this insurance may also apply.
4. No Insured will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

I. Other Insurance

If other insurance applies to "Ultimate Net Loss" that is also covered by this Policy, this Policy will apply excess of, and will not contribute to, the other insurance. Nothing herein will be construed to make this Policy subject to the terms, conditions and limitations of such other insurance. However, other insurance does not include:

1. "Underlying Insurance";
2. Insurance that is specifically written as excess over this Policy; or
4. Insurance held by a person(s) or organization(s) qualifying as an additional insured in "Underlying Insurance", but only when the written contract or agreement between you and the additional insured requires a specific limit of insurance that is in excess of the Underlying Limits of Insurance. However, the Limits of Insurance afforded the additional insured in this paragraph shall be the lesser of the following:
 - a. The minimum limits of insurance required in the contract or agreement between you and the additional insured; or
 - b. The Limits of Insurance shown in the Declarations of this Policy.

Other insurance includes any type of self-insurance or other mechanism by which an Insured arranges for the funding of legal liabilities.

J. Premium

The first Named Insured shown in **ITEM 1.** of the Declarations shall be responsible for payment of all premiums when due.

The Advanced Premium shown in **ITEM 6.** of the Declarations is a flat premium for this Policy Period, unless Estimated Exposure, Rate Per and Audit Period are completed on the Declarations. In that case a Premium Audit Endorsement will be attached to the Policy.

Earned Premium in a Policy Period shall be subject to the Minimum Premium and the Minimum Earned Premium as stated in the Declarations, if applicable.

K. Transfer of Rights of Recovery Against Others to Us

If the Insured has rights to recover all or part of any payment we have made under this Policy, those rights are transferred to us. The Insured must do nothing after loss to impair them. At our request, the Insured will bring suit or transfer those rights to us and help us enforce them. Reimbursement of recovery(ies), minus expenses incurred by us in the process of recovery, will be first made to any interest (including the Insured) who has paid any amounts in excess of the limits of this Policy; then next to us; and then finally to all other interests (including the Insured and the underlying insurer) with respect to the remaining amounts, if any.

L. Unintentional Errors or Omissions

Your failure to disclose all hazards existing as of the inception date of this Policy shall not prejudice you with respect to the coverage afforded by this Policy provided such failure or any omission is not intentional.

M. When "Ultimate Net Loss" is Payable

Coverage under this Policy will not apply unless and until the Insured or the Insured's "Underlying Insurance" has paid or is obligated to pay the full amount of the limits of the "Underlying Insurance" scheduled in **ITEM 5.** of the Declarations. If other insurance applies, coverage under this Policy will not apply until the other insurance has paid or is obligated to pay the full amount of its limit of insurance.

When the "Ultimate Net Loss" is determined, we will pay on behalf of the Insured the amount of "Ultimate Net Loss" to which this insurance applies.

SECTION V. EXCLUSIONS

This insurance shall not apply to:

A. Asbestos

1. "Ultimate Net Loss" arising out of the manufacture of, mining of, use of, sale of, installation of, removal of, distribution of or exposure to asbestos, asbestos products, asbestos fibers or asbestos dust;
2. Any obligation of the Insured to indemnify any party because of damages arising out of such "Ultimate Net Loss" as a result of the manufacture of, mining of, use of, sale of, installation of, removal of, distribution of or exposure to asbestos, asbestos products, asbestos fibers or asbestos dust; or
3. Any obligation to defend any suit or claim against the Insured seeking damages, if such suit or claim arises from "Ultimate Net Loss" as a result of the manufacture of, mining of, use of, sales of, installation of, removal of, distribution of or exposure to asbestos, asbestos products, asbestos fibers or asbestos dust.

B. Auto Coverages

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"Ultimate Net Loss" arising out of or resulting from any first party physical damage coverage; no-fault law; personal injury protection or auto medical payments coverage; or uninsured or underinsured motorist law.

C. Nuclear

"Ultimate Net Loss":

1. a. With respect to which the Insured is also an Insured under a nuclear energy liability policy issued by Nuclear Energy Liability-Property Insurance Assoc., Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an Insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- b. Resulting from the "hazardous properties" of "Nuclear Material" and with respect to which (1) any person or any organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the Insured is, or had this Policy not been available would be, entitled to indemnity from the United States of America or any agency thereof, under any agreement entered into by the United States of America or any agency thereof, with any person or organization.
2. "Ultimate Net Loss" resulting from the hazardous properties of "Nuclear Material", if:
 - a. The "Nuclear Material" (1) is at any "nuclear facility" owned by the Insured or operated by the Insured or on the Insured's behalf, or (2) has been discharged or dispensed therefrom;
 - b. The "Nuclear Material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of by the Insured or on the Insured's behalf; or
 - c. The "Ultimate Net Loss" arises out of the furnishing by the Insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "Nuclear Facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion c. applies only to property damage to such "Nuclear Facility" and any property thereat.
3. As used in this exclusion:
 - a. "Hazardous Properties" includes radioactive, toxic or explosive properties;
 - b. "Nuclear Material" means "Source Material", "Special Nuclear Material" or "By-Product Material;"
 - c. "Source Material", "Special Nuclear Material" and "By-product Material" have the meanings given them in the Atomic Energy Act of 1954 or any law amendatory thereof;
 - d. "Spent Fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor;
 - e. "Waste" means any waste material (1) containing "By-Product Material" and (2) resulting from the operation by any person or organization of a "Nuclear Facility" included within the definition of "Nuclear Facility" below;
 - f. "Nuclear Facility" means:

- (1) Any nuclear reactor;
- (2) Any equipment or device designed or used for (i) separating the isotopes of uranium or plutonium, (ii) processing or utilizing "Spent Fuel", or (iii) handling, processing or packaging wastes;
- (3) Any equipment or device used for the processing, fabricating, or alloying of "Special Nuclear Material" if at any time the total amount of such material in the Insured's custody at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- (4) Any structure, basin, excavation, premises or place prepared or used for storage or disposal of waste, and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

g. "Nuclear Reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

h. "Ultimate Net Loss" includes all forms of radioactive contamination of property.

D. Pollution

1. "Ultimate Net Loss" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants at any time.
2. Loss, cost or expense arising out of any:
 - a. Request, demand, order or statutory or regulatory requirement that any Insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants; or
 - b. Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of pollutants.

This exclusion does not apply if valid "Underlying Insurance" for the pollution liability risks described above exists or would have existed but for the exhaustion of the applicable limits of the Underlying Insurance. Coverage provided under this Policy will follow the terms, definitions, conditions, exclusions and limitations of the First Underlying Insurance Policy(ies).

E. Workers Compensation and Similar Laws

"Ultimate Net Loss" for any obligation of the Insured under any worker's compensation, disability benefits or unemployment compensation law or any similar law.



Starr Indemnity & Liability Company

Dallas, TX 1-866-519-2522

California Changes – Cancellation and Nonrenewal

Policy Number: 1000010381 **Effective Date:** 02/01/2014 at 12:01 A.M.
Named Insured: AMERICAN STATES WATER COMPANY

A. **SECTION IV. CONDITIONS, condition C. Cancellation** is deleted in its entirety and replaced with the following:

C. Cancellation

1. The first Named Insured shown in the Declarations may cancel this Policy by mailing to us advance written notice of cancellation.
2. All Policies In Effect For 60 Days Or Less

If this Policy has been in effect for 60 days or less, and is not a renewal of a Policy we have previously issued, we may cancel this Policy by mailing or delivering to the first Named Insured at the mailing address shown in the Policy and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

a. 10 days before the effective date of cancellation if we cancel for:

(1) Nonpayment of premium; or

(2) Discovery of fraud by:

(a) Any Insured or his or her representative in obtaining this insurance; or

(b) You or your representative in pursuing a claim under this Policy.

b. 30 days before the effective date of cancellation if we cancel for any other reason.

3. All Policies In Effect For More Than 60 Days

a. If this Policy has been in effect for more than 60 days, or is a renewal of a Policy we have previously issued, we may cancel this Policy only upon the occurrence, after the effective date of the Policy, of one or more of the following:

(1) Nonpayment of premium, including payment due on a prior Policy we issued and due during the current policy term covering the same risks;



Starr Indemnity & Liability Company

Dallas, TX 1-866-519-2522

- (2) Discovery of fraud or material misrepresentation by:
 - (a) Any Insured or his or her representative in obtaining this insurance; or
 - (b) You or your representative in presenting a claim under this Policy;
- (3) A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against;
- (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increases any of the risks insured against;
- (5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of Policy issuance, or which were conditions precedent to our use of a particular rate or filing plan, if that failure materially increases any of the risks insured against;
- (6) A determination by the Commissioner of Insurance that the:
 - (a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or
 - (b) Continuation of the Policy coverage would:
 - (i) Place us in violation of California law or the laws of the state where we are domiciled; or
 - (ii) Threaten our solvency;
- (7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, or increased or changed risk, unless the added, increased or changed risk is included in the Policy;
- (8) A material change in limits, type or scope of coverage, or exclusions in one or more of the underlying policies;
- (9) Cancellation or nonrenewal of one or more of the underlying policies where such policies are not replaced without lapse;
- (10) A reduction in financial rating or grade of one or more insurers, insuring one or more underlying policies based on an evaluation obtained from a recognized financial rating organization.



Starr Indemnity & Liability Company

Dallas, TX 1-866-519-2522

b. We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the Policy, and to the producer of record, at least;

(1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium or discovery of fraud; or

(2) 30 days before the effective date of cancellation if we cancel for any other reason listed in paragraph 3.a.

4. Notice of cancellation will state the effective date of cancellation. The Policy Period will end on that date.
5. If this Policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.
7. The first Named Insured in **ITEM 1.** of the Declarations shall act on behalf of all other Insureds with respect to the giving and receiving of notice of cancellation and the receipt of any refund that may become payable under this Policy.

B. The following condition is added to **SECTION IV. CONDITIONS:**

Nonrenewal

1. If we elect not to renew this Policy, we will mail or deliver written notice stating the reason for nonrenewal to the first Named Insured shown in the Declarations and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.
2. We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the Policy.

All other terms and conditions of this Policy remain unchanged.



Starr Indemnity & Liability Company

Dallas, TX 1-866-519-2522

Signed for the Company as of the Effective Date above:



Charles H. Dangelo, President



Nehemiah E. Ginsburg, General Counsel



Starr Indemnity & Liability Company

Dallas, TX 1-866-519-2522

Auto Coverage – Exclusion of Terrorism

Policy Number: 1000010381

Effective Date: 02/01/2014 at 12:01 A.M.

Named Insured: AMERICAN STATES WATER COMPANY

Any endorsement addressing acts of terrorism (however defined) in any "Underlying Insurance" does not apply to this Policy.

A. The provisions of this endorsement:

1. Apply only to loss or damage arising out of the ownership, maintenance or use of any auto that is a covered auto under this Policy; and
2. Supersede the provisions of any other endorsement addressing terrorism attached to this Policy only with respect to injury or damage arising out of the ownership, maintenance or use of any auto that is a covered auto.

B. The following definition is added to **SECTION III. DEFINITIONS** and applies under this endorsement wherever the term terrorism is enclosed in quotation marks:

1. "Terrorism" means activities against persons, organizations or property of any nature:
 - a. That involve the following or preparation for the following:
 - (1) Use or threat of force or violence; or
 - (2) Commission or threat of a dangerous act; or
 - (3) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
 - b. When one or both of the following applies:
 - (1) The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
 - (2) It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

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Dallas, TX 1-866-519-2522

C. The following exclusion is added to **SECTION V. EXCLUSIONS**:

Exclusion of Terrorism

This insurance shall not apply to loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". Any loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such

injury or damage. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

1. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or
5. The total of insured damage to all types of property exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
6. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
 - a. Physical injury that involves a substantial risk of death; or
 - b. Protracted and obvious physical disfigurement; or
 - c. Protracted loss of or impairment of the function of a bodily member or organ.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds in Paragraph C.5. or C.6. above are exceeded.

With respect to this exclusion, Paragraphs C.5. and C.6. above describe the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the

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Dallas, TX 1-866-519-2522

purpose of determining whether this exclusion will apply to that incident. When the exclusion applies to an incident of "terrorism", there is no coverage under this Policy.

In the event of any incident of "terrorism" that is not subject to this exclusion, coverage does not apply to any loss or damage that is otherwise excluded under this Policy.

All other terms and conditions of this Policy remain unchanged.

Signed for the Company as of the Effective Date above:



Charles H. Dangelo, President



Nehemiah E. Ginsburg, General Counsel



Starr Indemnity & Liability Company

Dallas, TX 1-866-519-2522

Cap on Losses From Certified Acts of Terrorism

Policy Number: 1000010381

Effective Date: 02/01/2014 at 12:01 A.M.

Named Insured: AMERICAN STATES WATER COMPANY

If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) 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, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance 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.



Starr Indemnity & Liability Company

Dallas, TX 1-866-519-2522

All other terms and conditions of this Policy remain unchanged.

Signed for the Company as of the Effective Date above:



Charles H. Dangelo, President



Nehemiah E. Ginsburg, General Counsel



Starr Indemnity & Liability Company

Dallas, TX 1-866-519-2522

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.

All other terms and conditions of this Policy remain unchanged.

Signed for the Company as of the Effective Date above:

A handwritten signature in cursive script, appearing to read "C. H. Dangelo".

Charles H. Dangelo, President

A handwritten signature in cursive script, appearing to read "Nehemiah E. Ginsburg".

Nehemiah E. Ginsburg, General Counsel



Starr Indemnity & Liability Company

Dallas, TX 1-866-519-2522

Disclosure Pursuant to Terrorism Risk Insurance Act

Policy Number: 1000010381

Effective Date: 02/01/2014 at 12:01 A.M.

Named Insured: AMERICAN STATES WATER COMPANY

SCHEDULE

<p>Terrorism Premium (Certified Acts): \$3,440 This premium is the total Certified Acts premium attributable to the following Coverage Part(s), Coverage Form(s) and/or Policy(s): A Coverages under this policy except for Commercial Automobile Liability.</p> <p>Additional information, if any, concerning the terrorism premium: N/a.</p> <p>Information required to complete this Schedule, if not shown above, will be shown in the Policy Declarations.</p>

A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the Policy Declarations.

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

C. Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) 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, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.



Starr Indemnity & Liability Company

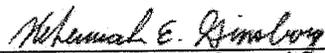
Dallas, TX 1-866-519-2522

All other terms and conditions of this Policy remain unchanged.

Signed for the Company as of the Effective Date above:



Charles H. Dangelo, President



Nehemiah E. Ginsburg, General Counsel



Starr Indemnity & Liability Company

CLAIM REPORTING PROCEDURES

All claims for **Starr Excess Liability Program**, regardless of severity or location should be reported to the YORK Claims Intake Center. The YORK Claims Intake Center is ready to accept new losses and provides three ways for you to submit new loss reports:

1. **Email:** 4869excessclaims@yorkrsg.com
2. **Fax:** (973) 404-1040
3. **Telephone:** 1-866-391-9675 (YORK)

To expedite the handling of your new claim, the following information must be provided when reporting a claim:

1. **York Client Code: 4869**
2. **Complete Policy Numbers**

The York Claims Intake Center will review all claims notices upon receipt and assign to the York handling branch office. A claim acknowledgement will then be transmitted to the designated individuals advising of the York claim number and the adjuster assigned to the claim.

Key Contacts:

Sonia Acevedo, Manager, Claims Intake Center Tel: (973) 404-1134
Sonia.acevedo@yorkisg.com

Maria Alford, Director of Client Relations Tel: (845) 831-3175
Maria.alford@yorkisg.com Cell: (973) 289-8586

Paul Lettieri, Claim Director Tel: (646) 227-6742
Paul.lettieri@starrcompanies.com Cell: (646) 217-1258



Starr Indemnity & Liability Company

Dallas, TX 1-866-519-2522

POLICY NUMBER: 1000010381

EXCESS LIABILITY POLICY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

POLICY CHANGES

This endorsement modifies insurance provided under the following:

EXCESS LIABILITY POLICY FORM

Effective Date of Change: 02/01/2014 at 12:01 A.M.
Change Endorsement No.: 1
Named Insured: AMERICAN STATES WATER COMPANY

The following item(s):

- | | |
|---|---|
| <input type="checkbox"/> Insured's Name | <input type="checkbox"/> Insured's Mailing Address |
| <input type="checkbox"/> Policy Number | <input type="checkbox"/> Company |
| <input type="checkbox"/> Effective/Expiration Date | <input type="checkbox"/> Insured's Legal Status/Business of Insured |
| <input type="checkbox"/> Payment Plan | <input type="checkbox"/> Premium Determination |
| <input type="checkbox"/> Additional Interested Parties: | <input type="checkbox"/> Coverage Forms and Endorsements |
| <input type="checkbox"/> Limits/Exposures | <input type="checkbox"/> Self-Insured Retention |
| <input type="checkbox"/> Covered Property/Located Description | <input type="checkbox"/> Classification/Class Codes |
| <input type="checkbox"/> Rates | <input checked="" type="checkbox"/> Underlying Insurance |

is (are) changed to read **{See Additional Page(s)}**:

The above amendments result in a change in the premium as follows:

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Dallas, TX 1-866-519-2522

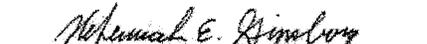
<input checked="" type="checkbox"/> NO CHANGES	<input type="checkbox"/> TO BE ADJUSTED AT AUDIT	ADDITIONAL PREMIUM \$	RETURN PREMIUM \$
Endorsement Effective: 02/01/2014		Countersigned By:  (Authorized Representative)	
Named Insured: AMERICAN STATES WATER COMPANY			

POLICY CHANGES ENDORSEMENT DESCRIPTION
IT IS HEREBY AGREED THAT THE SCHEDULE OF UNDERLYING INSURANCE IS AMENDED TO READ AS: SEE ATTACHED.

Signed for the Company as of the Effective Date above:



Charles H. Dangelo, President



Nehemiah E. Ginsburg, General Counsel



Starr Indemnity & Liability Company

Dallas, TX 1-866-519-2522

**Excess Liability Policy
Schedule of Underlying Insurance**

Policy Number: 1000010381	Effective Date: 02/01/2014 at 12:01 A.M.
Named Insured: AMERICAN STATES WATER COMPANY	Issuing Company: Starr Indemnity & Liability Company

The Declarations, Schedule(s), and all terms and conditions complete this insurance Policy.

Type of Policy or Coverage and Insurer, Policy Number and Policy Period	Limits of Insurance
A. First Underlying Insurance Policy(ies)	
Carrier: James River Insurance Company Policy No.: 00061011-0	Limits:



Starr Indemnity & Liability Company

Dallas, TX 1-866-519-2522

Coverage:	GENERAL LIABILITY	\$1,000,000	Each Occurrence L m t
Po cy Per od:	02/01/2013 to 02/01/2014	\$5,000,000	Genera Aggregate L m t
		\$2,000,000	Products/Comp. Ops. Aggregate L m t
		\$5,000,000	Po cy Aggregate L m t
		\$5,000,000	Per Project L m t Aggregate
		\$5,000,000	Per Locat on Aggregate
		\$200,000	SIR
Coverage:	EMPLOYEE BENEFITS LIABILITY		
Po cy Per od:	02/01/2014 to 02/01/2015		
		\$1,000,000	Each Emp oyee
		\$1,000,000	Aggregate
Carr er:	The Trave ers Indemn ty Company of Connect cut		
Po cy No.:	HC2E-CAP-474M5253-TCT-14		
Coverage:	AUTO LIABILITY	L m ts:	
Po cy Per od:	02/01/2014 to 02/01/2015	\$1,000,000	Comb ned S ng e L m t
		\$200,000	SIR
Carr er:	Trave ers Property Casua ty Company of Amer ca		
Po cy No.:	HWXJ-UB-474M5265-14		
Coverage:	EMPLOYERS LIABILITY	L m ts:	
Po cy Per od:	02/01/2014 to 02/01/2015	\$1,000,000	D sease - Each Accident L m t
		\$1,000,000	D sease - Each Employee L m t
		\$1,000,000	D sease - Po cy L m t
		\$500,000	SIR

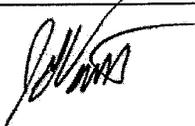


Starr Indemnity & Liability Company

Dallas, TX 1-866-519-2522

B. Additional Underlying Insurance Policy(ies)

[Empty box for listing additional underlying insurance policies]

Date of Issue:	04/15/2014	Authorized Representative:	
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Starr Indemnity & Liability Company

Dallas, TX 1-866-519-2522

POLICY NUMBER: 1000010381

EXCESS LIABILITY POLICY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

POLICY CHANGES

This endorsement modifies insurance provided under the following:

EXCESS LIABILITY POLICY FORM

Effective Date of Change: 02/01/2014 at 12:01 A.M.

Change Endorsement No.: 2

Named Insured: AMERICAN STATES WATER COMPANY

The following item(s):

- | | |
|---|---|
| <input type="checkbox"/> Insured's Name | <input type="checkbox"/> Insured's Mailing Address |
| <input type="checkbox"/> Policy Number | <input type="checkbox"/> Company |
| <input type="checkbox"/> Effective/Expiration Date | <input type="checkbox"/> Insured's Legal Status/Business of Insured |
| <input type="checkbox"/> Payment Plan | <input type="checkbox"/> Premium Determination |
| <input type="checkbox"/> Additional Interested Parties: | <input type="checkbox"/> Coverage Forms and Endorsements |
| <input type="checkbox"/> Limits/Exposures | <input type="checkbox"/> Self-Insured Retention |
| <input type="checkbox"/> Covered Property/Located Description | <input type="checkbox"/> Classification/Class Codes |
| <input type="checkbox"/> Rates | <input checked="" type="checkbox"/> Underlying Insurance |

is (are) changed to read **{See Additional Page(s)}**:

The above amendments result in a change in the premium as follows:

XS-103 (10/08)

Page 1 of 3

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Includes copyrighted material of ISO Properties, Inc., used with its permission.



Starr Indemnity & Liability Company

Dallas, TX 1-866-519-2522

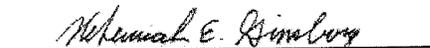
<input checked="" type="checkbox"/> NO CHANGES	<input type="checkbox"/> TO BE ADJUSTED AT AUDIT	ADDITIONAL PREMIUM \$	RETURN PREMIUM \$
Endorsement Effective: 02/01/2014		Countersigned By:  (Authorized Representative)	
Named Insured: AMERICAN STATES WATER COMPANY			

POLICY CHANGES ENDORSEMENT DESCRIPTION
IT IS HEREBY AGREED THAT THE SCHEDULE OF UNDERLYING INSURANCE IS AMENDED TO READ AS: SEE ATTACHED.

Signed for the Company as of the Effective Date above:



Charles H. Dangelo, President



Nehemiah E. Ginsburg, General Counsel



Starr Indemnity & Liability Company

Dallas, TX 1-866-519-2522

**Excess Liability Policy
Schedule of Underlying Insurance**

Policy Number: 1000010381	Effective Date: 02/01/2014 at 12:01 A.M.
Named Insured: AMERICAN STATES WATER COMPANY	Issuing Company: Starr Indemnity & Liability Company

The Declarations, Schedule(s), and all terms and conditions complete this insurance Policy.

Type of Policy or Coverage and Insurer, Policy Number and Policy Period	Limits of Insurance
A. First Underlying Insurance Policy(ies)	
Carrier: James River Insurance Company Policy No.: 00061011-0	Limits:



Starr Indemnity & Liability Company

Dallas, TX 1-866-519-2522

Coverage:	GENERAL LIABILITY	\$1,000,000	Each Occurrence L m t
Po cy Per od:	02/01/2013 to 02/01/2014	\$5,000,000	Genera Aggregate L m t
		\$2,000,000	Products/Comp. Ops. Aggregate L m t
		\$5,000,000	Po cy Aggregate L m t
		\$5,000,000	Per Project L m t Aggregate
		\$5,000,000	Per Locat on Aggregate
		\$200,000	SIR
Coverage:	EMPLOYEE BENEFITS LIABILITY		
Po cy Per od:	02/01/2014 to 02/01/2015		
		\$1,000,000	Each Emp oyee
		\$1,000,000	Aggregate
Carr er:	The Trave ers Indemn ty Company of Connect cut		
Po cy No.:	HC2E-CAP-474M5253-TCT-14		
Coverage:	AUTO LIABILITY	L m ts:	
Po cy Per od:	02/01/2014 to 02/01/2015	\$1,000,000	Comb ned S ng e L m t
		\$200,000	SIR
Carr er:	Trave ers Property Casua ty Company of Amer ca		
Po cy No.:	HWXJ-UB-474M5265-14		
Coverage:	EMPLOYERS LIABILITY	L m ts:	
Po cy Per od:	02/01/2014 to 02/01/2015	\$1,000,000	D sease - Each Acc dent L m t
		\$1,000,000	D sease - Each Emp oyee L m t
		\$1,000,000	D sease - Po cy L m t
		\$500,000	SIR
Carr er:	Berksh re Hathaway Homestate Insurance Company		
Po cy No.:	NCW001474		
		L m ts:	



Starr Indemnity & Liability Company

Dallas, TX 1-866-519-2522

Coverage:	EMPLOYERS LIABILITY	\$1,000,000	D sease - Each Acc dent L m t
Po cy Per od:	12/12/2013 to 12/12/2014	\$1,000,000	D sease - Each Emp oyee L m t
		\$1,000,000	D sease - Po cy L m t

Carr er: Oak R ver Insurance Company
 Po cy No.: 2200063154-131

Coverage:	EMPLOYERS LIABILITY	L m ts:	D sease - Each Acc dent L m t
Po cy Per od:	12/12/2013 to 12/12/2014	\$1,000,000	D sease - Each Emp oyee L m t
		\$1,000,000	D sease - Po cy L m t
		\$1,000,000	

B. Additional Underlying Insurance Policy(ies)

Date of Issue: 07/24/2014

Authorized Representative:

Exhibit C to Declaration of Matthew Narensky

FAXED

ORIGINAL

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McCormick, Barstow, Sheppard,
Wayte & Carruth LLP
Patrick Fredette, #207284
patrick.fredette@mccormickbarstow.com
Lejf E. Knutson, #234203
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7647 North Fresno Street
Fresno, California 93720
Telephone: (559) 433-1300
Facsimile: (559) 433-2300

Attorneys for Defendant
Starr Indemnity & Liability Company

SUPERIOR COURT OF CALIFORNIA

COUNTY OF VENTURA

JAMES RIVER INSURANCE
COMPANY, an Ohio Corporation,

Plaintiff,

v.

STARR INDEMNITY & LIABILITY
COMPANY, a Texas Corporation,

Defendant.

Case No. 56-2015-00474653-CU-IC-
VTA

**CROSS-COMPLAINT OF STARR
INDEMNITY & LIABILITY
COMPANY**

VENTURA
SUPERIOR COURT
FILED

APR 08 2016

MICHAEL D. PLANET
Executive Officer and Clerk

BY: _____, Deputy

S. Lezero

TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

COMES NOW, Defendant Starr Indemnity & Liability Company ("Starr") and
for its cross-complaint against Plaintiff James River Insurance Company's ("James
River") states as follows:

THE PARTIES

1. Starr is an insurance corporation organized and existing under the laws of
the State of Texas, with its principal offices in New York, New York. Starr is

1 authorized to and is conducting business in the State of California as an approved and
2 licensed insurer.

3 2. James River is an insurance corporation organized and existing under the
4 laws of the State of Ohio, with its principle offices in Richmond, Virginia. James River
5 is authorized to and is conducting business in the State of California as an approved
6 licensed insurer.

7 **JURISDICTION AND VENUE**

8 3. This is a claim over which the Court has jurisdiction because a substantial
9 part of the events giving rise to the claim occurred in Ventura County, California.

10 4. This Court has personal jurisdiction over James River because of the
11 activities of James River in the State of California.

12 **BACKGROUND**

13 **The Ojai Water Main Break**

14 5. Upon information and belief, Golden State Water Company ("Golden
15 State"), a subsidiary of American States Water Company, entered into a franchise
16 agreement with the City of Ojai for the maintenance and repair of Ojai's water lines on
17 or about May 1967.

18 6. Upon information and belief, Golden State has been responsible for
19 maintaining and repairing Ojai's water lines since that time pursuant to the franchise
20 agreement.

21 7. Upon information and belief, a water main under Ojai Avenue purportedly
22 broke on July 20, 2014 ("water main break").

23 8. Upon information and belief, the water main break allegedly damaged
24 various structures located on Ojai Avenue, purportedly including Ojai Playhouse
25 Theater ("Ojai Playhouse"), AT&T, Jester Restaurant, Marche Gourmet Delicatessen,
26 Ojai Film Society, Ojai Film Festival, and The Oaks at Ojai.

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1 **The Insurance Policies**

2 9. James River issued to American States a Freedom Pack Commercial
3 General Liability policy under number 00061011-0 covering the period February 1,
4 2014 to February 1, 2015, with limits of \$1,000,000 per occurrence. Upon information
5 and belief, a true and correct copy of the policy is attached hereto as Exhibit "A."

6 10. Starr issued to American States an Excess Liability policy under number
7 1000010381 for the period February 1, 2014 to February 1, 2015. The Schedule of
8 Underlying Insurance provides that James River is the First Underlying Insurer. A true
9 and correct copy of the Starr policy is attached hereto as Exhibit "B."

10 11. Except for the express terms and conditions of the Starr policy which
11 control, the Starr policy follows the terms and conditions of the James River policy.

12 12. The James River policy applies to covered "property damage" that is
13 caused by an "occurrence." The term "property damage" is defined as "physical injury
14 to tangible property" or "loss of use of tangible property that is not physical injured."
15 "Occurrence" is defined in part as "an accident."

16 13. The insuring agreement of the James River policy obligates James River to
17 defend and indemnify Golden State against "suits" seeking covered damages and
18 allows James River, at its discretion, to investigate any "occurrence" and settle any
19 claim or "suit" that may result. James River's obligations under the insuring agreement
20 of its policy terminate when James River has "used up the applicable limit of insurance
21 in the payment of judgments or settlements."

22 **James River Erroneously**

23 **Claims the Limits of the James River Policy Are Exhausted**

24 14. James River paid approximately \$213,607.64 to settle the claims by Jester
25 Restaurant, Ojai Film Festival, Ojai Film Society, AT&T and Marche Gourmet
26 Delicatessen against Golden State in relation to the water main break. Each of these
27 claimants executed a settlement agreement and release of Golden State from any and all

1 claims resulting from the water main break in exchange for the individual payments
2 they received.

3 15. James River communicated with Starr on February 24, 2015, and stated
4 that it had "paid \$710,398.75" in rolling payments to the Ojai Playhouse, and further
5 claimed that such payments counted toward exhaustion of the limits of the James River
6 policy. James River advised that it would continue to disburse funds to the Ojai
7 Playhouse in such manner until James River concluded its policy was exhausted, unless
8 Starr accepted the tender of James River's policy limits, and thereby excused James
9 River of any obligation under its policy.

10 16. Starr responded to James River on March 6, 2015, and informed James
11 River that its policy permitted exhaustion only through "payment of judgments or
12 settlements" and that the rolling payments to the Ojai Playhouse without a release or
13 settlement of claims against Golden State were not on account of "payment of
14 judgments or settlements," and thus did not count toward exhaustion of the James River
15 policy.

16 17. Starr's also explained to James River that it is not the arbiter of whether it
17 has properly exhausted its policy, and thus simply declaring its limits were exhausted
18 was not evidence of proper exhaustion. Starr also informed James River that California
19 law prohibits a primary insurer from "dumping" its limits in an attempt artificially
20 exhaust its policy.

21 18. James River ignored Starr's communications and continued to issue rolling
22 payments to the Ojai Playhouse, but without obtaining a release or settlement of claims
23 against Golden State. Starr thus communicated with James River again on June 18,
24 2015, and reiterated what the law and James River policy obligations were in regard to
25 proper exhaustion.

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1 19. On June 22, 2015, James River informed Starr that it “exhausted” its
2 \$1,000,000 limit through the rolling payments to the Ojai Playhouse, and claimed that it
3 had no further obligation under its policy.

4 20. Starr responded on June 22 and 26, 2015, and again informed James River
5 it was not the arbiter of exhaustion as the issue remained in dispute between Starr and
6 James River. Starr informed James River that it rejected the contention that the James
7 River policy was exhausted, as the James River policy only permitted exhaustion
8 though “payment of judgments or settlements,” and because the rolling payments to the
9 Ojai Playhouse were not on account of “payment of judgments or settlements,” James
10 River did not properly exhaust.

11 21. James River did not respond substantively to Starr’s communications,
12 which caused Starr to reach out again to James River on July 30, 2015. Because James
13 River continued to ignore Starr’s concern and position on exhaustion, and did not
14 otherwise seek a judicial determination that its policy was exhausted, Starr initiated this
15 action on July 30, 2015.

16 22. James River’s continues to contend the payments to the Ojai Playhouse
17 exhausted the James River policy limit applicable to the claims arising out of the water
18 main break. Based on this contention, James River initially claimed that it has neither a
19 duty to defend or indemnify Golden State in any suit by the Ojai Playhouse and/or its
20 owners arising out of the water main break, despite that its payments were not on
21 account of “payment of judgments or settlements” as required by the James River
22 policy.

23 23. Upon learning the owners of the Ojai Playhouse intended to file suit
24 against Golden State in relation to the water main break, James River recently changed
25 position on the defense duty, and suggested that it would agree to defend Golden State
26 in relation to any covered claim in suit. The owners of the Ojai Playhouse have since
27 filed suit against Golden State, captioned *Khaled A. Al-Awar et al., v. Golden State*

1 *Water Company, Inc.*, Superior Court for the State of California, Ventura County, Case
2 No. 56-2015-00474589 (“*Al-Awar* action”). Upon information and belief, James River
3 has agreed to defend Golden State in the *Al-Awar* action subject to a reservation of
4 rights.

5 24. James River contends it will not indemnify Golden State in relation to any
6 purported covered claims alleged in the *Al-Awar* action, renewing the contention the
7 payments of approximately \$786,392.36 to the Ojai Playhouse exhausted its \$1 million
8 “occurrence” limit, despite that the payments were not on account of “judgments or
9 settlements” of claims by the Ojai Playhouse against Golden State.

10 25. Further, upon information and belief, certain sums within the
11 approximately \$786,392.36 of payments made by James River to the Ojai Playhouse
12 did not include amounts that represent covered “property damage” caused by an
13 “occurrence” within the meaning of the James River and Starr policies.

14 **FIRST CAUSE OF ACTION**

15 (Declaratory Relief As To Exhaustion Of Policy Limit)

16 26. Starr incorporates by reference paragraphs 1 through 25, inclusive, as
17 though fully set forth and pleaded herein

18 27. James River’s obligations under its policy continue until it has properly
19 exhausted its \$1,000,000 limit by payment of “judgments or settlements.”

20 28. James River claims the \$786,392.36 in payments to the Ojai Playhouse
21 erode the \$1,000,000 limit of its policy. Starr disputes the contention, as the payments
22 of \$786,392.36 were not on account of “judgments or settlements” as required by the
23 terms of the James River policy.

24 29. A declaratory judgment will settle the controversy; will serve a useful
25 purpose in clarifying the legal relations at issue; and will be the appropriate remedy in
26 this case. Therefore, Starr requests a declaration of the limitations, rights and
27 obligations, if any, under the James River and Starr policies.

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SECOND CAUSE OF ACTION

(Declaratory Relief As To Property Damage Caused By An Occurrence)

30. Starr incorporates by reference paragraphs 1 through 29, inclusive, as though fully set forth and pleaded herein.

31. In relevant part, the James River policy, and thus in turn the Starr policy, only applies to covered "property damage" caused by an "occurrence." James River claims the full amount of the payments of \$786,392.36 disbursed to the Ojai Playhouse represents covered "property damage" caused by an "occurrence." Starr disputes the contention.

32. A declaratory judgment on this issue will settle the controversy; will serve a useful purpose in clarifying the legal relations at issue; and will be the appropriate remedy in this case. Therefore, Starr requests a declaration of the limitations, rights and obligations, if any, under the James River and Starr policies.

PRAYER FOR RELIEF

WHEREFORE, Starr prays that this Court enter judgment in Starr's favor and against James River by:

1. Adjudicating and declaring that James River's payments of \$786,392.36 to the Ojai Playhouse were not on account of "judgments or settlements" and thus do not exhaust the limits of the James River policy.

2. Adjudicating and declaring that sums paid by James River that do not amount to "property damage" caused by an "occurrence" do not exhaust the limits of the James River policy.

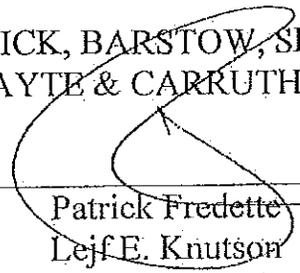
3. Award such further relief that the Court deems just and proper.

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Dated: April 8, 2016

MCORMICK, BARSTOW, SHEPPARD,
WAYTE & CARRUTH LLP

By: _____



Patrick Fredette
Leif E. Knutson

Attorneys for Starr Indemnity & Liability
Company

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PROOF OF SERVICE

STATE OF OHIO, COUNTY OF HAMILTON

At the time of service, I was over 18 years of age and **not a party to this action**. I am employed in the County of Hamilton, State of Ohio. My business address 312 Walnut Street, Suite 1050, Cincinnati, Ohio, 45202.

On April 8, 2016, I served true copies of the following document(s) described as **CROSS-COMPLAINT OF STARR INDEMNITY & LIABILITY COMPANY** on the interested parties in this action as follows:

Jonathan B. Cole
Matthew J. Hafey
Nemecek & Cole
15260 Ventura Boulevard, Suite 920
Sherman Oaks, California 91403

BY MAIL: I enclosed the document(s) in a sealed envelope or package addressed to the persons at the addresses listed in the Service List and placed the envelope for collection and mailing, following our ordinary business practices. I am readily familiar with this business's practice for collecting and processing correspondence for mailing. On the same day that the correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service, in a sealed envelope with postage fully prepaid.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct and that I am employed in the office of a member of the bar of this Court at whose direction the service was made.

Executed on April 8, 2016 at Cincinnati, Ohio.



Alex McCool Hicks

Exhibit D to Declaration of Matthew Narensky

1 JONATHAN B. COLE (SBN 70460)
jcole@nemecek-cole.com
2 MATTHEW J. HAFEY (SBN 167122)
mhafey@nemecek-cole.com
3 NEMECEK & COLE, a Professional Corporation
15260 Ventura Boulevard, Suite 920
4 Sherman Oaks, California 91403-5344
Telephone: (818) 788-9500
5 Facsimile: (818) 501-0328

VENTURA
SUPERIOR COURT
FILED
MAR 14 2016
MICHAEL D. PLANET
Executive Officer and Clerk
BY: _____ Deputy

6 Attorneys for Plaintiff
JAMES RIVER INSURANCE COMPANY

DEBRA RAMOS

8 SUPERIOR COURT OF CALIFORNIA
9 COUNTY OF VENTURA

11 JAMES RIVER INSURANCE
COMPANY, an Ohio Corporation,
12
13 Plaintiff,
14
15 -vs-
16 STARR INDEMNITY & LIABILITY
COMPANY, a Texas Corporation,
ROES 1 through 50
17
18 Defendant.

Case No. 56-2015-00474653-
CU-IC-VTA
[Assigned to Hon. Rocky J Baio,
Dept. 20]

NOTICE OF RELATED CASE
(*Al-Awar v. Golden State Water Co.*)
VCSC Case No. 56-2015-474589 *JE*

**[REQUEST FOR JUDICIAL
NOTICE IN SUPPORT FILED
SEPARATELY]**

19
20 COMES NOW PLAINTIFF James River Insurance Company ("JAMES
21 RIVER") who provides its Notice of Related Case as follows:

- 22 1. **Judicial Officer of Low Number Case:** Hon. Henry J. Walsh, Dept. 42;
- 23 2. **Title and Case No. Of Low Number Case:** *Khaled Al-Awar et. al v.*
24 *Golden State Water Company, VCSC Case No. 56-2015-00474589); -CU*
- 25 3. **Department:** 42; *PO-VTA*
- 26 4. **Filing Date of Low Number Case:** November 13, 2015;
- 27 5. **Reason to Deem Low Number Case Related:** This Declaratory Relief

28 Action seeks to adjudicate the respective rights and obligations of two insurers

1 relating to an underlying tort action entitled *Khaled A. Al-Awar et al. v. Golden State*
2 *Water Company*, Ventura County Superior Court Case No. 56-2015-00474589-CU-
3 PO-VTA (the "*Al-Awar Action*"), and therefore arises from the same or substantially
4 identical transactions, incidents or events requiring the determination fo the same or
5 substantially identical questions of law or fact. If this matter is heard by different
6 judges, it is likely to require substantial duplication of judicial resources for the
7 reasons stated below.

8 **A. Common Questions of Fact Between the Two Actions**

9 Plaintiff JAMES RIVER issued a Commercial General Liability Insurance
10 Policy (the "Primary Policy") to Golden State Water Company ("GSW"). In July,
11 2014, a water main in Ojai, California owned by GSW broke and caused flooding to
12 nearby buildings, including the Ojai Playhouse, owned by Khaled Al-Awar. After
13 GSW expended its \$200,000 Self-insured Retention, JAMES RIVER made indemnity
14 payments for "Property damage" and other consequential damages to the Ojai
15 Playhouse in the amount of \$786,392.36, plus another \$213,607.64 to claimants Jester
16 Restaurant, Ojai Film Festival, Ojai Film Society, AT&T and Marche Gourmet
17 Delicatessen, completely exhausting its \$1,000,000 indemnity limit. Well before
18 JAMES RIVER's payments reached its Policy limit, JAMES RIVER invited GSW's
19 excess liability insurer, defendant Starr Indemnity & Liability Co. ("STARR")¹ to
20 actively participate in resolving the loss claimed by the Ojai Playhouse, as it appeared
21 the loss would exceed JAMES RIVER's \$1,000,000 Policy limit. STARR refused to
22 participate.

23 After JAMES RIVER paid out its Limit of Liability, STARR disputed that any
24 additional payments were due to resolve GSW's liability to the Ojai Playhouse.
25 STARR initiated coverage litigation in the United States District Court (*Starr*
26 *Indemnity & Liability Co. v. James River Insurance Co.*, USDC Case No. 15CV05781
27

28 ¹STARR issued a "following form" excess liability insurance policy to GSW with limits of
liability of \$10,000,000.

1 (the "*Starr* Dec Relief Action"), challenging JAMES RIVER's payments and their
2 effect on STARR's duties to GSW. Mr. Al-Awar then filed the *Al-Awar* Action in this
3 Court, seeking to adjudicate the remaining damages owed by JAMES RIVER and
4 STARR's insured, GSW, to the Ojai Playhouse that were caused by the water main
5 break. JAMES RIVER is currently providing a defense to GSW to that action, which
6 is pending before Judge Henry J. Walsh in Department 42.

7 Once Mr. Al-Awar filed his liability action, JAMES RIVER filed the instant
8 Declaratory Relief Action (the "*James River* Dec Relief Action") in this Court against
9 STARR, as JAMES RIVER contends that the Ventura County Superior Court is the
10 *only* court which should hear this matter. On December 30, 2016, STARR proceeded
11 to file a Notice of Removal of the instant action to the United States District Court.
12 The case was deemed "related" to the *Starr* Dec Relief Action and assigned to the
13 Hon. Dean D. Pregerson.

14 JAMES RIVER proceeded to file a Motion to Remand the instant action, along
15 with a Motion to Dismiss the *Starr* Dec Relief Action, in the U.S. District Court. The
16 grounds for the motions were, among other things, that the District Court should
17 abstain from hearing either the instant action or the *Starr* Dec Relief Action pursuant
18 to *American Nat'l Fire Ins. Co. v. Hungerford*, 53 F.3d 1012, 1019 (9th Cir. 1994);
19 *Wilton v. Seven Falls Co.*, 515 U.S. 277,282-283 (1995); *Brillhart v. Excess Ins. Co. of*
20 *Am.*, 316 U.S. 491, 494-495 (1942); and *Gov't Employees Ins. Co. v. Dizol*, 133 F.3d
21 1220, 1223 (9th Cir. 1998). Among the key factors the District Court considered was
22 the public policy to avoid duplicative or piecemeal litigation of identical factual issues
23 and claims. "Piecemeal litigation occurs when different tribunals consider the same
24 issue, thereby duplicating efforts and possibly reaching different results." *American*
25 *Intern. Underwriters, Inc. v. Continental Ins. Co.*, 843 F.2d 1253, 1258 (9th Cir.
26 1988); see *Brillhart*, 316 U.S. at 495 ("Gratuitous interference with the orderly and
27 comprehensive disposition of state court litigation should be avoided").
28

1 On February 26, 2016, the District Court granted JAMES RIVER's Motion to
2 Remand the instant case (and later granted the Motion to Dismiss the *Starr* Dec Relief
3 Action on the same grounds).² In so doing, the District Court observed:

4 "James River further argues that this court's exercise of jurisdiction
5 would result in piecemeal litigation and create the possibility of
6 inconsistent judgments, as the underlying *Al Awar* tort suit must remain
7 in state court. Starr takes the position that the cases before this court are
8 totally unrelated to the state court tort action, and that this court need only
9 apply well-settled state law.

10 The court is not persuaded that exercise of jurisdiction would be
11 appropriate under the circumstances here. Starr itself acknowledges that it
12 wants this court to rule whether James River exhausted its \$1 million
13 policy limit, and that resolution of that question would require the court
14 to determine whether James River's payments to the Theater's owners
15 were for "property damage" losses as defined in the James River policy. It
16 is unclear to the court how that question is unrelated to the underlying *Al*
17 *Awar* suit in state court. Although the *Al Awar* suit raises causes of action
18 for negligence, trespass, nuisance, and inverse condemnation, any
19 damages inquiry in that suit will necessarily address questions of property
20 damage and the payments already made to the Theater's owners by James
21 River, including state law questions regarding diminution in value, cost to
22 rebuild, or other appropriate measures of damages.^{FN3} Any attempt by this
23 court to characterize James River's payments would be, at best,
24 duplicative of the state court's efforts, even putting aside the risk of
25 inconsistent outcomes.

26
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²See Order Dismissing *Starr* Dec Relief Action, attached to RJN as Exh. "B."

1 ^{FN3}James River also asserts that these cases and Al Awar will
2 require a court to determine whether required building code
3 upgrades to the historic Theater qualify as “property damage.”
4 *Id.* (Emphasis added). A true and correct copy of the District Court’s Order is attached
5 to the accompanying Request for Judicial Notice as Exhibit “A.”

6 Given the above, there are significant common questions of fact between the *Al-*
7 *Awar* Action and the *James River* Dec Relief Action, such that assigning these two
8 actions to different jurists would be a waste of judicial resources (as two different
9 judges would have to learn two different cases with significantly overlapping factual
10 issues) and could lead to inconsistent results, which was one of the reasons why the
11 District Court determined that it should abstain from jurisdiction and remanded this
12 case to the Ventura County Superior Court. Among other things, the significant
13 overlapping factual issues are:

- 14 • the amounts paid by JAMES RIVER to the Ojai Playhouse towards
15 damages allegedly caused by the July, 2014 water main break, which JAMES RIVER
16 contends must be credited against any Judgment plaintiffs in the *Al-Awar* Action
17 should obtain against GSW pursuant to Insurance Code § 11583 (discussed below);
- 18 • the precise items of “damage” paid for by JAMES RIVER (these items
19 are well documented in invoices presented by the Ojai Playhouse), and whether
20 reductions taken by JAMES RIVER were reasonable;
- 21 • whether the items of “damage” paid for by JAMES RIVER were
22 proximately caused by the flood, or whether they constitute pre-existing damage or
23 latent construction issues that should not qualify as “Property damage” under the
24 JAMES RIVER Policy;
- 25 • whether the items of “damage” paid for by JAMES RIVER were
26 necessarily incurred due to the enforcement of modern building codes, and whether
27 such “building code upgrades” are covered as “Property damage” under the JAMES
28 RIVER Policy;

1 • whether certain investigatory expenses are recoverable by the Ojai
2 Playhouse as "damages" proximately caused by the flood (*see Stearman v. Centex*
3 *Homes* (2000) 78 Cal. App. 4th 611, 624.

4 **B. Common Issues of Law Between the Two Actions**

5 This Declaratory Relief Action is also largely dependent on the outcome of an
6 important damages issue in the *Al-Awar* Action, to wit, whether the correct measure of
7 damages is diminution in value or actual cost to repair the Ojai Playhouse, a 100 year
8 old historical building at 145 E. Ojai Avenue. The Ojai Playhouse is allegedly the
9 "cultural epicenter of the community of Ojai" and plaintiffs in the *Al-Awar* Action
10 have expressly asserted an intent to rebuild it, as they have a "personal connection to
11 the Ojai Playhouse and have an interest in continuing to operate it notwithstanding the
12 events of July 20, 2014." Complaint, *Al-Awar* Action, page 1 (attached to
13 accompanying RJN as Exh. "C"). In this case, STARR has directly challenged
14 whether JAMES RIVER correctly applied the correct measure of damages to be
15 utilized in the *Al-Awar* Action (diminution in value versus cost to rebuild). Resolution
16 of this issue necessarily requires a determination whether JAMES RIVER correctly
17 applied the "personal reason" exception to the general rule requiring diminution in
18 value, rather than the cost to rebuild, as the measure of damages. *See Heninger v.*
19 *Dunn*, 101 Cal.App.3d 858, 862 (1980) (where owner has a personal reason for
20 rebuilding (such as a unique property, or a homestead that the owner actually intends
21 to rebuild), cost to rebuild is proper measure even if it exceeds diminution in value).

22 STARR argues that JAMES RIVER never should have gone down the path of
23 allowing The Ojai Playhouse to be rebuilt. In its Complaint in the District Court
24 (which has been dismissed but is anticipated to be refiled here as a Cross-complaint),
25 STARR states that it "denies that the \$786,392.36 disbursed by James River to Mr.
26 Al-Awar on a rolling basis to purportedly repair the damaged theater constitutes
27 payment of 'judgments or settlements' towards 'property damage' caused by an
28 'occurrence.'" Complaint, *Starr* Dec Relief Action, ¶ 20 (attached to the RJN as Exh.

1 "D"). The District Court has already rejected STARR's contention that JAMES
2 RIVER's payment of its Policy limits toward the Ojai Playhouse's damages does not
3 exhaust its indemnity limit. The District Court noted:

4 "James River does not appear to contend that it has no duty to defend
5 Golden State in the underlying suit, and indeed, continues to defend its
6 insured at the present time. Furthermore, although Starr attempts to
7 characterize this dispute more narrowly, James River's suit, filed in state
8 court, does not seek declaratory relief limited to its duty to defend, but,
9 rather to its duty to indemnify as well. Starr has not cited, nor is this court
10 aware of, any California authority for the proposition that insurance
11 payments made toward covered claims, absent a total release of those
12 covered claims, cannot serve to exhaust policy limits. See Cal. Ins. Code
13 § 11583. This court declines Starr's invitation to take up these issues of
14 state law."

15 See Order, RJN Exh. "A" at 5. This issue, which is a mixed question of law and fact
16 (applying the correct measure of damages in the *Al-Awar* Action and the effect of
17 Insurance Code § 11583 (which expressly states that an insurer is entitled to a credit
18 against any judgment rendered against its insured if payments are made to the claimant
19 during the investigation of a third party claim) which will be integral to the resolution
20 of both the *Al-Awar* Action and the instant Declaratory Relief Action.

21 C. Conclusion

22 All of these issues are going to be hotly contested in both the *Al-Awar* Action
23 and the instant Declaratory Relief Action and will require substantial judicial
24 involvement. The District Court was of a mind that the same judge should be deciding
25 these issues in both cases, which was a principal reason for declining jurisdiction and
26 remanding this case to the Ventura County Superior Court. Accordingly, JAMES
27 RIVER contends that in order to avoid inconsistent resolution of questions of law or
28 fact, and to avoid the substantial duplication of judicial resources if these two matters

1 are heard by different judges, the instant matter should be deemed related to the *Al-*
2 *Awar* Action.

3
4 DATED: March 14, 2016

NEMECEK & COLE

5
6 By 
7 MATTHEW J. HAFEY
8 Attorneys for Plaintiff JAMES RIVER
9 INSURANCE COMPANY
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PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action; my business address is 15260 Ventura Blvd., Suite 920, Sherman Oaks, CA 91403.

On March 14, 2016, I served the document described as *NOTICE OF RELATED CASE* upon the interested parties in this action in sealed envelopes addressed as follows:

Co-Counsel for Defendant Starr Indemnity:

Leif E. Knutson, Esq.

McCormick, Barstow LLP

7647 N. Fresno St.

Fresno, CA 93720

leif.knutson@mccormickbarstow.com

Co-Counsel for Defendant Starr Indemnity:

Patrick Fredette, Esq.

McCormick, Barstow LLP

Scripps Center

312 Walnut St., Suite 1050

Cincinnati, OH 45202

patrick.fredette@mccormickbarstow.com

X

(By Mail) I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under that practice, it would be deposited with U.S. postal service on that same day with postage thereon fully prepaid at Sherman Oaks, California in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after day of deposit for mailing contained in affidavit.

(By Overnight Delivery) I deposited this document in the box or other facility located at 15260 Ventura Blvd., Suite 920, Sherman Oaks, CA 91403 regularly maintained by Federal Express, in an envelope designated by Federal Express with delivery fees paid or provided for, addressed to the persons on whom it is to be served, for guaranteed next day delivery.

(By Electronic Service (to individual persons)) By electronically transmitting the document(s) listed above to the e-mail address(es) of the person(s) set forth on the attached service list from the e-mail address _____ [INSERT YOUR EMAIL] To my knowledge, the transmission was reported as completed and without error. *See, California Rules of Court, Rule 2.251.*

(By Facsimile Transmission) I caused the foregoing document to be served by facsimile transmission to each of the interested parties at the facsimile machine telecopy number shown above.

(By Personal Service) I caused the delivery of such envelope by hand to the offices of the addressee.

Executed on March 14, 2016, at Sherman Oaks, California.

X

(State) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

(Federal) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

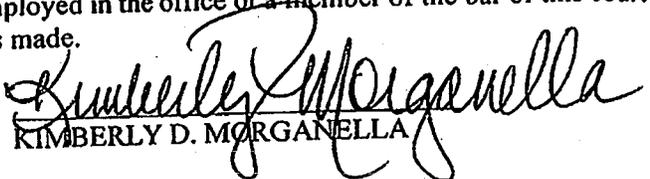

KIMBERLY D. MORGANELLO

Exhibit E to Declaration of Matthew Narensky

SUPERIOR COURT OF CALIFORNIA,
COUNTY OF VENTURA
VENTURA

MINUTE ORDER [X] Amended on 06/28/2016

DATE: 06/28/2016

TIME: 04:10:00 PM

DEPT: 21

JUDICIAL OFFICER PRESIDING: Kent Kellegrew
CLERK: Denise Cervantes
REPORTER/ERM:

CASE NO: **56-2015-00474589-CU-PO-VTA**
CASE TITLE: **Al Awar vs Golden State Water**
CASE CATEGORY: Civil - Unlimited CASE TYPE: PI/PD/WD - Other

EVENT TYPE: Order of Reassignment

APPEARANCES

NATURE OF PROCEEDINGS: CASE REASSIGNMENT

Hon. Rocky J. Baio does hereby recuse himself pursuant to CCP §170.1(6)(A)(iii) on the above entitled matter and the consolidated matter of James River v. Starr Indemnity, VCSC Case No. 2015-474653-CU-IC-VTA.

The matter having been referred to the Supervising Civil Judge for reassignment is hereby reassigned to Hon. Kent M. Kellegrew in Department 21 for all purposes.

The Motion for Reconsideration of Consolidation scheduled for July 22, 2016 has been continued to August 1, 2016 at 8:30am in Department 21.

Any and all other hearings presently reserved/scheduled in Department 20 are reassigned to Department 21.

Clerk to give notice.

DATE: 06/28/2016

MINUTE ORDER

Page 1

DEPT: 21

SUPERIOR COURT OF CALIFORNIA, COUNTY OF VENTURA

Ventura
800 South Victoria Avenue
Ventura, CA 93009

SHORT TITLE: Al Awar vs Golden State Water

CLERK'S CERTIFICATE OF SERVICE BY MAIL (Minute Order)

CASE NUMBER:
56-2015-00474589-CU-PO-VTA

I certify that I am not a party to this cause. I certify that a true copy of the Minute Order was mailed following standard court practices in a sealed envelope with postage fully prepaid, addressed as indicated below. The mailing and this certification occurred at Ventura, California, on 06/30/2016.

Clerk of the Court, by: _____



, Deputy

TINA L SCHONEMAN
BOHL & ASSOCIATES
BENTON ORR DUVAL & BUCKINGHAM
39 N CALIFORNIA STREET
VENTURA, CA 93001

JOHN H HOWARD
LOWTHORP RICHARDS MCMILLAN MILLER &
TEMPLEMAN P.C. FIRM
P.O. BOX 5167
OXNARD, CA 93031

MATTHEW J HAFEY
15260 VENTURA BOULEVARD # 920
SHERMAN OAKS, CA 91403

LENA LOUIS
RESNICK & LOUIS PC FIRM
9891 IRVINE CENTER DRIVE # 200
IRVINE, CA 92618

PATRICK FREDETTE
MCCORMICK BARSTOW SHEPPARD WAYTE & CARRUTH
LLP FIRM
7647 N FRESNO STREET
FRESNO, CA 93720

CLERK'S CERTIFICATE OF SERVICE BY MAIL

SUPERIOR COURT OF CALIFORNIA, COUNTY OF VENTURA

SHORT TITLE: Al Awar vs Golden State Water	CASE NUMBER: 56-2015-00474589-CU-PO-VTA
---	--

CLERK'S CERTIFICATE OF MAILING

I certify that I am not a party to this cause. I certify that a true copy of the **NOTICE OF REASSIGNMENT OF JUDICIAL OFFICER AND CHANGE OF HEARING LOCATION** was mailed following standard court practices in a sealed envelope with postage fully prepaid, addressed as indicated below. The mailing and this certification occurred at Ventura, California, on 06/29/2016.

Clerk of the Court,

By: 
Denise Cervantes, Clerk

TINA L SCHONEMAN
BENTON ORR DUVAL & BUCKINGHAM
39 N CALIFORNIA STREET
VENTURA, CA 93001

JOHN H HOWARD
P.O.BOX 5167
OXNARD, CA 93031

MATTHEW J HAFEY
15260 VENTURA BOULEVARD
920
SHERMAN OAKS, CA 91403

LENA LOUIS
9891 IRVINE CENTER DRIVE
200
IRVINE, CA 92618

PATRICK FREDETTE
7647 N FRESNO STREET
FRESNO, CA 93720

Exhibit F to Declaration of Matthew Narensky

**SUPERIOR COURT OF CALIFORNIA,
COUNTY OF VENTURA
VENTURA**

MINUTE ORDER

DATE: 04/11/2016

TIME: 08:15:00 AM

DEPT: 22B

TEMPORARY JUDGE: Genalin Riley
CLERK: Hope Hernandez
REPORTER/ERM:

CASE NO: **56-2015-00474589-CU-PO-VTA**

CASE TITLE: **Al Awar vs Golden State Water**

CASE CATEGORY: Civil - Unlimited CASE TYPE: PI/PD/WD - Other

EVENT TYPE: MANDATORY APPEARANCE CMC/Order to Show Cause Re Sanctions/Dismissal for Failure to File Proof of Service/Default

MOVING PARTY: Walid A Al Awar Individually and as Trustee of the Walid A Alawar Living Trust, Khaled A Al Awar Individually and as Trustee of the K&S Al Awar Family trust

CAUSAL DOCUMENT/DATE FILED: Complaint for inverse condemnation Nuisance trespass and negligence, 11/13/2015

APPEARANCES

Brett Templeman, specially appearing for counsel JOHN H HOWARD, present for Plaintiff(s).

Lena Louis, counsel, present for Defendant(s) telephonically.

Carlos Cabral, specially appearing for counsel TINA L SCHONEMAN, present for Defendant(s).

Counsel appearing in court stipulate(s) to the Judge Pro Tem to hear the matter. Stipulation signed and filed.

The Court having conducted a Case Management Conference, now orders:

Mandatory Settlement Conference is scheduled on 11/14/2016 at 09:00 AM in Courtroom 22.

Please comply with California Rule of Court 3.1380 which provides in part that the Mandatory Settlement Conference Statement must be filed and served 5 court days prior to the hearing. This rule also provides that trial counsel, parties, and persons with full authority to settle the case must personally attend the conference unless excused by the Court for good cause. Failure to comply shall result in the imposition of sanctions.(CRC 2.30)

Jury Trial (LC) 15 day jury trial is scheduled for 12/12/2016 at 01:30 PM in Department 42.

At least one party demanding a jury on each side shall pay a non-refundable fee of \$150.00 pursuant to Code of Civil Procedure 631 or jury is waived. Pursuant to Local Rule 8.12 (B) and 8.12 (N), all Trial Briefs and In Limine Motions shall be filed with the judicial assistant in the assigned trial department on the first day of trial. Continuances before or during trial are disfavored. Trial date is firm. No

continuances shall be granted unless good cause is shown. Failure to appear will result in dismissal. It shall be the duty of counsel to promptly inform the court of any case which has settled.

Notice to be given by Plaintiff. (Counsel also ordered to file proof of service of notice with the court.)

Exhibit G to Declaration of Matthew Narensky

ORDINANCE NO. 382

ORDINANCE OF THE CITY COUNCIL OF THE CITY OF OJAI, CALIFORNIA, GRANTING TO SOUTHERN CALIFORNIA WATER COMPANY, ITS SUCCESSORS AND ASSIGNS, A FRANCHISE TO LAY AND USE PIPES, DITCHES, FLUMES, CONDUITS AND APPURTENANCES, FOR TRANSMITTING AND DISTRIBUTING WATER FOR ANY AND ALL PURPOSES, IN, ALONG, ACROSS, UPON AND UNDER THE PUBLIC STREETS, WAYS, ALLEYS AND PLACES WITHIN THE CITY OF OJAI.

The City Council of the City of Ojai does ordain as follows:

Section 1. Whenever in this ordinance the words or phrases hereinafter in this section defined are used, it is intended that they shall have the respective meanings assigned to them in the following definitions (unless, in the given instance, the context wherein they are used shall clearly import a different meaning):

(a) The word "Grantee" shall mean the corporation to which the franchise contemplated in this ordinance is granted and its lawful successors or assigns;

(b) The word "City" shall mean the City of Ojai, a municipal corporation of the State of California, in its present incorporated form or in any later reorganized, consolidated, enlarged or reincorporated form;

(c) The word "streets" shall mean the public streets, ways, alleys and places, except state freeways, as the same now or may hereafter exist within said City;

(d) The phrase "pipes and appurtenances" shall mean pipes, pipelines and distribution and transmission systems consisting of mains, distribution and transmission pipes and other properties and facilities, together with services, traps, manholes and other necessary or appropriate appurtenances, for the purpose of transmitting and distributing water.

(e) The phrase "lay and use" shall mean to lay, construct, erect, install, operate, maintain, use, repair, replace, relocate or remove.

Section 2. The right, privilege and franchise, subject to each and all of the terms and conditions contained in this ordinance, and pursuant to and upon the terms and conditions of Division 3, Chapter 2 of the Public Utilities Code of the State of California (the "Franchise Act of 1937"), be and the same is hereby granted to SOUTHERN CALIFORNIA WATER COMPANY, a corporation organized and existing under and by virtue of the laws of the State of California, to lay and use pipes, ditches, flumes, conduits and appurtenances for transmitting and distributing water for any and all purposes, in, along, across, upon and under the public streets, ways, alleys and places within the City.

Section 3. The term of this franchise shall be indeterminate from and after its effective date, that is to say, this franchise shall endure in full force and effect until, with the consent of the Public Utilities Commission of the State of California, it is voluntarily surrendered or abandoned by the Grantee, or until the State or some municipal or public corporation thereunto duly authorized by law shall purchase by voluntary agreement or shall condemn and take under the power of eminent domain, all property actually used and useful in the exercise of this franchise and situate within the territorial limits of the State, municipal, or public corporation purchasing or condemning such property, or until this franchise is forfeited for noncompliance with its terms by the Grantee.

Section 4. For each full or fractional calendar year of the life of this franchise, the Grantee shall pay to the City at the times hereinafter specified, in lawful money of the United States, a sum annually which shall be equivalent to two per cent (2%) of the gross annual receipts of Grantee arising from the use, operation or possession of this franchise; provided, however, that such payment shall in no event be less than one per cent (1%) of the gross annual receipts of the Grantee derived from the sale of water within the limits of the City.

Section 5. The Grantee shall file with the Clerk of the City, within three (3) months after the expiration of the calendar year, or fractional calendar year, following the date of the granting of this franchise, and within three (3) months after the expiration of each subsequent calendar year or fraction thereof during which this franchise is in effect, a verified statement showing in detail for the term of the franchise in such calendar or fractional year, as the case may be, the total gross receipts of the Grantee arising from the use, operation or possession of this franchise and the total gross receipts of the Grantee derived from the sale of water within the City. The Grantee shall pay to the City within fifteen (15) days after the time for filing said statement, in lawful money of the United States, the above required percentage of its gross receipts for the calendar year, or fractional calendar year, covered by said statement. Any neglect, omission or refusal by said Grantee to file said verified statement, or to pay said percentage, at the times or in the manner hereinbefore provided, shall constitute grounds for the declaration of a forfeiture of this franchise and of all rights of Grantee hereunder.

Section 6. This grant is made in lieu of all other franchises, rights, or privileges owned by the Grantee to lay and use pipes and appurtenances in the streets of the City for transmitting and distributing water and the acceptance of the franchise hereby granted shall operate as (i) an abandonment within the limits of the City of all such other franchises, rights and privileges in lieu of which this franchise is granted, and (ii) an agreement to comply with the terms and conditions hereof.

Section 7. The franchise granted hereunder shall not become effective until written acceptance thereof shall have been filed by the Grantee thereof with the Clerk of the City. When so filed, such acceptance shall constitute a continuing agreement of the Grantee that if and when the City shall thereafter annex or consolidate with, additional territory, any and all franchises, rights and privileges owned by the Grantee therein shall likewise be deemed to be abandoned as to all streets within the limits of such territory.

Section 8. The franchise granted hereunder shall not in any way or to any extent impair or affect the right of the City to acquire the property of the Grantee hereof either by purchase or through the exercise of the right of eminent domain, and nothing herein contained shall be construed to contract away or to modify or abridge, either for a term or in perpetuity, the City's right of eminent domain in respect to the Grantee or any public utility. Nor shall this franchise ever be given any value before any court or other public authority in any proceeding of any character in excess of the cost to the Grantee of the necessary publication and any other sum paid by it to the City therefor at the time of the acquisition thereof.

Section 9. The City reserves the right to improve any street or portion thereof over and within the area for which said franchise is granted, including the change of grade, relocation of right-of-way, realignment of right-of-way, change in width, construction or reconstruction of any such street, or any portion thereof. Within thirty (30) days after receipt by Grantee of a notice in writing from the City of the fact that work is to be done pursuant to any such reserved right and specifying the general nature of the work and the area in which the same is to be performed, the Grantee shall do all things necessary to protect its franchise property during the progress of such work and if ordered by the City Council the Grantee shall disconnect, remove, or relocate its pipes and appurtenances within the street to such extent, in such manner, and for such period as shall be necessary to permit the performance of such work in an economical manner, and in accordance with generally recognized engineering and construction methods, and to permit the maintenance, operation and use of the street as so improved. All of such things shall be done and the work shall be performed by the Grantee at its sole cost and expense. In the event that the City shall hereafter construct, install, reconstruct or repair any bridge or artificial support in or underlying any street in which any pipes or appurtenances of the Grantee are located, and in the event that the cost thereof be increased in order to provide for the installation, maintenance or operation of any such pipes or appurtenances in or on the street area which said bridge or other artificial support covers or underlies, then the Grantee shall pay to the City the full amount of such increase of cost, upon completion of such construction, installation or repair. Any damage done

directly or indirectly to any such public improvement by the Grantee, in exercising directly or indirectly any right, power or privilege under this franchise, or in performing any duty under or pursuant to the provisions of this franchise, shall be promptly repaired by said Grantee, at its sole cost and expense.

Section 10. The Grantee of this franchise shall

(a) construct, install and maintain all pipes and appurtenances in accordance and in conformity with all of the applicable ordinances and rules and regulations heretofore or hereafter adopted by the City Council in the exercise of its police powers and not in conflict with the paramount authority of the State of California, and, as to State highways, subject to the provisions of general laws relating to the location and maintenance of such facilities therein; in constructing, installing and maintaining the pipes and appurtenances the Grantee shall make and backfill all excavations in such manner and way as to leave the surface of the public street, alley, highway, or public place in as good condition as it was prior to said excavation, as well as to conform to the statutes of the State of California and the ordinances of the City of Ojai as they now exist or may hereafter be amended with respect to the securing of permits for excavations, filling and obstructions of the city and state highways;

(b) pay to the City, on demand, the cost of all repairs to public property made necessary by any operations of the Grantee under this franchise;

(c) indemnify and hold harmless the City and its officers from any and all liability for damage proximately

resulting from any operations under this franchise, and be liable to the City for all damages proximately resulting from the failure of said Grantee well and faithfully to observe and perform each and every provision of this franchise and each and every applicable provision of Division 3, Chapter 2 of the Public Utilities Code of the State of California;

(d) remove or relocate, without expense to the City, any facilities installed, used and maintained under this franchise if and when made necessary by any lawful change of grade, alignment or width of any street, or the construction therein or thereunder of any subway, viaduct, sewer, storm drain, pipeline or other improvement, made by the City. This franchise shall not constitute an agreement or undertaking by the City, nor impose upon the City any obligation, to pay any part of the costs of removal or relocation of any of the pipes and appurtenances when required in order to accommodate construction of any state freeway;

(e) file with the City Council within thirty (30) days after any sale, transfer, assignment or lease of this franchise, or any part thereof, or of any of the rights or privileges granted thereby, written evidence of the same, certified thereto by the Grantee or its duly authorized officers; and

(f) promptly repair, at the sole cost and expense of the Grantee and to the complete satisfaction of the City, any damage to any street or public improvement caused directly or indirectly by the Grantee in exercising, directly or indirectly, any right, power or privilege under this franchise or in performing any duty under or pursuant to any of the provisions of this franchise.

Section 11. (a) If the Grantee shall fail, neglect or refuse to comply with any of the provisions or conditions hereof, and shall not, within ten (10) days after written demand for compliance, begin the work of compliance, or after such beginning shall not prosecute the same with due diligence to completion, then the City Council may declare this franchise forfeited.

(b) The City may sue in its own name for the forfeiture of this franchise in the event of noncompliance by the Grantee, its successors or assigns, with any of the conditions hereof.

Section 12. The Grantee shall pay to the City a sum of money sufficient to reimburse it for all publication and posting expenses incurred by it in connection with the granting of this franchise; such payment to be made within thirty (30) days after the City shall furnish such Grantee with a written statement of such expenses.

Section 13. The City Clerk shall certify to the adoption of this ordinance and shall cause the same to be posted in three public places within the City of Ojai as now established by ordinance at least once within fifteen (15) days of its final passage. The City Council hereby advises that there are no newspapers of general circulation published within the City. The City Council, however, further directs that for the purpose of giving added notice of the adoption of this ordinance, the same shall be published at least once within fifteen (15) days of its final passage in the Ojai Valley News, a newspaper of general circulation in the City of Ojai. Failure, however, to make such publication shall not invalidate this ordinance. This

Ordinance No. 382.

ordinance shall take effect thirty (30) days after its final passage, unless suspended by referendum petition filed as provided by law.

First read at a regular meeting of the City Council of said City on the 27th day of March, 1967, and finally adopted and ordered posted at a regular meeting of said City Council held on the 8th day of May, 1967, by the following vote:

AYES: Councilmen Voogd, Burr, Remund, Huckins

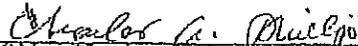
NOES: Councilmen Hirsch

ABSENT: Councilmen None



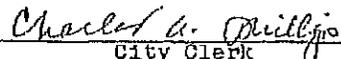
Mayor of the City of Ojai

Attest:



City Clerk of the City of Ojai

I hereby certify that the foregoing is a full, true, and correct copy of Ordinance No. 382. Approved by City Council May 8, 1967.



City Clerk

Exhibit H to Declaration of Matthew Narensky

Application No. _____

Exhibit No. _____

Date _____

Witness _____

BEFORE THE
PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

GOLDEN STATE WATER COMPANY

PREPARED TESTIMONY

JAN ALLNUTT

Prepared by:
GOLDEN STATE WATER COMPANY
630 East Foothill Boulevard
P. O. Box 9016
San Dimas, CA 91773-9016

July 2014

1 **GOLDEN STATE WATER COMPANY**

2
3 **PREPARED TESTIMONY OF**

4 **Jan Allnutt**

5
6 (Q) Please state your name and your relationship to Golden State Water Company
7 (GSWC) for the record.

8 (A) My name is Jan Allnutt; I am employed by GSWC as the Manager of Risk Services.
9 I assumed my present position in November 2007. A summary of my educational
10 and employment history is attached as Exhibit A.

11
12 (Q) What is the purpose of your prepared direct testimony in this proceeding?

13 (A) My testimony will provide information regarding key components of Risk Services at
14 Golden States Water Company. It will address the following:

- 15
- 16 ■ Insurance Placement Process
 - 17 ■ Lines of Insurance Coverage, Self-Insurance/Deductibles and Premiums
 - 18 ■ Future Premium Estimates
 - 19 ■ Allocations and Administration Costs
 - 20 ■ Third Party Claims Administration, TPA
 - 21 ■ Injuries and Damage Claims Expense paid by the Company
 - 22 ■ Legal Defense

23 **Insurance Placement Process**

24
25 (Q) Briefly explain the process used for placement of the insurance program at the
26 Company and what Lines of Insurance Coverage are included.
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PREPARED TESTIMONY OF JAN ALLNUTT (Cont....)

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(A) The Company assigned Broker of Record in 2008 (via a Request for Proposal) to one of the top insurance brokers in the US who maintains relationships with numerous qualified insurers that are knowledgeable and familiar with utilities and regulated industries. AON is our current Broker of Record and they monitor the market for each line of insurance coverage. They have a complete understanding of the market environment and our operations so they assist us in obtaining the appropriate insurance at a reasonable price.

Annually, AON and Risk Services meet to discuss the renewal strategy, the insurance market conditions and economic factors, preliminary indications incumbent carriers, the appropriateness of the current limits of coverage and the level of self-insured retentions (SIR)/deductibles and any new or different insurance needs of the Company. A strategy and appropriate parameters are determined. With the parameters established, Risk Services collects the needed Company financial data, current loss data and other application or underwriting requests. The Broker then enters the insurance market and solicits proposals from carriers with the resources, knowledge and willingness to fulfill our needs.

Once the marketing effort is complete, the Broker prepares bid response summaries comparing the cost and coverage of our expiring policies with new the offerings including incumbent carriers. When the incumbent carrier is willing to write the required coverage for another year at a favorable and competitive price Golden State Water Company may choose not to put the line out to bid in order to maintain consistency of the incumbent carrier's knowledge of the Company and favorable loss history.

PREPARED TESTIMONY OF JAN ALLNUTT (Cont....)

1 The Manager of Risk Services, the Broker's subject matter experts, the CFO and
2 CEO review the summary of proposals and reach a consensus regarding the most
3 viable carrier to be awarded for each line of coverage for the upcoming insurance
4 period. Our current policy period begins February 01, 2014 and ends January 31,
5 2015. The Broker, with the Company's approval binds coverage with each carrier.
6 When the policies are issued, the Broker reviews them for compliance with the
7 proposals. The Broker issues a "Record of Insurance" summarizing the new
8 insurance program for the next term.

9
10 **Lines of Insurance Coverage, Self-Insured Retention/Deductibles and Premiums**

11
12 (Q) What Lines of Insurance Coverage is the Risk Services Department responsible for
13 acquiring for Golden State Water Company?

14 (A) All Lines of coverage acquired by the company are the responsibility of the Risk
15 Services Department. This includes the Property coverage, General Liability,
16 Business Auto, Umbrella and Excess Liability, Excess Worker's Compensation,
17 Professional Liability (new as of 2013) and Environmental Liability (new as of
18 2014). Plus, the Executive Liability lines of coverage including: Directors &
19 Officers, Employment Practices Liability, Fiduciary Liability and Crime.

20
21 (Q) What is Risk Service's responsibility with regard to these lines of coverage?

22 (A) After securing these lines of coverage, Risk Services provides copies to the Third
23 Party Administrators (TPA) and maintains copies of the policies in perpetuity.
24 Risk Services receives notices of any potential claims or lawsuits and, if
25 necessary, contacts operations, customer service, Human Capital Management
26 (HCM) department, outside counsel and the TPA to assist with any representation
27
28

PREPARED TESTIMONY OF JAN ALLNUTT (Cont....)

1 issues or identify any concerns or reporting requirements included in the lines of
2 coverage.

3
4 Employee-related claims/lawsuits are directly handled by our HCM department and
5 referred to our in-house legal counsel for handling and assignment to the Worker's
6 Compensation TPA or outside counsel.

7
8 In addition, Risk Services is responsible for working with our Broker and carriers of
9 all the lines of coverage to assure that large claims with the potential of exceeding
10 any Self Insured Retention or Deductible are reported in a timely manner to comply
11 with policy reporting requirements and avoid negatively affecting coverage. Risk
12 Services directs the General Liability and Property TPA in adjusting all liability and
13 property claims.

14
15 (Q) Which of the current policies has a Self-Insured Retention (SIR) and which have a
16 Deductible? What are the differences and the effects on claims and lawsuits?

17
18 (A) The table below identifies the current policies and which have a Self-Insured
19 Deductible (SIR) or a deductible.

20
21 SIRs and deductibles accomplish the same goal by imposing a layer of risk on the
22 Company. The major differences between SIRs and deductibles involve the insurer
23 responsibilities in the event of a loss, collateral requirements, defense costs,
24 certificates of insurance, and limits erosion.

25
26 Insurer Responsibilities in the Event of a Loss

27 Under an SIR, the excess insurer generally has nothing to do with losses that do
28 not penetrate its attachment point. The insurer may, however, require notification

PREPARED TESTIMONY OF JAN ALLNUTT (Cont....)

1 when a claim is reserved for an amount that pierces the attachment point. Under a
2 deductible the insurer is responsible for the claim investigation and pays every loss
3 (up to the maximum limit of liability), and is then reimbursed by the Company up to
4 the amount of the deductible.

5 6 Collateral Requirements

7
8 Insurers tend to require collateral in situations wherein they assume credit risk. In
9 situations where the Company cannot pay a loss, the insurer is obligated to step in
10 and pay the loss. High SIRs and deductibles often require that the insured provide
11 a letter of credit (LOC) or some other acceptable form of collateral to cover
12 expected losses that occur within the deductible or SIR. Our Business Auto
13 Liability policy is the only Company policy that has a collateral requirement of
14 \$340,000 which is provided in an LOC.

15 16 Defense Costs

17 Under the Company's SIR policies, the Company pays all expenses associated
18 with defending claims until the costs exceed the SIR and the policy limits are not
19 eroded. With the deductible policies of the Company, the costs to defend claims
20 are included as supplementary payments and do not erode the policy limit except
21 on the executive liability policies.

22 23 Certificates of Insurance

24 On the Company's deductible policies, when a certificate of insurance is issued it
25 does not need to divulge the fact that a deductible applies. On the Company's, SIR
26 policies, the SIR must be divulged on insurance certificates.
27
28

PREPARED TESTIMONY OF JAN ALLNUTT (Cont....)

Limits Erosion

Under an SIR, the policy's annual aggregate limit is usually not affected by the SIR amount. Let's assume that your aggregate SIR under your general liability policy is \$1 million, and your total policy limits amount to \$10 million. You would have \$10 million of coverage excess of \$1 million SIR. Under a deductible, the annual aggregate limit is usually eroded by the amount of the deductible. In the same scenario, in a deductible plan, your total limit of liability would also be \$10 million, but \$9 million of it would be available from the insurer, and you would be responsible for the initial \$1 million.

(Q) What were the actual premiums/costs for the Lines of Insurance, the Loss Reserve Account and the Administrative Fees for 2014 as compared to the 2013?

(A) Table A below responds to this question:

Table A

Item	2013 Actual	2014 Actual or Estimated	2014 SIR(S) and Deductible(D)	Comments
Property Coverage	\$445,023	\$450,711	\$100,000 (D)	Rate decreased from prior year; Values to be insured increased by Capital additions
General, Excess, Umbrella Liability	730,013	717,134	200,000 (S)	Changed Carriers, Lower cost, increased coverage
Bus. Auto Liability	105,895	109,320	200,000(S)	Rate Increase
Loss Reserve	461,000	588,600	NA	3 year average

PREPARED TESTIMONY OF JAN ALLNUTT (Cont....)

1	AL&GL				\$467,000 (Expense)
2	Excess Workers	144,149	203,884.	350,000(S)	Lowered SIR from
3	Comp				\$500,000 & rate
4					Increase
5	Loss Reserve – Worker's	1,401,000	1,239,200	NA	3 year average
6	Compensation				\$948,000 (Expense)
7	Professional Liability	32,871	43,634	50,000(D)	Added in 2013 –Rate
8					Increase & Discount
9	Environmental	-0-	20,493	50,000 (S)	Added in 2014
10	Liability				
11	D&O Liability	201,841	199,085	200,000 Non	Continuity Credit
12				250,000 Sec(S)	Discount *
13	D&O Excess	67,238	84,670	NA	Added Coverage
14	D&O Excess Side A	46,619	65,150	NA	Added Coverage
15	Fiduciary Liability	17,532	20,485	25,000(S)	Rate Increased
16	Crime	8,840	8,840	25,000(D)	3 year policy
17	Employment	47,281	55,536	100,000(S)	Rate Increase
18	Practices				
19	TPA Admin.- GL	113,744	106,993	NA	Changed TPA
20	Broker Fee – AON	171,238	171,238	NA	3 year fixed contract
21					
22	Auto LOC – required	4,815	2,700	NA	LC amount and rate
23	by Underwriter				decreased
24					
25					
26					
27					
28					
29					

*Carrier is a mutual company; certain percentages of profits are returned (if determined by the carrier) as “Continuity Credit” upon next renewal.

PREPARED TESTIMONY OF JAN ALLNUTT (Cont....)

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(Q) How are premiums for the policies/coverage determined?

(A) The premium is a composite of a number of factors. For many Lines of Insurance premiums are a product of derived insurance rates applied against sales, revenues, estimated payroll, or as in the case of Property, the total replacement property values.

Items outside the control of Golden State Water Company can impact rates. For example, in California, the rates are substantially influenced by the probability of future earthquakes and wild fires. Insurance rates can be greatly influenced by the perceived risk as determined by the prospective insurer based on not only the Company's loss history but, equally by the loss history of the industry as a whole. Other factors such as world-wide catastrophic losses resulting from disasters can cause drastic spikes in insurance rates when insurers find they have limited funds to write new policies.

The cost for the following coverage for Golden State Water Company is determined by the components identified above, the number and value of losses incurred by the Company and the variables identified below:

- Property Coverage -replacement value of property covered
- General Liability, Umbrella
And Excess Liability -revenue generated
- Workers Compensation Excess
and W/C Employers Liability -adjusted payroll

PREPARED TESTIMONY OF JAN ALLNUTT (Cont....)

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- Commercial Auto Liability -value of vehicle, vehicle class, type
- Professional Liability -revenue generated by specific projects
- Environmental/Pollution Liability -replacement value of property covered
- Directors and Officers Liability
and Excess D & O -revenue, class
- Employment Practices Liability -payroll, number of employees
- Crime Coverage -type of exposures, total amount of exposure
- Fiduciary Liability -revenue and losses

Test Year Premium Estimates

- (Q) How were the costs of coverage for 2016, the test year, and attrition years, 2017 and 2018 determined?
- (A) Future premium estimates are based on our broker's view of current and expected market conditions as viewed within today's environment. Additionally, the Property coverage is based on the Statement of Replacement Values which increases by the amount of capital construction in any given year. Annually, GSWC puts approximately \$80 million in assets in production. That said, assuming that our operations remain basically the same in terms of size and scope, we don't experience any undue adverse or catastrophic financial or operational losses or lawsuits which would affect future premiums quotes and given the insurance

PREPARED TESTIMONY OF JAN ALLNUTT (Cont....)

1 industry does not suffer any massive catastrophes like 9/11 or Hurricane Katrina,
2 we would expect AON's projections of premium increases below to be an accurate
3 projection of the test years costs:

4
5 **Primary Casualty**

6 - 2015: 10%

7 - 2016: 10%

8
9
10
11 **Auto**

12 - 2015: 5%

13 - 2016: 5%

14
15 **Umbrella**

16 - 2015: 10%

17 - 2016: 10%

18
19 **Excess Casualty**

20 - 2015: 10%

21 - 2016: 10%

22
23
24 **XS Workers' Compensation**

25 - 2015: 10%

26 - 2016: 5%

27
28 **Property**

PREPARED TESTIMONY OF JAN ALLNUTT (Cont....)

1 - 2015: 10%

2 - 2016: 10%

3

4 D&O

5 - 2015: 10%

6 - 2016: 10%

7

8 EPLI

9 - 2015: 10%

10 - 2016: 10%

11

12 Crime

13 - 2015: 10%

14 - 2016: 10%

15

16 Professional Liability

17 - 2015: 10%

18 - 2016: 10%

19

20

21 These forecasted increases are AON's [or ours] best estimates based on current market
22 trending. They are subject to change due to a number of factors including market shift,
23 industry losses, or the company losses.

24

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Allocation of Premiums

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PREPARED TESTIMONY OF JAN ALLNUTT (Cont....)

1 (Q) How are the costs of the coverage allocated to the proper Company or business
2 unit?

3
4 (A) Allocation of the costs of these policies for Golden State Water Company are
5 based on the criteria in the prior section or determined by a specific allocation
6 methodology, found in the Cost Allocation Methodology testimony. See Exhibit B
7 for Details.

8 Property, General Liability, Umbrella and Excess, Excess Worker's Compensation,
9 Commercial Auto Liability, Professional Liability and Environmental/Pollution
10 Liability are invoiced directly to the appropriate Company by the Broker based on
11 the criteria above and the entity's property replacement values, revenue, auto
12 count and revenue.

13
14 (Q) What department is responsible for managing Workers' Compensation function or
15 employee claims against the Company (Employment Practices) for any issues in
16 the Company?

17
18 (A) The Company's Human Capital Management (HCM) department manages all the
19 day to day aspects of the Workers' Compensation function at the Company. HCM
20 directs the TPA as the TPA deals directly with the affected employee. The TPA is
21 required to Notice Risk Services and the Carrier when the estimated payouts to, or
22 for, any one employee exceeds 50% of the SIR.

23
24
25 Employment Practices claims and lawsuits are typically received by Risk Services
26 and directed to HCM's legal counsel. If carrier counsel is necessary, Risk Services
27 arranges for discussion with the Broker, in-house counsel and the carrier
28

PREPARED TESTIMONY OF JAN ALLNUTT (Cont....)

1 representative to discuss the claim or lawsuit and to determine the approach that
2 will be taken.

3
4 **Third Party Claims Administration (TPA)**

5 (Q) The table above indicates TPA Administration – Sedgwick estimated at \$107,000
6 for GL and Auto Claims for 2014. What is the purpose and responsibilities of the
7 TPA?

8
9 (A) TPAs are engaged to handle the claims within the SIR limits of our Auto, General
10 Liability and Workers Compensation claims. The TPA maintains a 24 hour a
11 day/365 day a year contact line and all claims are addressed on a real time basis.
12 Courtesy and promptness coupled with a thorough claims investigation and
13 experienced claims handling, assure that claimants are treated fairly and can keep
14 the costs of an incident lower by identifying fraudulent claims quickly and
15 addressing them defensively. The TPA for the GL and Auto Claims is directed by
16 Risk Services and the TPA for Worker's Compensation is directed by the HCM
17 department. The TPA also prepares documentation and recovers subrogation
18 proceeds for the Company such as damages a Third Party has caused to the
19 Company.
20

21
22 After a through RFP process, beginning February 1, 2014, the company
23 transitioned to a new TPA, Sedgwick Claim Management Services, Inc., who
24 supports both the claims handling for Liability and Auto claims as well as the
25 Worker's compensation claims.

26
27 Risk Services assigns the TPA certain claims that may come in through the mail or
28 are served upon the Company, reviews daily, monthly and quarterly reports
29

PREPARED TESTIMONY OF JAN ALLNUTT (Cont....)

1 prepared by the TPA, communicates with the TPA on certain claims and situations
2 and conducts a review of every outstanding claim during a quarterly review session
3 with the TPA in addition to reviewing claim update memos provided by the TPA on
4 an "as needed" basis. Risk Services approves all settlements over \$3,500 before
5 the TPA is able to make a disbursement.
6

7 **Injuries and Damage Claims Expense paid by the Company**

8
9 (Q) What are the reported claims/losses paid and recoveries received from insurance
10 companies for injuries and damages for the last 5 years?

11 (A) Claims/losses are reported on a calendar year basis beginning on January 1 and
12 ending on December 31. Claims include both Actual Loss and Contingent
13 Reserves for Paid and Reserved Losses and Allocated Loss Adjustment Expense
14 (ALAE). Recoveries are on a cash basis and calendar year basis and may not
15 represent recoveries received for claims/losses incurred in the year of receipt.
16
17

18 **Table B**

Year	Coverage	Reported Claims Losses Paid	Recoveries
2009	General Liability	\$527,325	
	Auto Claims	\$162,780	\$34,526
	Worker's Compensation	\$384,642	0
2010	General Liability	\$1,014,594	
	Auto Claims	\$177,084	\$85,354
	Worker's Compensation	\$1,019,949	\$9,948
	General Liability	\$250,103	

PREPARED TESTIMONY OF JAN ALLNUTT (Cont....)

2011	Auto Claims	\$72,266	\$3,942
	Worker's Compensation	\$501,894	\$6,073
2012	General Liability	\$346,358	
	Auto Claims	\$74,224	\$62,615
	Worker's Compensation	\$640,786	\$948
2013	General Liability	\$242,697	
	Auto Claims	\$63,920	\$54,356
	Worker's Compensation	\$545,601	0

Table B above represents the amount paid in indemnity and claims expense excluding the TPA fees. On litigated claims when attorneys are utilized, our exposure is not increased as attorney fees will erode the SIR.

Table C

Numbers of claims opened and closed by year										
	2009		2010		2011		2012		2013	
	Opened	Closed								
General Liability	87	75	158	181	78	52	87	82	109	98
Personal Auto	65	45	66	91	52	37	64	61	42	42
Total	152	120	224	272	130	89	151	143	151	140
Closing ratio	79%		121%		68%		95%		93%	
Litigated Liability claims	6		5		5		4		2	

PREPARED TESTIMONY OF JAN ALLNUTT (Cont....)

1 Table C above reflects the volume of claims in the last 5 years by type and the opened
2 and closed activity for those respective years.

3
4 **Legal Defense**

5
6 (Q) Have the number of claims going to litigation changed in recent years?

7
8 (A) Yes, there's been a slight reduction of litigated claims over the last five years as
9 well as a reduction in overall claim frequency and severity.

10
11 **Claims Paid By Others**

12
13 (Q) Are any claims handled or paid by other entities?

14
15 (A) Yes, claims for damages are often made and lawsuits occasionally filed against
16 Golden State Water Company stemming from work that was awarded to one of our
17 contractors through our contract process. These types of claims are tendered to
18 the insurance carrier for the contractor hired to do the work as identified in our
19 contract documents. Our contracts department ensures all outside contractors
20 carry sufficient insurance coverage and that we are named as additional Insured
21 on their policies.

22
23
24 (Q) Does this conclude your prepared testimony?

25 (A) Yes
26
27
28
29

QUALIFICATIONS OF

JAN L. ALLNUT

My name is Jan L. Allnutt and my business address is 630 East Foothill Boulevard, San Dimas, California 91773. I joined Golden State Water Company (formerly Southern California Water Company) in August 1996. My current position is Manager of Risk Services which I began in October 2007 and prior to that my position was Financial Management Supervisor.

I graduated from University of Redlands in May 1980 with a Bachelor of Science Degree in Business Administration and I also hold a Certificate in Investor Relations from the University of California – Irvine. Prior to joining Golden State Water Company I was the Treasurer and Financial Manager of Municipal Water District of Orange County. I started my career with Municipal Water District in October 1978. Municipal Water District of Orange County was a Special District established under and reporting to the State of California Controller. My responsibilities over the last 30 years have included supervisory roles in risk management, financial planning, forecasting and rate setting, cash and investment management, staffing, budget development and administration, accounting, financial statement preparation and audit, payroll and purchasing administrative and investor relations.

GOLDEN STATE WATER COMPANY
Insurance Premiums and Injuries and Damages Budget

Charge to Centralized Operations Support			Expense Allocation	2014	2015	2016	2017	2018
			80.9%	Invoiced	Forecasted	Forecasted	Forecasted	Forecasted
793 - Property Insurance								
69.7160.10	349840 Property Insurance	F		450,710.71	495,800.00	545,400.00	556,900.00	568,600.00
794 - Injuries and Damages								
69.7160.12	349659 Business Auto	B		109,320.15	114,800.00	120,500.00	123,000.00	125,600.00

Charge to Corporate Support			Expense Allocation	2014	2015	2016	2017	2018
			80.9%	Invoiced	Estimated	Estimated	Estimated	Estimated
69.7160.12	349237 Fiduciary Liability			20,485.00	20,900.00	21,300.00	21,700.00	22,200.00
	346283 Crime	I		8,840.00	9,700.00	10,700.00	10,900.00	11,100.00
69.7160.12	349196 EPL - Employment Prac	H		55,536.30	61,100.00	67,200.00	68,600.00	70,000.00
69.7160.12	349873 D & O	G		199,085.18	219,000.00	240,900.00	246,000.00	251,200.00
69.7160.13	349236 D&O Excess Side A	G		25,650.00	28,200.00	31,000.00	31,700.00	32,400.00
69.7160.14	349194 D&O Excess	G		35,170.00	38,700.00	42,600.00	43,500.00	44,400.00
69.7160.15	349215 D&O Excess	G		49,500.00	54,500.00	60,000.00	61,300.00	62,600.00
69.7160.16	349193 D&O Excess Side A	G		39,500.00	43,500.00	47,900.00	48,900.00	49,900.00
69.7160.12	350353 AON Fee			171,237.50	174,800.00	178,500.00	182,200.00	186,000.00
81.7160.12	Letter of Credit - Auto Insurance			2,000.00	2,040.00	2,080.00	2,120.00	2,160.00
Charge to Corporate Support				607,003.98	652,440.00	702,180.00	716,920.00	731,960.00

Direct Charged through Payroll System			Expense Allocation	2014	2015	2016	2017	2018
Liability Ins. Allocated based on Revenues			80.9%	Invoiced	Forecasted	Forecasted	Forecasted	Forecasted
349669	Umbrella Liability	C		236,712.59	260,400.00	286,400.00	292,400.00	298,500.00
349413	Excess Liability	D		163,392.14	179,700.00	197,700.00	201,900.00	206,100.00
349465	Excess Liability	D		45,085.64	49,600.00	54,600.00	55,700.00	56,900.00
	Professional Liability			43,634.49	48,000.00	52,800.00	53,900.00	55,000.00
349666	General Liability	A		271,943.89	299,100.00	329,000.00	335,900.00	343,000.00
	Environmental			20,492.83	22,500.00	24,800.00	25,300.00	25,800.00
	General Liability Reserve		75%	588,600.00	647,400.00	712,200.00	727,100.00	742,300.00
	DM&A Admin Fee			106,992.84	109,200.00	111,500.00	113,800.00	116,200.00
347047	Excess Workers' Comp	E		203,884.15	224,300.00	235,500.00	240,400.00	245,400.00
	Self-insured Fee		13%	25,500.00	28,100.00	29,500.00	30,100.00	30,700.00
	York Claims Management Fee			84,665.63	86,400.00	88,200.00	90,100.00	92,000.00
	Workers Comp Loss Reserve			1,239,200.00	1,265,200.00	1,291,800.00	1,318,900.00	1,346,600.00
				3,030,104.19	3,219,900.00	3,414,000.00	3,485,500.00	3,558,500.00

Yearly average increase 2015-2016		2016						
A Primary Casualty	10.00%	Centralized Operations Support	14.4%	435,100.00	462,360.00	490,230.00	500,500.00	510,980.00
B Auto	5.00%	Corp Support	18.1%	547,010.00	581,270.00	616,310.00	629,220.00	642,400.00
C Umbrella	10.00%	Billing and Cash Processing	4.1%	125,740.00	133,610.00	141,670.00	144,630.00	147,660.00
D Excess Casualty	10.00%	Region 1	15.4%	466,500.00	495,720.00	525,610.00	536,610.00	547,850.00
E XS Workers' Comp	10.00%	Region 2	20.5%	619,920.00	658,750.00	698,460.00	713,090.00	728,020.00
F Property	10.00%	Region 3	27.6%	836,050.00	888,420.00	941,970.00	961,700.00	981,840.00
G D&O	10.00%	BVES	0.0%	-	-	-	-	-
H EPLI	10.00%		100.0%	3,030,320.00	3,220,130.00	3,414,250.00	3,485,750.00	3,558,750.00
I Crime	10.00%							
Professional Liability	10.00%	Total Prop. Insurance and I&D		4,197,139.02	4,482,940.00	4,782,080.00	4,882,320.00	4,984,660.00

2014	2015	2016	2017	2018
102.1%	102.1%	102.1%	102.1%	102.1%

	2014 Expense	2015 Expense	2016 Expense	2017 Expense	2018 Expense
General Office Expensed					
Centralized Operations Support					
Property Insurance	364,600.00	401,100.00	441,200.00	450,500.00	460,000.00
Injuries&Damages	440,400.00	466,900.00	494,100.00	504,400.00	515,000.00
Corp Support					
Injuries&Damages	933,600.00	998,100.00	1,066,600.00	1,089,000.00	1,111,800.00
Billing and Cash Processing					
Injuries&Damages	101,700.00	108,100.00	114,600.00	117,000.00	119,500.00
GO Total					
Property Insurance	364,600.00	401,100.00	441,200.00	450,500.00	460,000.00
Injuries&Damages	1,475,700.00	1,573,100.00	1,675,300.00	1,710,400.00	1,746,300.00
	1,840,300.00	1,974,200.00	2,116,500.00	2,160,900.00	2,206,300.00

Exhibit I to Declaration of Matthew Narensky



FILED

8-17-15
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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

In the matter of the Application of the
GOLDEN STATE WATER COMPANY
(U 133 W) for an order authorizing it to
decrease rates for water service by
\$1,615,400 or -0.50% in 2016, to increase
by \$10,280,800 or 3.21% in 2017; and
increase by \$10,303,200 or 3.12% in 2018.

Application 14-07-006

(Filed July 15, 2014)

REPLY BRIEF OF GOLDEN STATE WATER COMPANY

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August 17, 2015

classified as “Approved” and are listed in that section. Golden State keeps a record of its Advice Letters on its webpage by calendar year. If a customer calls the Customer Service Center (“CSC”) requesting a copy of an Advice Letter that has since been removed from the webpage, the CSC will make it available for the customer.

Accordingly, contrary to Claremont’s baseless conclusion, there is ample readily available information available to Claremont, or any other member of the public, to ascertain the amount and number of surcharges applicable in a given ratemaking area. Claremont’s request that the Commission impose additional requirements on Golden State to “maintain on a going forward basis a permanent online archive on its webpage for the Claremont Service Area” is therefore unwarranted. Golden State keeps all the necessary information on its webpage for a customer to review and understand all the charges on their current bills. To require Golden State to keep an archive of all advice letters on its webpage would be burdensome and require significant disk space. Claremont’s request should therefore be denied.

VII. OJAI FLOW ISSUES

Ojai FLOW’s Opening Brief makes seven recommendations, none of which are supported by the record. Indeed, with respect to several of its recommendations, Ojai FLOW does not provide any explanation or briefing, let alone evidentiary support, as to why the Commission should adopt Ojai FLOW’s extreme positions. Ojai FLOW’s recommendations and arguments should be uniformly rejected by the Commission.

A. Golden State’s Emergency Protocols and Procedures are Reasonable

Ojai FLOW’s recommendation Nos. 1, 2 and 6 relate to Golden State’s protocols and procedures for emergency response. Specifically, Ojai FLOW requests that the Commission order Golden State to take the following actions:

- locate appropriate Golden State emergency responders/experts within no more than 30 miles of its CSAs and have alternate responders/experts available in case other responders/experts are unavailable;⁸¹⁴
- have emergency water leak responders available at all times, day and night, to respond to leaks that cause flooding within the Ojai CSA within 10 minutes of being notified;⁸¹⁵ and
- request information from Golden State account holders, and maintain a data base of contact information for water users who are not account holders, to ensure that those non-account holder water users can be contacted in case of an emergency.⁸¹⁶

Ojai FLOW's recommendations are vague and ambiguous, wholly unsupported by the record and unreasonable on their face.

1. Golden State's Staffing of Emergency Responders/Experts in the Ojai CSA is Reasonable

Ojai FLOW's first recommendation is that the Commission order Golden State to add staff to increase its emergency response capability.⁸¹⁷ Ojai FLOW's argument is poorly conceived, unsupported by any evidence in the record, and not even explained in any fashion in Ojai FLOW's Opening Brief. In fact, Golden State maintains a reasonable and prudent work force in the Ojai CSA, including several full time employees that are fully capable of responding to any emergency situation that arises in the Ojai CSA.

Specifically, Golden State maintains an office at 408 Bryant Circle in Ojai with a local staff that consists of a Field Operations Superintendent, a Customer Service Representative, a

⁸¹⁴ Ojai FLOW Opening Brief at 4.

⁸¹⁵ *See id.*

⁸¹⁶ *See id.* at 5.

⁸¹⁷ *See id.* at 4.

Water Supply Operator, and three Water Distribution Operators.⁸¹⁸ This level of staffing is specifically tailored to the Ojai CSA, which serves 2,893 customers, and is consistent with Golden State’s staffing throughout its Region 1.⁸¹⁹ Moreover, all of Golden State’s expert personnel located in the local Ojai CSA office are fully capable and trained to respond to any emergency that occurs in the distribution or supply system, such as a main break or other emergency.

Ojai FLOW fails to even address the evidence in the record regarding Golden State’s staffing in the Ojai CSA. Instead, Ojai FLOW merely states that “appropriate emergency responders/experts” should be required to be located within 30 miles of an applicable service area.⁸²⁰ Ojai FLOW does not describe in any way what employees it is referring to in this statement, does not address Golden State’s current staffing levels in the Ojai CSA, nor explain in any fashion why the Commission should order Golden State to make the staffing improvements Ojai FLOW proposes. Ojai FLOW’s recommendation is groundless and should be rejected by the Commission.

2. Requiring Golden State to Maintain Staffing Levels Necessary to Respond to a Pipeline Leak That Causes Flooding Within 10 Minutes at Any Time is Unnecessary and Unreasonable

Ojai FLOW’s second recommendation is that the Commission order Golden State to have staff available 24 hours a day capable of responding to a leak that causes flooding within 10 minutes of becoming aware of the leak.⁸²¹ This recommendation is unnecessary, and would

⁸¹⁸ Exhibit GS-05 (Results of Operation - Ojai) at 3-1.

⁸¹⁹ Exhibit GS-01 (Results of Operation - Arden Cordova) at 3-1.; Exhibit GS-02 (Results of Operation - Bay Point) at 3-1; Exhibit GS-03 (Results of Operation - Clearlake) at 3-1; Exhibit GS-04 (Results of Operation - Los Osos) at 3-1; Exhibit GS-06 (Results of Operation - Santa Maria) at 3-1; Exhibit GS-07 (Results of Operation - Simi Valley) at 3-1.

⁸²⁰ Ojai FLOW Opening Brief at 4.

⁸²¹ *See id.* at 4.

likely unreasonably increase rates. Moreover, once again, Ojai FLOW's recommendation is not supported by any evidence in the record, nor even any analysis or argument in its Opening Brief. Ojai FLOW does not explain or describe in any fashion the staffing levels and facilities that would be needed for Golden State to comply with its recommendation. Ojai FLOW also does not explain why a response time of 10 minutes at all times, day or night, is necessary, nor explain or analyze the rate impacts associated with implementing this recommendation.

Instead, Ojai FLOW presents the testimony of a retired fire fighter in Ojai, Mr. Reynolds, that describes Mr. Reynolds' personal experiences during his tenure with the Ojai Fire Department.⁸²² Mr. Reynolds recounts several anecdotes regarding water leaks that occurred during the course of his tenure as a Fire Engineer from 1999 to 2014, including instances where there was flooding on the streets of Ojai.⁸²³ Ojai FLOW concludes that the response times that Mr. Reynolds remembers—on average about 20 to 30 minutes to respond to a water leak, and at night about an hour—are unreasonable.⁸²⁴ The Commission should not give Mr. Reynolds' memory of an average response time any weight given the lack of detail and documentation regarding these events. In any event, even if the average response times Mr. Reynolds remembers were accurate, Ojai FLOW never says why such response times are unreasonable. Significantly, Ojai FLOW does not provide a single fact supporting its recommendation that a 10 minute response time at all hours of the day or night is reasonable. It is not.

Indeed, in order to comply with Ojai FLOW's recommendation, Golden State would have to radically increase its staffing levels in the Ojai CSA, as well as build out additional facilities that could house such staff. In order to meet the 10 minute proposed response time standard,

⁸²² *See id.* at 11-12.

⁸²³ Exhibit OF-2 (Bill Reynold's Prepared Testimony) at 5.

⁸²⁴ Ojai FLOW Opening Brief at 11-12.

employees would need to be on-site prepared to immediately dispatch at any time during the day or night. Accordingly, additional staff would need to be hired, including dispatch operators and multiple Water Distribution Operators that would need to cover every hour of the 24 hour period. Such employees would also require that new 24 hour facilities be built out—likely with developed kitchen and sleeping facilities—in order to accommodate an emergency preparedness structure that could meet a 10 minute/24 hour a day response time standard. In addition to failing to explain why a water company must adopt such an aggressive 10 minute/24 hour a day response time, Ojai FLOW has failed to analyze or explain the significant costs associated with such an effort.

Ojai FLOW's half-baked idea that Golden State should operate essentially as a fire department, and develop capabilities to respond to a water leak within 10 minutes any time of day or night, should be rejected by the Commission.

3. Golden State's Response to the July 9, 2013 Water Main Break in Ojai was Reasonable

Rather than explain the basis for its recommendations regarding emergency response staffing and timing, Ojai FLOW confusingly asserts that Golden State's emergency responsiveness is unreasonable and inadequate based solely upon Golden State's response to a single water main break that occurred on July 9, 2013 in the Ojai CSA.⁸²⁵ Ojai FLOW's arguments regarding this event are wildly speculative, unsupported by the record and, in any event, the circumstances of this event demonstrate that Ojai FLOW's recommendations are completely unnecessary and unreasonable.

⁸²⁵ See *id.* at 7.

(a) Mr. Hanford's Testimony Regarding the Main Break is Consistent, and in any event, the Precise Time of the July 9, 2013 Main Break is Completely Irrelevant to Any Issue to be Decided by the Commission

Ojai FLOW's primary argument appears to be that Golden State's witness Mr. Hanford testified inconsistently at the evidentiary hearing about precisely when the water main break occurred on July 9, 2013.⁸²⁶ Ojai flow is factually incorrect. Moreover, the exact time of this water main break is completely irrelevant to any issue presented in this proceeding.

First, Ojai FLOW's conclusion that Mr. Hanford was not credible and somehow misleading about the timing of the main break is false and not supported by the record. In fact, it is Ojai FLOW's Opening Brief that misstates the record and improperly misleads the Commission in arguing that Mr. Hanford was anything but forthright in his testimony on this issue. Indeed, Mr. Hanford was clear regarding his knowledge of the exact time of the water main break:

Q What time did the main break occur?

A I don't know. I would have to refer to the record.

Q What record would that be?

A Our records or our correspondence on the matter. I was not present at the main break.

Q Do you have any records that would indicate when that occurred?

A The company has records.

Q What records did you use to determine what times the individuals were contacted on this chart?

A We used a combination of interviews, timecards.

Q I'm sorry. Is that it?

⁸²⁶ See *id.*

A Yes.

Q Okay. How -- if you were able to fill out this chart using those timecards, you don't have any information, though, about what time the actual main break occurred?

A This exhibit only asks for when the people were contacted.

Q And you have no other information about when it may have occurred even after your review of the timecards and other records in response to filling out this chart?

A The company has records of what time the main break occurred.

Q But you have no recollection of when the main break occurred even though you filled out this chart?

A As a point of clarification, I was not employed at the Coastal District of Golden State Water Company at the time the July 2013 main break occurred.

Q Did you review the timecards yourself?

A No.

Q Who reviewed the timecards in preparation of this chart?

A One of our employees.

Q And did they then provide you with the information regarding the timecards or did you review any of the information yourself?

Strike that. That was -- did you review anything yourself regarding the time of the main break?

A I --

MR. KARP: Objection, your Honor, that's vague. He asked if he reviewed anything regarding the --

ALJ LONG: It is vague. I'm going to suggest that we're not being outrageously productive here. Is there a point to whether the witness knows exactly when the main break occurred?

MR. BLATZ: Yes, there is, your Honor.

ALJ LONG: Okay. But he so far has said he doesn't know offhand.⁸²⁷

Following ALJ Long's indication to counsel that the witness appeared not to know the precise time of the water main break, counsel referred to a May 30, 2014 letter from the then General Manager of Golden State's Coastal district, Kenneth Peterson, which states that the main break occurred at approximately 8:00 AM.⁸²⁸ Counsel read several sentences of this letter into the record, including the sentence in which Mr. Peterson indicates that the water main break occurred at "approximately 8:00 AM on July 9, 2013."⁸²⁹ Counsel then followed with several questions for Mr. Hanford:

Q Did you write this letter?

A No.

Q Instead it was a Kenneth J. Petersen, P.E., Coastal District Manager, is that correct?

A Correct.

Q Who is Kenneth J. Petersen?

A He was the formal -- former coastal district manager.

Q So he had your job previously, correct?

A That is correct.

Q Do you concur with this statement in this letter that the main break occurred at approximately 8:00 a.m.?

A Yes.⁸³⁰

⁸²⁷ Reporter's Transcript at 1222, line 13 to 1224, line 18 (Golden State/Hanford).

⁸²⁸ Exhibit OF-1 (Richard Hajas' Prepared Testimony) at Appendix C (GSWC Letter from Petersen to Clark, May 30, 2014).

⁸²⁹ Reporter's Transcript at 1225, line 22 to 1226, line 2 (Golden State/Hanford).

⁸³⁰ *See id.* at 1226, lines 3-18 (Golden State/Hanford).

Finally, on redirect examination, Mr. Hanford indicated his belief based upon conversations with Golden State staff that while he did not know the precise time that this water main break had occurred, he did believe that the main break had occurred prior to 7:00 AM:

Q Now, you said in response to a question from Mr. Blatz that you didn't know when the main break occurred; is that correct?

A That is correct.

Q Do you know if it occurred before 7:00 a.m. or after 7:00 a.m.?

A It occurred prior to 7:00 a.m.

Q What is basis with for your knowledge?

A Conversations with staff.⁸³¹

Contrary to Ojai FLOW's assertion, Mr. Hanford's testimony is not inconsistent. Mr. Hanford consistently testified that he did not know the exact time of the main break, but that he did know it had occurred prior to 7:00 AM. Mr. Hanford's concurrence with Mr. Peterson's letter is consistent—it is certainly a reasonable position that the phrase “approximately 8:00 AM” is generally correct in referring to an incident that occurred some time prior to 7:00 AM that same morning. Ojai FLOW's insistence that Mr. Hanford was misleading about the time of the main break is wholly unsupported by the record.

In any event, Mr. Hanford's knowledge of the exact time of the water main break on July 9, 2013 is completely irrelevant to any issue in this proceeding. As Mr. Hanford clarified, he was not employed in Golden State's Coastal District at the time of the July 9, 2013 water main break.⁸³² Mr. Hanford did not provide any testimony regarding the timing of Golden State's response to the July 9, 2013 water main break. Thus, Mr. Hanford's knowledge, or lack thereof, of the timing of Golden State's response to the July 9, 2013 water main break does not say

⁸³¹ See *id.* at 1296, lines 8-18 (Golden State/Hanford).

⁸³² See *id.* at 1223, lines 15-21 (Golden State/Hanford).

anything about the adequacy or reasonableness of Golden State's emergency preparedness. Indeed, Ojai FLOW never even explains why it matters whether or not Mr. Hanford knew precisely when this event occurred.

Ojai's Flow's erroneous and irrelevant argument regarding Mr. Hanford's testimony as to the precise time of the July 9, 2013 water main break should be rejected.

**(b) Golden State Reasonably and Prudently Dispatched
Emergency Responders to Address the July 9, 2013 Water
Main Break**

Ojai FLOW complains about Golden State's response to the July 9, 2013 water main break.⁸³³ However, Ojai FLOW does not address a single substantive fact or circumstance surrounding Golden State's response.⁸³⁴ Instead, Ojai FLOW makes several disjointed and erroneous statements regarding the timing identified by Golden State for when certain employees and contractors were contacted to respond to the main break.⁸³⁵ Ojai FLOW's incoherent and pointless argument regarding Golden State's response to the July 9, 2013 water main break should be ignored by the Commission.

Specifically, Ojai FLOW refers to Golden State's response to a data request in which Golden State provided Ojai FLOW with a list of forty (40) experts that were dispatched to address the July 9, 2013 water main break, including various engineers, environmental quality experts, water supply and distribution operators and technicians, customer service experts, management personnel and an outside construction company.⁸³⁶ Ojai FLOW states that it is

⁸³³ Ojai FLOW Opening Brief at 7-10.

⁸³⁴ *See id.*

⁸³⁵ *See id.*

⁸³⁶ *See id.* at 8.

unreasonable to believe that all of these emergency responders were contacted at 7:00 AM.⁸³⁷

Ojai FLOW misconstrues the facts—not all of the responders were contacted at 7:00 AM.⁸³⁸ Mr.

Hanford explained in detail why many of the emergency responders show a 7:00 AM start time

in response to ALJ Long's questions:

BY ALJ LONG:

Q Because this chart shows people starting at work or being contacted as early as 7:00 o'clock and then as late as 12:00 p.m., which I'm going to take to be high noon.

A Yes.

Q Do you see the chart?

A Yes, sir.

Q Is it your understanding in having prepared this testimony, are these the people that were somehow or other involved in the immediate response to the break in Ojai?

A Yes, that is correct.

Q Is it your opinion or assumption that those that show a standard 7:00 a.m. that shows that they were already on duty or expected to be on duty at 7:00 in the morning for a normal workday?

A Yes, that is correct.

Q So anyone shown at different times such as 8:00 o'clock, 9:30, high noon, etcetera, those were people who were separately sought out and dispatched to assist?

A Some of those may have also had a 8:00 o'clock start time.

Q So they would have been there for their standard 8:00 o'clock. Would any of these have had a standard 9:00 o'clock start?

A No.

Q For many of these you showed distance traveled to the scene as either not applicable. That's the next to the right-hand column.

⁸³⁷ See *id.* at 9.

⁸³⁸ Reporter's Transcript at 1235, line 26 to 1236, line 3 (Golden State/Hanford).

Some of them are as far away as 194 miles or as little as 60 miles. What's the meaning of that distance? Does that mean that they were called in from somewhere?

A Yes, that is correct.

Q Would everyone else who has a distance as being not applicable mean that they either did what they did remotely or they were already in Ojai site person?

A Yes, that is correct.

ALJ LONG: All right. Mr. Blatz, that tells us who responded, where they came from, why, whether they were incremental to being on duty or not. I don't know what more you want to try to confirm from this chart.⁸³⁹

Because, as Mr. Hanford explained, a number of the responders began work at 7:00 AM, Ojai FLOW's assertion that it is unreasonable that many emergency responders had a 7:00 AM start time is therefore unsupported by the record and should be rejected.

Next, Ojai FLOW asserts that it is unclear how employees from an outside construction company, West Valley Construction, were contacted at 7:00 AM and also available at 7:00 AM.⁸⁴⁰ The only explanation Ojai FLOW provides for its assertion is its statement that West Valley Construction is not on full time duty for Golden State in Ojai.⁸⁴¹ Ojai FLOW's position regarding West Valley Construction is not supported by the record.

As Mr. Hanford explained, it is true that West Valley Construction is not *typically* on full time duty for Golden State, but the employees listed were indeed at the scene of the main break at that time.⁸⁴² Ojai FLOW has no evidence that this is not the case. And in fact it makes sense, as the water main break occurred during a main line replacement project that had been ongoing

⁸³⁹ See *id.* at 1235, line 12 to 1237, line 5 (Golden State/Hanford).

⁸⁴⁰ Ojai FLOW Opening Brief at 9.

⁸⁴¹ See *id.*

⁸⁴² Reporter's Transcript at 1237, lines 16-25 (Golden State/Hanford).

during the evening of July 8, 2013.⁸⁴³ Presumably, the West Valley Construction employees dispatched by Golden State at 7:00 AM to deal with the water main break were the same employees of the company that had been working on the main replacement project during which the problems were encountered that led to the water main break. The point is that once again there is simply no evidence in the record to support Ojai FLOW's assertions with respect to the emergency response of the West Valley Construction employees.

Ojai FLOW next states that Mr. Hanford did not know why some responders that were located some distance away from the location of the water main break were contacted at different times, or why they arrived at different times.⁸⁴⁴ But Ojai FLOW never says why Mr. Hanford should have known the answer to this question, and never makes even a cursory attempt to explain why the precise time that each emergency responder was contacted matters.⁸⁴⁵ Ojai FLOW's Opening Brief simply poses irrelevant rhetorical questions as to why some responders were not contacted until after 7:00 AM and wondering if some that were contacted after 7:00 AM were in fact late for work.⁸⁴⁶ The truth is that Mr. Hanford was not involved in the July 9, 2013 water main break event in any way, and would have no reason to know why certain individuals were dispatched at different times.

In reality, Ojai FLOW's statements regarding the specific times that Golden State contacted emergency responders related to the July 9, 2013 water main break make no sense as they are not even a part of any argument or point Ojai FLOW is making. Indeed, Ojai FLOW does not take issue with the emergency response itself. Ojai FLOW has not identified an expert

⁸⁴³ Exhibit OF-1 (Richard Hajas' Prepared Testimony) at Appendix B (Boil Water Notice, July 9, 2013).

⁸⁴⁴ Ojai FLOW Opening Brief at 9.

⁸⁴⁵ *See id.* at 9-10.

⁸⁴⁶ *See id.* at 10.

that should have been dispatched, but was not, or should have been dispatched earlier, but did not arrive until a time that Ojai FLOW deems unreasonable. Ojai FLOW says nothing about the actual response or activities of the many responders Golden State dispatched to deal with the water main break, and does not allege that any of the responders did not perform adequately or reasonably. Indeed, Ojai FLOW has not identified any substantive issue whatsoever related to Golden State's response to this July 9, 2013 water main break event, nor even addressed the actual response in any fashion.

For the reasons stated above and explained in detail in Golden State's Opening Brief,⁸⁴⁷ Ojai FLOW's statements and pointless assertions regarding Golden State's response to the water main break should be disregarded by the Commission.

4. ORA's Recommendation That Golden State Maintain a Database of All Non-Account Holder Water Users is Not Reasonable

Ojai FLOW next asserts that the Advisory Boil Water Notice ("ABWN") issued by Golden State in connection with the July 9, 2013 water main break may not have reached all water users.⁸⁴⁸ Ojai FLOW asserts that a more robust policy for notice during an emergency needs to be adopted,⁸⁴⁹ and recommends that the Commission order Golden State to maintain a database of non-account holder water users.⁸⁵⁰ Ojai FLOW is wrong and its recommendation should be rejected.

In fact, Golden State's comprehensive response to the July 9, 2013 water main break was reasonably calculated to reach the greatest number of affected customers possible. Golden State

⁸⁴⁷ Golden State Opening Brief at 332-34.

⁸⁴⁸ Ojai FLOW Opening Brief at 10.

⁸⁴⁹ *See id.*

⁸⁵⁰ *See id.* at 5.

acted immediately after this event to communicate the ABWN to its customers, including taking the following actions:

- Golden State staff went door to door in the area of the ABWN, spoke to residents, and handed them the ABWN.
- Golden State staff left door hangers with an ABWN attached if no one was home and staff was unable speak to someone.
- Golden State used a reverse 911 to inform residents of the ABWN. Golden State made multiple calls for both initiating the ABWN and lifting it.
- Golden State sent out media advisories to local radio and TV stations.
- Golden State provided all pertinent information to its customer service center which is manned on a 24-hour, 7 days-of-the-week basis to allow our customer service representatives to pass along the most current information about the ABWN when people called with questions. This procedure was also followed at our local customer service office located in Ojai.
- The ABWN and all related information were posted to Golden State's website and updated routinely.⁸⁵¹

Ojai FLOW does not address these measures, nor explain why Ojai FLOW believes that these actions are insufficient.⁸⁵² Ojai FLOW acknowledges that Golden State initiated a door-to-door initiative to inform these customers, but merely asserts that it is not reasonable to think that all

⁸⁵¹ Exhibit GS-164 (Golden State Response to Ojai FLOW Data Request No. 3 (Ojai Service Area Emergency Preparedness and Response)) at 2.

⁸⁵² Ojai FLOW Opening Brief at 10.

affected water users would be informed.⁸⁵³ Ojai FLOW fails to support this baseless contention with any facts in the record.

Instead Ojai FLOW faults Golden State for not maintaining a list of residents that are not registered customers of Golden State, asserting that such customers as renters, schools, business owners and nursing homes may therefore be at risk of not receiving notice.⁸⁵⁴ Ojai FLOW recommends that the Commission order Golden State to maintain a data base of such non-account holders in the future.⁸⁵⁵ This is an unreasonable recommendation that should be rejected by the Commission. The only source for such information would be the account holders themselves—imposing the additional time and expense that would be required to obtain and maintain this information therefore does not make sense.

Moreover, imposing this additional burden on customers is not necessary. The July 2013 main break is a good example of why such a database is not needed. The comprehensive and extensive measures taken by Golden State were designed specifically to reach all such non-account holder water users, including going to door-to-door in the affected area, utilizing a reverse 911 calling procedure, and more.⁸⁵⁶ Ojai FLOW does not (and cannot) explain why these measures were not sufficient to reach such customers.

In reality, Ojai FLOW's claim that a more robust policy for notice during an emergency needs to be adopted is not supported by any evidence in the record, and is unreasonable in light of the extensive efforts Golden State performed in the single example that Ojai FLOW describes in its misguided Opening Brief. The Commission should reject Ojai FLOW's unsupported and

⁸⁵³ *See id.*

⁸⁵⁴ *See id.*

⁸⁵⁵ *See id.* at 5.

⁸⁵⁶ Exhibit GS-164 (Golden State Response to Ojai FLOW Data Request No. 3 (Ojai Service Area Emergency Preparedness and Response) at 2.

flawed recommendation that Golden State maintain a data base of such non-account holder water users.

B. Golden State’s Valve Maintenance Program is Reasonable

Ojai FLOW’s third recommendation requests that the Commission order Golden State “to maintain, and follow, a Valve Maintenance Policy that is consistent with industry standards and best practices, [i]ncluding but not limited to, maintaining up-to-date maintenance records that can be accessed quickly and easily by leak and emergency responders in the field.” Ojai FLOW’s recommendations are unnecessary as Golden State’s existing Valve Maintenance Program addresses all of the issues raised by Ojai FLOW.

1. Golden State’s Valve Maintenance Program is Consistent With Industry Standards

Golden State’s Valve Maintenance Program is a comprehensive and detailed policy that outlines procedures and practices designed to ensure that all valves are routinely exercised and properly recorded.⁸⁵⁷ This Valve Maintenance Program puts in place specific preventative maintenance schedules, sets forth best management practices regarding valve exercising procedures and protocols, specifies valve identification and operation procedures, and provides detailed record-keeping requirements.⁸⁵⁸ Moreover, these procedures and protocols are based specifically upon the AWWA Manual of Water Supply Practices, M 44, which sets forth the industry standard for valve operation and maintenance.⁸⁵⁹

In addition, as shown in Golden State’s valve field maintenance records, the exact location of each valve is maintained by Golden State in its maintenance records, as well as on a map of the water system that includes the valve locations for easy reference in the event that a

⁸⁵⁷ Exhibit GS-120 (Rebuttal Testimony - Hanford, Robert) at Appendix A.

⁸⁵⁸ *See id.*

⁸⁵⁹ Exhibit GS-160 (AWWA Manual M44 Chapter 5) at 4.

responder is required to quickly locate such valve.⁸⁶⁰ Ojai FLOW's expert witness, Mr. Hajas, confirmed that based on the information he had, he assumed Golden State maintains a field atlas, which is the equivalent of the Operator Field Manual referenced in his testimony.⁸⁶¹

Confusingly, Ojai FLOW recommends that the Commission order Golden State to implement a Valve Maintenance Policy, but Ojai FLOW fails to identify any component of Golden State's existing Valve Maintenance Program that it does not agree with, or identify anything that Golden State should add to this policy. Accordingly, Ojai FLOW's recommendation that the Commission order Golden State to implement a Valve Maintenance Policy makes no sense and is unnecessary.

2. Golden State is in Material Compliance with its Valve Maintenance Program

Ojai FLOW argues that Golden State has not fully complied with its Valve Maintenance Program. Ojai FLOW is wrong.

First, Ojai FLOW asserts that Golden State has violated its Valve Maintenance Program because Golden State does not maintain records of GPS locations for each valve. While it is true that the recent valve inspections does not list the GPS coordinates on the inspection sheets, the precise location of each of the valves is known by Golden State and identified on the field atlas maintained by Golden State.

Second, Ojai FLOW states that the Valve Maintenance Program provides that valves should be operated once every five years with critical system valves operated more frequently,

⁸⁶⁰ Exhibit OF-10 (GSWC Responses to FLOW Data Request No. 5: Ojai Service Area Distribution System, Valve Maintenance Records, May 15, 2015); see also Reporter's Transcript at 1277, lines 6 to 9 (Golden State/Hanford).

⁸⁶¹ Reporter's Transcript at 1319, line 21 to 1320, line 8 (Ojai FLOW/Hajas); see also GS-162 (Ojai FLOW Response to Golden State Data Request OJ GSW-001, Questions 1 and 2) at Response to Question 2.a (confirming that "Operator Field Manual" referenced by Mr. Hajas is simply a map of the valve locations).

and asserts that when asked “Mr. Hanford was not aware” of this provision of the program.⁸⁶²

Ojai FLOW grossly misrepresents Mr. Hanford’s testimony:

Q Is there any reason why you would need to maintain any of these valves that are considered under the valve maintenance program in a time interval shorter to five years?

A If one had been damaged or if site conditions had been changed, for example, if a street had been widened or reduced or abandoned, a more frequent time interval may be required.

Q Are you familiar with this valve maintenance program?

A Yes.

Q Does it state that critical system valves should be operated more frequently than five years?

A Subject to check, yes.⁸⁶³

Ojai FLOW misleadingly only cites to the first question noted above. Mr. Hanford’s answer to the next question he was asked leads to the exact opposite conclusion Ojai FLOW asserts. Ojai FLOW’s tactic of the citing to only a part of the record, and purposefully omitting relevant testimony and evidence, is misleading and should be rejected the Commission.

In any event, nothing in Mr. Hanford’s testimony indicates that Golden State has not followed its Valve Maintenance Program regarding operating critical system valves more frequently than once every five years. Ojai FLOW has not identified any instance in which a critical system valve was not operated pursuant to the Valve Maintenance Program. Ojai FLOW’s assertion in this regard is therefore not only misleading it is incorrect.

Finally, Ojai FLOW refers to a section of the Valve Maintenance Program that indicates that the information in the program will be utilized in the context of the company’s GRC, and states yet another rhetorical question, asking whether Golden State’s failure to have a program

⁸⁶² Ojai FLOW Opening Brief at 18.

⁸⁶³ Reporter’s Transcript at 1272, lines 5-21 (Golden State/ Hanford).

and their failure to follow their own program should justify lower rates.⁸⁶⁴ The answer to Ojai FLOW's question is that Golden State does have a program, Golden State has followed its program, and there is no basis to lower rates based on anything related to the valve maintenance issues that Ojai FLOW has raised.

3. Golden State's Historical Valve Maintenance in Ojai is Reasonable

Instead of raising any credible argument regarding Golden State's Valve Maintenance Program—because it has none—Ojai FLOW asserts a series of criticisms of Golden State's past valve maintenance activities in Ojai.⁸⁶⁵ Ojai FLOW's criticisms are completely baseless and should be rejected.

Ojai FLOW attempts to discredit Golden State's recent valve maintenance in Ojai by implying that Golden State only engaged in this valve maintenance because Ojai FLOW sent a data request to Golden State regarding such maintenance.⁸⁶⁶ All Ojai FLOW can come up with to support its argument is speculation and innuendo based upon the timing of the valve maintenance activities.⁸⁶⁷ Ojai FLOW's exaggerated claims regarding Golden State's motivation for its valve maintenance activities should be disregarded by the Commission.

In any event, Ojai FLOW's argument is irrelevant. The key point is that Golden State has recently inspected and maintained all of the pipeline valves in Ojai, and identified only minor issues that are easily resolved. Specifically, as Mr. Hanford explained, the issues identified for a very old system like Ojai were not unexpected—out of the 508 valves in the water system, identifying 88 valves that were not on the map, 16 valves that were inoperable and 23 valves

⁸⁶⁴ Ojai FLOW Opening Brief at 18.

⁸⁶⁵ *See id.* at 14-15.

⁸⁶⁶ *See id.*

⁸⁶⁷ *See id.* at 15.

that were unable to be located is not unreasonable.⁸⁶⁸ Ojai FLOW asserts that there is a real question as to whether these minor issues indicate that Golden State’s maintenance has been unreasonable, but does not cite to any evidence in the record that supports its position.⁸⁶⁹ Indeed, all Ojai FLOW can conjure is speculation that these minor issues “may have caused delays when operators were on scene at emergencies, like the boil water notice.”⁸⁷⁰ There is absolutely no evidence to support this speculative claim.

Tellingly, Ojai FLOW fails to cite to the cross-examination of Mr. Hanford on this exact point, wherein Mr. Hanford discredited Ojai FLOW’s speculation that just because some of the valves are not on the maps this somehow impeded the emergency response related to the 2013 water main break in Ojai.⁸⁷¹ Mr. Hanford clarified that water systems maintain multiple redundant gate valves in a network distribution system precisely because valves may be missing from a map, or inoperable.⁸⁷² As such, if a given valve is unable to be closed, Golden State can go to the next valve in line and close it.⁸⁷³ Contrary to Ojai FLOW’s assertion, there are no operational or safety issues associated with the minor issues identified above.

Ojai FLOW also asserts that no maintenance on the valves in the Ojai CSA occurred from 2009 until February 2015.⁸⁷⁴ But this does not mean that no historical maintenance has been performed previously on these valves. Indeed, as Mr. Hanford testified, prior to the current Valve Maintenance Program, Golden State performed valve maintenance pursuant to its general

⁸⁶⁸ Reporter’s Transcript at 1275, line 1 to 1276, line 23 (Golden State/Hanford).

⁸⁶⁹ Ojai FLOW Opening Brief at 16.

⁸⁷⁰ *See id.*

⁸⁷¹ Reporter’s Transcript at 1281, line 10 to 1290, line 11 (Golden State/Hanford).

⁸⁷² *See id.*

⁸⁷³ *See id.* at 1283, line 16 to 1284, line 5 (Golden State/Hanford).

⁸⁷⁴ Ojai FLOW Opening Brief at 17.

maintenance procedures for all of its infrastructure.⁸⁷⁵ The extent of such former valve maintenance in Ojai is simply not relevant. The fact is that Golden State has recently performed valve maintenance on all of its valves in the Ojai CSA, and has put in place a comprehensive and reasonable Valve Maintenance Program that all parties—including Ojai FLOW’s expert witness—agree is reasonable and adequate. Ojai FLOW’s recommendation regarding Golden State’s Valve Maintenance is unnecessary and should be rejected.

C. Golden State’s Fire Hydrant Maintenance Program is Reasonable

Ojai FLOW’s fourth recommendation seeks a Commission order that Golden State “inspect and repair all fire hydrants on a bi-annual basis.” Ojai FLOW’s recommendation is extreme and unnecessary, as Golden State’s existing Fire Hydrant Maintenance Program is reasonable and prudent and addresses all of the issues raised by Ojai FLOW.

1. Golden State’s Fire Hydrant Maintenance Program Requirement To Inspect and Maintain Each Fire Hydrant Once Every Three Years is Reasonable.

Golden State’s Fire Hydrant Maintenance Program provides the following regarding fire hydrant inspection and maintenance scheduling:

Regularly scheduled inspections and preventative maintenance is required to assure that hydrants are in good operating condition. The recommended procedures and frequency for fire hydrant maintenance are presented in the AWWA Manual (M17): Field Testing, and Maintenance of Fire Hydrants.

Each fire hydrant shall be inspected and maintained at least once every three years.

Malfunctioning hydrants shall be repaired promptly.

⁸⁷⁵ Reporter’s Transcript at 1298, lines 25-28 (Golden State/Hanford).

Note: It is the responsibility of GSWC to ensure hydrants are inspected and maintained. In some Customer Service Areas the local fire department performs periodic inspections.⁸⁷⁶

This inspection scheduling requirement of once every three years is reasonable and should be confirmed by the Commission.

In recommending that Golden State be required to test each hydrant twice a year, Ojai FLOW has not even addressed Golden State's existing three year inspection policy. Indeed, Ojai FLOW's Opening Brief does not even discuss or address the appropriate timing for scheduling of inspections of fire hydrants at all. Ojai FLOW's recommendation that the Commission substantially alter Golden State's Fire Hydrant Maintenance Program, and require that the inspection timeframe be twice a year instead of once every three years is therefore unsupported by the record.

2. Golden State has Adequately Inspected and Maintained Fire Hydrants in the Ojai CSA

Instead of addressing Golden State's Fire Hydrant Maintenance Program, or the industry authorities upon which it is based, Ojai FLOW makes a series of baseless and erroneous criticisms of Golden State's fire hydrant maintenance activities.⁸⁷⁷ None of these assertions support Ojai FLOW's recommendation to change Golden State's fire hydrant inspection schedule from three years to twice a year. Ojai FLOW's criticisms are also completely baseless and should be rejected.

Ojai FLOW asserts that replacing 18% of fire hydrants in the Ojai CSA in the past three years is unreasonable.⁸⁷⁸ Ojai FLOW cites to Golden State's Ojai CSA Hydrant Valve

⁸⁷⁶ Exhibit OF-2 (Bill Reynold's Prepared Testimony) at Attachment 3 (Fire Hydrant Maintenance Program) at 1.

⁸⁷⁷ Ojai FLOW Opening Brief at 12-14.

⁸⁷⁸ *See id.* at 12-13.

Maintenance Program maintenance record for the Ojai fire hydrants, but nothing in this list of maintenance records indicates that an 18% replacement rate in a three year period is not a reasonable rate.⁸⁷⁹ Ojai FLOW references Mr. Reynolds’ testimony stating that he believed the replacement amount was greater, and that he was even told by a Golden State employee that 90% of the hydrants were replaced.⁸⁸⁰ But Mr. Reynolds’ speculation is not supported by any credible evidence. Indeed, nothing in the record (other than Mr. Reynolds’ speculation based upon a non-specific, unsubstantiated and vague hearsay statement) indicates that 90% of the hydrants were replaced or that a 18% replacement rate over these years is unreasonable.

As Mr. Hanford explained, Ojai FLOW overstates the replacement rate—on an annualized basis 6% is not excessive.⁸⁸¹ Moreover, as Mr. Hanford further explains, fire hydrant replacement rates are dependent upon specific water system characteristics—for example if a number of fire hydrants were installed at the same time and are all of a similar age, it would not be unusual at all for them to require replacement at a similar date at some time in the future.⁸⁸² Ojai FLOW’s criticism of Golden State’s fire hydrant replacement rate in Ojai is baseless.

Ojai FLOW next refers to a July 31, 2014 letter that Golden State sent to its Ojai customers indicating that the Ventura County Fire Protection District (“VCFPD”) had also recently completed inspections on a majority of fire hydrants in Ojai, including some hydrants that are private or are included in other water agency jurisdictions.⁸⁸³ This letter also states that

⁸⁷⁹ Exhibit OF-2 (Bill Reynold’s Prepared Testimony) at Attachment 4 (GSWC Ojai CSA Hydrant Valve Maintenance Program) at 18-25.

⁸⁸⁰ Ojai FLOW Opening Brief at 12-13.

⁸⁸¹ Exhibit GS-120 (Rebuttal Testimony - Hanford, Robert) at 5.

⁸⁸² *See id.* at 5-6.

⁸⁸³ Exhibit OF-2 (Bill Reynold’s Prepared Testimony) at Appendix A (GSWC Letter from Petersen to Clark, July 31, 2014).

VCFPD submitted 29 Hydrant Repair Notices to Golden State on July 24, 2014.⁸⁸⁴ From this statement, Ojai FLOW questions why Golden State was not aware of the problems during its own inspections, suggesting that Golden State's maintenance was not adequate⁸⁸⁵ Ojai FLOW misleadingly omits the rest of the paragraph in which the reference to VCFPD's inspection is made, and which states:

VCFPD's most recent inspections confirmed that all fire hydrants are operational, identifying only minor maintenance items. VCFPD submitted 29 Hydrant Repair Notices to Golden State Water on July 24, 2014. Recommended repairs include replacing missing outlet caps, trimming vegetation for improved access and visibility, loosening valve stems that are difficult to operate, raising hydrants for easier operation of valve stems, etc. Golden State Water staff is assessing the repair orders and will complete all recommended items within 30 days.⁸⁸⁶

Ojai FLOW's criticism of Golden State is misplaced—the VCFPD inspections referred to by Ojai FLOW confirm Golden State's well-maintained fire hydrants, and its diligent response to this agency.

Ojai FLOW next refers to a statement in Mr. Peterson's May 30, 2014 letter to the City Manager of Ojai wherein Mr. Peterson indicated that, to date, approximately 300 of Ojai's 350 fire hydrants had been inspected, maintained and repaired.⁸⁸⁷ Ojai FLOW asserts that Mr. Peterson's letter raises questions regarding why 50 hydrants had not been inspected and why adequate records do not indicate precisely how many hydrants were inspected.⁸⁸⁸ Ojai FLOW goes so far as to also assert, based on Mr. Peterson's letter, that Golden State has violated

⁸⁸⁴ *See id.*

⁸⁸⁵ Ojai FLOW Opening Brief at 13.

⁸⁸⁶ Exhibit OF-2 (Bill Reynold's Prepared Testimony) at Appendix A (GSWC Letter from Petersen to Clark, July 31, 2014).

⁸⁸⁷ Exhibit OF-1 (Richard Hajas' Prepared Testimony) at Appendix C (GSWC Letter from Peterson to Clark, May 30, 2014).

⁸⁸⁸ Ojai FLOW Opening Brief at 13.

General Order 103-A by failing to maintain records for fire hydrant maintenance.⁸⁸⁹ Ojai FLOW is wrong.

In fact, Ojai FLOW itself has put into the record Golden State's July 31, 2014 report listing all 365 hydrants in the Ojai CSA, the hydrants' locations, and the precise date upon which each of these hydrants was inspected.⁸⁹⁰ Ojai FLOW's false accusations and exaggerated rhetoric regarding Golden State's maintenance of the fire hydrants in the Ojai CSA, and its record-keeping related to the same, are baseless and should be rejected by the Commission.

D. There is No Evidence Upon Which a Comparative Rate Analysis Could be Performed

Ojai FLOW recommends that the Commission include as part of its decision in this GRC an analysis comparing the rates of other water companies in nearby areas to Golden State's service districts for purposes of determining the "reasonableness of revenue requirements and costs of service."⁸⁹¹ Ojai FLOW's request is unreasonable and should be rejected.

In support of its recommendation, Ojai FLOW asserts that Golden State's cost of service is significantly higher than at least two neighboring water companies in the Ojai area and Golden State's rates are significantly more expensive as well. But there is no evidence in the record providing any details related to the cost of service, revenue requirement or rates of the other water providers neighboring the Ojai CSA or in any other of Golden State's service districts. The comparative analysis that Ojai FLOW seeks simply cannot be done.

Indeed, there is no evidence in the record regarding the quality of service of any other water provider, the various programs implemented by such water providers (such as low income

⁸⁸⁹ *See id.* at 18-19.

⁸⁹⁰ Exhibit OF-2 (Bill Reynold's Prepared Testimony) at Attachment 4 (GSWC Ojai CSA Hydrant Valve Maintenance Program).

⁸⁹¹ Ojai FLOW Opening Brief at 5.

and conservation programs), the water supply sources relied upon, or the age of the water providers' infrastructure. In short, neither Ojai FLOW, nor any other party, has submitted a single fact upon which the Commission could perform such a comparative analysis with respect to any of Golden State's service areas even if it made sense to do so. Ojai FLOW's recommendation should be rejected by the Commission.

E. Ojai FLOW's Request for a 10% Reduction in Rates and Revenue Requirement is Not Justified

Ojai FLOW submits that the Commission should "order GSWC's rates and accompanying revenue requirement to be reduced 10% and its failure to provide adequate, efficient, just, and reasonable service in a way that promotes health, safety, and convenience for the ratepayers, per Pub. Util. Code 451."⁸⁹² Ojai FLOW does not indicate or explain in any fashion the rates or revenue requirement that Ojai FLOW asserts Golden State has demanded or received that are not just and reasonable or why a 10% reduction in rates is reasonable. Indeed, Ojai FLOW does not even bother to support its recommendation regarding a 10% disallowance with any briefing whatsoever. As discussed in detail above, Ojai FLOW's position on Golden State's emergency response and valve and fire hydrant maintenance activities are not supported by the record and unreasonable. Ojai FLOW's request that the Commission impose a disallowance should be rejected by the Commission.

⁸⁹² *See id.*