

62-674-CD
PENNSYLVANIA NATIONAL MUTUAL -vs- ENGLISH PAINTING

PENNSYLVANIA NATIONAL MUTUAL
CASUALTY INSURANCE COMPANY

1117/03) & Order (1117/03)
to Kim Cherry

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENNSYLVANIA NATIONAL MUTUAL
CASUALTY INSURANCE COMPANY,

Plaintiff,

v.

ENGLISH PAINTING,

Defendant.

CIVIL ACTION

No.: 02-674-CO

COMPLAINT IN CIVIL ACTION

Filed on behalf of:

Plaintiff, Pennsylvania National Mutual
Casualty Insurance Company

Counsel of record for this party:

Maureen C. Middleman, Esq.
Pa. I.D. No. 40985

Mary Kathryn Salynski, Esq.
Pa. I.D. No. 85787

WEBER GOLDSTEIN GREENBERG
& GALLAGHER, LLP
Firm No. 594
Two Gateway Center, Suite 1450
603 Stanwix Street
Pittsburgh, PA 15222

412-281-4541
412-281-4547 FAX

JURY TRIAL DEMANDED

APR 29 2002
M. Maureen Middleman
William A. Shaw pd \$0.00
Prothonotary
4/20/02

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENNSYLVANIA NATIONAL) CIVIL ACTION
MUTUAL CASUALTY INSURANCE)
COMPNAY) No.:
)
 Plaintiff,)
)
 v.)
)
 ENGLISH PAINTING,)
)

Defendant.

NOTICE TO DEFEND

You have been sued in court. If you wish to defend against the claims set forth in the following pages, you must take action within twenty (20) days after this Complaint and Notice are served, by entering a written appearance personally or by attorney and filing in writing with the court your defenses or objections to the claims set forth against you. You are warned that if you fail to do so the case may proceed without you and a judgment may be entered against you by the court without further notice for any money claimed in the Complaint or for any other claim or relief requested by the plaintiff. You may lose money or property or other rights important to you.

YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE A LAWYER OR CANNOT AFFORD ONE, GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW TO FIND OUT WHERE YOU CAN GET LEGAL HELP.

LAWYER REFERRAL
OFFICE OF THE COURT ADMINISTRATOR
CLEARFIELD COUNTY COURTHOUSE
1 NORTH SECOND STREET
CLEARFIELD PA 16830
(724) 658-2541

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENNSYLVANIA NATIONAL) CIVIL ACTION
MUTUAL CASUALTY INSURANCE)
COMPANY) No.:
)
 Plaintiff,)
)
 v.)
)
 ENGLISH PAINTING,)
)
 Defendant.)

COMPLAINT IN CIVIL ACTION

AND NOW, comes the Plaintiff, PENNSYLVANIA NATIONAL MUTUAL CASUALTY INSURANCE COMPANY (hereinafter referred to as "Penn National"), by and through its counsel, WEBER, GOLDSTEIN, GREENBERG & GALLAGHER, L.L.P., and files the following Complaint:

1. Penn National is a corporation organized under the laws of the Commonwealth of Pennsylvania and doing business within the Commonwealth of Pennsylvania.
2. English Painting is an individually owned business, doing business within the Commonwealth of Pennsylvania and having a principal place of business at West Decatur, Clearfield County, PA 16878.
3. English Painting was the holder of a policy of insurance, No. CL9 0048510, which was issued by Penn National.
4. At all times relevant hereto, this policy of insurance was in effect.

5. On or about September 13, 2000, various agents, servants, employees and/or representatives of English Painting were working at an outdoor location at Beech Creek, Clinton County, Pennsylvania.

6. As part of their activities at that time, the servants, agents, employees and/or representatives of English Painting were spray painting a bridge and/or other structure.

7. At some point during the painting, a gust of wind caused the paint to overspray into a nearby parking lot.

8. As a result of the overspray, several cars located within said parking lot suffered exterior paint damage.

9. Approximately twenty-eight (28) of the owners of the affected automobiles filed individual claims against English Painting.

10. The subject policy of insurance contained a clause requiring that English Painting be responsible for the payment of a deductible amount of \$250.00 for each claim made.

11. All claims, including each individual deductible amount, were paid by Penn National, as more fully set forth in Exhibit "A." These claims totaled approximately \$17,716.69.

12. Of that payment of \$17,716.69, the sum of the deductibles paid by Penn National totaled \$7899.62.

COUNT I - BREACH OF CONTRACT

13. Paragraphs 1 through 12 are incorporated herein by reference as if reprinted fully and at length.

14. The policy in effect at the time of the overpay incident contained an endorsement numbered "CG 03 00 01 96" and termed Deductible Liability Insurance. A certified copy of the policy is attached hereto as Exhibit "B." (See Exhibit "B", p. 50.)

15. The endorsement specified a deductible of \$250.00 per claim. (See Exhibit "B", p. 55.)
16. The endorsement further defined a "per claim" deductible as applicable to "all damages sustained by any one person." (See Exhibit "B", p. 55.)
17. The endorsement provides in relevant part that Penn National "may pay any part or all of the deductible to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us." (See Exhibit "B", p. 56.)
18. Although reimbursement has been requested, English Painting has repeatedly refused to pay any portion of the deductible which is due and owing.

WHEREFORE, Plaintiff, Penn National, demands judgment against the Defendant, English Painting, in an amount within the arbitration limits of this Honorable Court.

Respectfully submitted,

WEBER, GOLDSTEIN, GREENBERG
& GALLAGHER, LLP

By:


Maureen C. Middleman, Esq.
Mary Kathryn Salynski, Esq.

Two Gateway Center, Suite 1450
603 Stanwix Street
Pittsburgh, PA 15222
412-281-4541

Counsel for Plaintiff, Penn National Insurance

Claim #04298899

OVERSPRAY CLAIM - ENGLISH PAINTING

CLMT #	CLAIMANT NAME AND ADDRESS	VEHICLE	TOTAL AMOUNT PAID
1	Armstrong World Industry		
	David W Archer 1373 Chestnut Ridge Drive State College PA 16803	1990 Honda Accord	\$300.00
	Thomas Bates 127 West Fourth Lock Haven PA 17745	1991 Honda Accord	\$300.00
	Sharon Boatman 111 Fairview Street PO Box 329 Avis PA 17721	1995 Honda Passport	\$600.00
	Nancy Brininger RD #1 Box 474 Beech Creek PA 16822	1999 Honda Accord	\$300.00
	Karen Houseknecht 125 S Allegheny Street Lock Haven PA 17745	1999 Subaru Legacy	\$350.00
	Russell L Kifer PO Box 78 West Decatur PA 16878	1998 Chev PU Ex/Cab	\$500.00
	Karen M Lininger 29 Hillspire Drive Lock Haven PA 17745	1988 Chev Blazer 4x4	\$600.00
2	Dennis L. Bauman 656 E Church Street Lock Haven PA 17745	1987 Dodge Conversion Van	\$700.00
3	Susan McKinney 624 E Water Street Lock Haven PA 17745	1988 Chevy Astro Van	\$500.00
4	John R. Rhea Jr 131 Oliver Street Jersey Shore PA 17740	1993 Chevy Corsica	\$300.00
5	Thomas C. Berry RD #1 Box 299A Beech Creek PA 16822	1993 Oldsmobile	\$300.00
6	Dan Nocket	1992 Plymouth Minivan	\$500.00
7	Keith Bittner RR #1 Box 509 Beech Creek PA 16822	1995 Ford Ranger	\$450.00
8	Theresa Casper 113 E Bald Eagle Street Lock Haven PA 17745	1999 Chevy Blazer	\$600.00
9	Ronald L. Entz 387 Zinck Road Jersey Shore PA 17740	1996 Jeep Cherokee	\$600.00

EXHIBIT

Tables

A

3150.00

Claim #04298899			
OVERSPRAY CLAIM - ENGLISH PAINTING			
CLMT #	CLAIMANT NAME AND ADDRESS	VEHICLE	TOTAL AMOUNT PAID
10	John M. Gray 221 Lakeview Drive Howard PA 16841	1988 Chevy Beretta	\$300.00
11	Chrissy Jones PO Box 47 Woolrich PA 17779	1999 Chevy Silverado	\$600.00
12	John W Jones HCR #75 Box 50 Lock Haven PA 17745	1995 Ford F1507K	\$500.00
13	Richard J Snyder 114 Mann Avenue Mill Hall PA 17751	1992 Dodge W250	\$500.00
14	Richard E. Titus IV RD #2 Box 110 Mill Hall PA 17751	1986 Ford F150 Ianet	\$500.00
15	Rick Hanley RD #1 Box 357 Beech Creek PA 16822	2000 Toyota Tacoma VIN 4TAWN72NXYZ607703	+ 226.27 \$1,372.49
16	Greg Shady PO Box 165 Blanchard PA 16826	1994 Ford Pickup F150 1FTEF14Y1RNB54503	\$397.10
17	William Hutchings 42 Beverly Drivo Beech Creek PA 16822	1988 Chevrolet Pickup K1500 1GCDK14K8JZ242836	\$500.00
18	Chris Fink PO Box 771 PA 17721	1998 Plymouth Neon 3P3ES47C7WT233604	\$300.00
19	Miko Confer PO Box 188 Bcoch Creek PA 16822	1992 Jeep Wrangler 2J4FY19P6NJ552780	\$350.00
20	Joellen Neff 400 York Street PA 17745	Flemington 1998 Toyota Tacoma 4TAWN72N8WZ176128	\$1,641.77
21	Tom Seifried 1326 Charles Street State College PA 16801	1999 Mazda B3000 SE 4F4ZR17V5XTM22561	\$908.90
22	Joanne Toner 250 Long Run Road Mill Hall PA 17751	1998 Chevrolet Blazer LS 1GNCT18W5WK222315	\$222.10
23	Gary Swocley 121 Maple Street Jersoy Shore PA 17740	1991 Ford Econoline E150 1FDEE14N0MHB24890	\$131.91
24	Leslie Todd 9 Golden Lane Mill Hall PA 17751	1998 Ford Taurus SE 1FAFP53SXWG186975	\$139.60

Claim #04298899
OVERSPRAY CLAIM - ENGLISH PAINTING

CLMT #	CLAIMANT NAME AND ADDRESS	VEHICLE	TOTAL AMOUNT PAID
25	Julie Thompson 25 S Chestnut Street Mill Hall PA 17751	2000 Chevrolet Blazer LS 1GNDT13W0Y2130012	\$1,110.07 and \$318.85 for total of \$1,428.92
26	Tony Zanella 214 Bolopue Road Mill Hall PA 17751	1999 Dodge Pickup R1500 3B7HF13Z6XG223652	\$641.62
27	Holly Dolan 744 E Church Street Lock Haven PA 17745	1996 Mercury Sable GS 1MELM50UXTA652588	\$139.60
28	Dan Peter 400 York Street Flemington PA 17745	1997 Toyota Camry LE 4T1BG22K4VU136612	\$16.41

7899.63

THIS IS TO CERTIFY
THAT THIS IS A TRUE &
CORRECT COPY

by Barrie Beckford



PENN NATIONAL
INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
P.O. Box 2361 Harrisburg, PA 17105-2361

THIS POLICY JACKET WITH THE INFORMATION PAGE, POLICY, FORMS AND ENDORSEMENTS, IF ANY,
ISSUED TO FORM A PART THEREOF, COMPLETES THIS POLICY.

EXHIBIT

tables*

B

MUTUAL POLICY CONDITIONS

THIS POLICY IS NON-ASSESSABLE. THE POLICYHOLDER IS A MEMBER OF THE COMPANY AND SHALL PARTICIPATE TO THE EXTENT AND UPON THE CONDITIONS FIXED AND DETERMINED BY THE BOARD OF DIRECTORS IN ACCORDANCE WITH THE PROVISIONS OF LAW, IN THE DISTRIBUTION OF DIVIDENDS SO FIXED AND DETERMINED.

ANNUAL MEETING

THE INSURED IS HEREBY NOTIFIED THAT BY VIRTUE OF THIS POLICY, HE IS A MEMBER OF THE PENNSYLVANIA NATIONAL MUTUAL CASUALTY INSURANCE COMPANY AND IS ENTITLED TO VOTE EITHER IN PERSON OR BY PROXY AT ANY AND ALL MEETINGS OF SAID COMPANY. THE ANNUAL MEETINGS OF THE COMPANY ARE HELD AT ITS HOME OFFICE IN THE CITY OF HARRISBURG, PA. ON THE SECOND MONDAY OF APRIL IN EACH YEAR, AT 10:00 O'CLOCK A.M., AND THE INCLUSION OF THIS NOTICE IN THIS POLICY SHALL CONSTITUTE NOTICE TO THE MEMBER OF THE ANNUAL MEETING.

IN WITNESS WHEREOF, The company has caused this policy to be signed by its president and secretary but this policy shall not be valid unless completed by the attachment hereto of a Declaration Page, Policy or Coverage Part(s) and Endorsements, if any, and countersigned on the aforesaid declarations page by a duly authorized representative of the company.

VIRGINIA EXCEPTION

Lack of countersignature does not invalidate the policy.

Kenneth R Shultz
Secretary

Dennis C. Rose
President



**PENN NATIONAL
INSURANCE**

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361, Harrisburg, PA 17105-2361

IMPORTANT NOTICE

Enclosed is your renewal declarations. Please note that all endorsements listed on the renewal declarations will remain in effect during this policy term. We have attached only new or revised endorsements. For copies of any endorsement that is not attached, refer to your original policy.

Thank you for placing your coverage with the Pennsylvania National Insurance Companies.

Form 71-0576 (Ed. 5/84)



**PENN NATIONAL
INSURANCE**

COMMERCIAL LINES POLICY COMMON DECLARATIONS
RENEWAL OF CL9 0048510

**Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2381 • Harrisburg, PA 17105**

NON-ASSESSABLE

POLICY NUMBER		POLICY PERIOD		COVERAGE IS PROVIDED IN		AGENCY
CL9 0048510		FROM 06/01/00	TO 06/01/01	PA NATIONAL MUTUAL CAS INS CO		BR 000160755
NAMED INSURED AND ADDRESS				AGENCY		
ENGLISH PAINTING ED ENGLISH T/A PO BOX 126 WEST DECATUR PA 16878				BURNS & BURNS-CF P O BOX 830 CLEARFIELD PA 16830		

POLICY PERIOD: POLICY COVERS FROM: 12:01 A.M. STANDARD TIME AT THE ADDRESS OF THE INSURED STATED ABOVE.
FORM OF BUSINESS: INDIVIDUAL BUSINESS DESCRIPTION: PAINTING & PAINT

FORM OF BUSINESS: INDIVIDUAL

BUSINESS DESCRIPTION: PAINTING CONTRACTOR

IN RETURN FOR PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

PREMIUM

FORMS APPLICABLE TO ALL COVERAGE PARTS:
IL0017 11/85 IL0910 01/81
710891 08/99

710477 05/93
IL0172 11/93

710576 05/94
IL0246 04/98

COMPANY USE ONLY					
RISK TYPE	RISK CLASS	TMC	SIC CODE	REINSURANCE	UND. TEAM
3	2	99	1799	N	052

COUNTERSIGNED BY:

Authorized Representative

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART COVERAGE FORM(S), AND FORMS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY

FORM 71-0025 (ED. 03/91)

ISSUED 09/28/00

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
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.

B. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. INSPECTIONS AND SURVEYS

We have the right but are not obligated to:

1. Make inspections and surveys at any time;
2. Give you reports on the conditions we find; and
3. Recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

1. Are safe or healthful; or
2. Comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

E. PREMIUMS

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

PENNSYLVANIA NOTICE

An Insurance Company, its agents, employees, or service contractors acting on its behalf, may provide services to reduce the likelihood of injury, death or loss. These services may include any of the following or related services incident to the application for, issuance, renewal or continuation of, a policy of insurance:

1. surveys;
2. consultation or advice; or
3. inspections.

The "Insurance Consultation Services Exemption Act" of Pennsylvania provides that the Insurance Company, its agents, employees or service contractors acting on its behalf, is not liable for damages from injury, death or loss occurring as a result of any act or omission by any person in the furnishing of or the failure to furnish these services.

The Act does not apply:

1. if the injury, death or loss occurred during the actual performance of the services and was caused by the negligence of the Insurance Company, its agents, employees or service contractors;
2. to consultation services required to be performed under a written service contract not related to a policy of insurance; or
3. if any acts or omissions of the Insurance Company, its agents, employees or service contractors are judicially determined to constitute a crime, actual malice, or gross negligence.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PENNSYLVANIA CHANGES

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART

A. For insurance provided under the:

Boiler and Machinery Coverage Part
Commercial Crime Coverage Part
Commercial Inland Marine Coverage Part
Commercial Property Coverage Part

The **TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY** Common Policy Condition is replaced by the following:

F. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

If you die, this Coverage Part will remain in effect as provided in 1. or 2. below, whichever is later:

1. For 180 days after your death regardless of the policy period shown in the Declarations, unless the insured property is sold prior to that date; or
2. Until the end of the policy period shown in the Declarations, unless the insured property is sold prior to that date.

Coverage during the period of time after your death is subject to all provisions of this policy including payment of any premium due for the policy period shown in the Declarations and any extension of that period.

B. For insurance provided under the:

Commercial Inland Marine Coverage Part
Commercial Property Coverage Part
Farm Coverage Part

The following is added to the **LOSS PAYMENT** Loss Condition and supersedes any provision to the contrary:

NOTICE OF ACCEPTANCE OR DENIAL OF CLAIM

1. Except as provided in 3. below, we will give you notice, within 15 working days after we receive a properly executed proof of loss, that we:
 - a. Accept your claim;
 - b. Deny your claim; or
 - c. Need more time to determine whether your claim should be accepted or denied.

If we deny your claim, such notice will be in writing, and will state any policy provision, condition or exclusion used as a basis for the denial.

If we need more time to determine whether your claim should be accepted or denied, the written notice will state the reason why more time is required.

2. If we have not completed our investigation, we will notify you again in writing, within 30 days after the date of the initial notice as provided in 1.c. above, and thereafter every 45 days. The written notice will state why more time is needed to investigate your claim and when you may expect us to reach a decision on your claim.
3. The notice procedures in 1. and 2. above do not apply if we have a reasonable basis, supported by specific information, to suspect that an insured has fraudulently caused or contributed to the loss by arson or other illegal activity. Under such circumstances, we will notify you of the disposition of your claim within a period of time reasonable to allow full investigation of the claim, after we receive a properly executed proof of loss.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**PENNSYLVANIA CHANGES -
CANCELLATION AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
BUSINESSOWNERS POLICY
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL CRIME COVERAGE PART*
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

*This endorsement does not apply to coverage provided for employee dishonesty (Coverage Form A) or public employee dishonesty (Coverage Forms O and P).

A. The Cancellation Common Policy Condition is replaced by the following:

CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by writing or giving notice of cancellation.
2. **Cancellation Of Policies In Effect For Less Than 60 Days**

We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least 30 days before the effective date of cancellation.

3. **Cancellation Of Policies In Effect For 60 Days Or More**

If this policy has been in effect for 60 days or more or if this policy is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- a. You have made a material misrepresentation which affects the insurability of the risk. Notice of cancellation will be mailed or delivered at least 15 days before the effective date of cancellation.
- b. You have failed to pay a premium when due, whether the premium is payable

directly to us or our agents or indirectly under a premium finance plan or extension of credit. Notice of cancellation will be mailed at least 15 days before the effective date of cancellation.

- c. A condition, factor or loss experience material to insurability has changed substantially or a substantial condition, factor or loss experience material to insurability has become known during the policy period. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation.
- d. Loss of reinsurance or a substantial decrease in reinsurance has occurred, which loss or decrease, at the time of cancellation, shall be certified to the Insurance Commissioner as directly affecting in-force policies. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation.
- e. Material failure to comply with policy terms, conditions or contractual duties. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation.

- f. Other reasons that the Insurance Commissioner may approve. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation.

This policy may also be cancelled from inception upon discovery that the policy was obtained through fraudulent statements, omissions or concealment of facts material to the acceptance of the risk or to the hazard assumed by us.

4. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. Notice of cancellation will state the specific reasons for cancellation.
5. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
6. 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 and will be returned within 10 business days after the effective date of cancellation. If the first Named Insured cancels, the refund may be less than pro rata and will be returned within 30 days after the effective date of cancellation. The cancellation will be effective even if we have not made or offered a refund.

7. If notice is mailed, it will be by registered or first class mail. Proof of mailing will be sufficient proof of notice.

B. The following are added and supersede any provisions to the contrary:

1. Nonrenewal

If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal, stating the specific reasons for nonrenewal, to the first Named Insured at least 60 days before the expiration date of the policy.

2. Increase Of Premium

If we increase your renewal premium, we will mail or deliver to the first Named Insured written notice of our intent to increase the premium at least 30 days before the effective date of the premium increase.

Any notice of nonrenewal or renewal premium increase will be mailed or delivered to the first Named Insured's last known address. If notice is mailed, it will be by registered or first class mail. Proof of mailing will be sufficient proof of notice.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INLAND MARINE BRIDGE ENDORSEMENT FOR PACKAGE POLICIES

This endorsement modifies insurance provided under the following:

Inland Marine Coverage Part

The policy forms listed on the Commercial Lines Policy Common Declarations do not apply to the Inland Marine Coverage Part and are replaced by the forms listed on the Commercial Inland Marine Declarations.



PENN NATIONAL
INSURANCE

COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS
RENEWAL OF CL9 0048510

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2381 • Harrisburg, PA 17105

NON-ASSESSABLE

POLICY NUMBER	FROM	POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
CL9 0048510	06/01/00	06/01/01		PA NATIONAL MUTUAL CAS INS CO	000160755	
NAMED INSURED AND ADDRESS					AGENCY	
ENGLISH PAINTING ED ENGLISH T/A PO BOX 126 WEST DECATUR PA 16878					BURNS & BURNS-CF P O BOX 830 CLEARFIELD PA 16830	

POLICY PERIOD: POLICY COVERS FROM: 12:01 A.M. STANDARD TIME AT THE ADDRESS OF THE INSURED STATED ABOVE.
FORM OF BUSINESS: INDIVIDUAL

BUSINESS DESCRIPTION: PAINTING CONTRACTOR

IN RETURN FOR PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

DESCRIPTION OF PREMISES AND COVERAGES PROVIDED
INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR THE COVERAGES SHOWN:

PREMISES NO. 1 : PO BOX 126 DEDUCTIBLE: \$250
WEST DECATUR CLEARFIELD CO PA 16878

BUILDING NO.: 1 PROTECTION CLASS: 05
CONSTRUCTION: FRAME
OCCUPANCY: OFFICES, OTHER THAN GOVERNMENTAL

COVERAGE: YOUR BUSINESS PERSONAL PROPERTY
LIMIT OF INSURANCE: \$3,000 COINSURANCE: 80%
REPLACEMENT COST COVERED CAUSE OF LOSS: SPECIAL FORM

TOTAL PREMIUM FOR THIS COVERAGE PART \$112.00

FORMS APPLICABLE TO THIS COVERAGE PART:
710218 03/99 CP0010 06/95
CP1218 06/95

CP0090 07/88 CP1030 06/95
IL0935 08/98 710857 03/99

COMPANY USE ONLY					
RISK TYPE	RISK CLASS	TMC	SIC CODE	REINSURANCE	UND. TEAM
3	2	99	1799	N	052

COUNTERSIGNED BY: _____
Authorized Representative

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART COVERAGE FORM(S), AND FORMS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

POLICY SCHEDULE OF NAMES AND ADDRESSES

POLICY NUMBER	FROM	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
CL9 0048510	08/01/00	08/01/01	PA NATIONAL MUTUAL CAS INS CO	0001807	55

THE FOLLOWING ARE INSUREDS ON THIS POLICY

COMMERCIAL PROPERTY NAMES AND ADDRESSES

PREMISES NO.: 1 BUILDING NO.: 1

CLEARFIELD BANK & TRUST
PO BOX 171
CLEARFIELD PA 16830

LOSS PAYEE

COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

F. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.

**I. TRANSFER OF RIGHTS OF RECOVERY
AGAINST OTHERS TO US**

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - a. Someone insured by this insurance;
 - b. A business firm:
 - (1) Owned or controlled by you; or
 - (2) That owns or controls you; or
 - c. Your tenant.

This will not restrict your insurance.

CAUSES OF LOSS - SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section F. - Definitions.

A. COVERED CAUSES OF LOSS

When Special is shown in the Declarations, Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

1. Excluded in Section B., Exclusions; or
2. Limited in Section C., Limitations;

that follow

B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance or Law

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance or Law, applies whether the loss results from:

- (1) An ordinance or law that is enforced even if the property has not been damaged; or
- (2) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Any earth movement (other than sinkhole collapse), such as an earthquake, landslide, mine subsidence or earth sinking, rising or shifting. But if earth movement results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (2) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

All volcanic eruptions that occur within any 168 hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises.

But if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion does not apply to the Business Income coverage or to Extra Expense coverage. Instead, the Special Exclusion in paragraph B.4.a.(1) applies to these coverages.

f. War And Military Action

- (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.

g. Water

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows from a sewer, drain or sump; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings.

But if Water, as described in g.(1) through g.(4) above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

- 2. We will not pay for loss or damage caused by or resulting from any of the following:
 - a. Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires. But if artificially generated electrical current results in fire, we will pay for the loss or damage caused by that fire.
 - b. Delay, loss of use or loss of market.
 - c. Smoke, vapor or gas from agricultural smudging or industrial operations.
 - d. (1) Wear and tear;
 - (2) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
 - (3) Smog;
 - (4) Settling, cracking, shrinking or expansion;
 - (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
 - (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.
 - (7) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature; or
 - (c) Marring or scratching.
- But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.
- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will

pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

- f. Continuous or repeated seepage or leakage of water that occurs over a period of 14 days or more.
- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1) You do your best to maintain heat in the building or structure; or
 - (2) You drain the equipment and shut off the supply if the heat is not maintained.
- h. Dishonest or criminal act by you, any of your partners, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:
 - (1) Acting alone or in collusion with others; or
 - (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.

- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- j. Rain, snow, ice or sleet to personal property in the open.
- k. Collapse, except as provided below in the Additional Coverage for Collapse. But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.
- l. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the

"specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

- 3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.c. But if an excluded cause of loss that is listed in 3.a. through 3.c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.
 - a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the loss or damage.
 - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
 - c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;

of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, or Extra Expense Coverage Form

We will not pay for:

- (1) Any loss caused directly or indirectly by the failure of power or other utility service supplied to the described premises, however caused, if the failure occurs outside of a covered building.

But if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss resulting from that Covered Cause of Loss.

(2) Any loss caused by or resulting from:

- (a) Damage or destruction of "finished stock"; or
- (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

(3) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.

(4) Any increase of loss caused by or resulting from:

- (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
- (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations", we will cover such loss that affects your Business Income during the "period of restoration".

(5) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

(6) Any other consequential loss.

b. Leasehold Interest Coverage Form

(1) Paragraph B.1.a. Ordinance or Law, does not apply to insurance under this Coverage Form.

(2) We will not pay for any loss caused by:

- (a) Your cancelling the lease;
- (b) The suspension, lapse or cancellation of any license; or
- (c) Any other consequential loss.

c. Legal Liability Coverage Form

(1) The following Exclusions do not apply to insurance under this Coverage Form:

- (a) Paragraph B.1.a., Ordinance or Law;
- (b) Paragraph B.1.c., Governmental Action;
- (c) Paragraph B.1.d., Nuclear Hazard;
- (d) Paragraph B.1.e., Utility Services; and
- (e) Paragraph B.1.f., War and Military Action.

(2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

C. LIMITATIONS

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.

c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

- (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
- (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

(1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or

(2) Business Income coverage or Extra Expense coverage.

e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

f. Gutters and downspouts caused by or resulting from weight of snow, ice or sleet.

g. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

2. We will not pay more than \$500 in any one occurrence for loss of or damage to glass that is part of a building or structure, regardless of the number of panes, plates or similar units of glass. Subject to this \$500 aggregate, we will not pay more than \$100 for any one pane, plate, multiple plate insulating unit, radiant or solar heating panel, jalousie, louver or shutter.

However, this limitation does not apply to:

- a. Loss or damage by the "specified causes of loss", except vandalism; or
- b. Business Income coverage or Extra Expense coverage.

3. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:

a. Valuable papers and records, such as books of account, manuscripts, abstracts, drawings, card index systems, film, tape, disc, drum, cell or other data processing, recording or storage media, and other records.

b. Animals, and then only if they are killed or their destruction is made necessary.

c. Fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:

- (1) Glass that is part of a building or structure;
- (2) Containers of property held for sale; or
- (3) Photographic or scientific instrument lenses.

d. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

(1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or

(2) To Business Income coverage or to Extra Expense coverage.

4. The special limit shown for each category, a. through d., is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:

- a. \$2,500 for furs, fur garments and garments trimmed with fur.
- b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
- c. \$2,500 for patterns, dies, molds and forms.
- d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, C.4., does not apply to Business Income coverage or to Extra Expense coverage.

5. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

- a. Results in discharge of any substance from an automatic fire protection system; or
- b. Is directly caused by freezing.

However, this limitation does not apply to Business Income coverage or to Extra Expense coverage.

D. ADDITIONAL COVERAGE - COLLAPSE

The term Covered Cause of Loss includes the Additional Coverage - Collapse as described and limited in D.1. through D.5. below.

1. We will pay for direct physical loss or damage to Covered Property, caused by collapse of a building or any part of a building insured under this Coverage Form, if the collapse is caused by one or more of the following:

- a. The "specified causes of loss" or breakage of building glass, all only as insured against in this Coverage Part;
- b. Hidden decay;
- c. Hidden insect or vermin damage;
- d. Weight of people or personal property;
- e. Weight of rain that collects on a roof;
- f. Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling, or renovation is complete and is caused in part by a cause of the collapse loss listed in D.1.a. through D.1.e., we will pay for the loss or damage even if use of defective material or methods, in construction, remodeling or renovation, contributes to the collapse.

2. If the direct physical loss or damage does not involve collapse of a building or any part of a building, we will pay for loss or damage to Covered Property caused by the collapse of personal property only if:

- a. The personal property which collapses is inside a building; and
- b. The collapse was caused by a cause of loss listed in D.1.a. through D.1.f. above.

3. With respect to the following property:

- a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
- b. Awnings, gutters and downspouts;
- c. Yard fixtures;
- d. Outdoor swimming pools;
- e. Fences;
- f. Piers, wharves and docks;
- g. Beach or diving platforms or appurtenances;
- h. Retaining walls; and
- i. Walks, roadways and other paved surfaces;

if the collapse is caused by a cause of loss listed in D.1.b. through D.1.f., we will pay for loss or damage to that property only if:

- a. Such loss or damage is a direct result of the collapse of a building insured under this Coverage Form; and
- b. The property is Covered Property under this Coverage Form.

4. Collapse does not include settling, cracking, shrinkage, bulging or expansion.
5. This Additional Coverage - Collapse, will not increase the Limits of Insurance provided in this Coverage Part.

E. ADDITIONAL COVERAGE EXTENSIONS

1. **Property In Transit.** This Extension applies only to your personal property to which this form applies.
 - a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
 - b. Loss or damage must be caused by or result from one of the following causes of loss:
 - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the road bed.
 - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
 - c. The most we will pay for loss or damage under this Extension is \$1000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

2. **Water Damage, Other Liquids, Powder or Molten Material Damage.** If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

F. DEFINITIONS

"Specified Causes of Loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

1. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - a. The cost of filling sinkholes; or
 - b. Sinking or collapse of land into man-made underground cavities.
2. Falling objects does not include loss or damage to:
 - a. Personal property in the open; or
 - b. The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
3. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.



PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL PROPERTY PENNPAC ENDORSEMENT

This endorsement modifies insurance provided under the following:

**BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
CAUSES OF LOSS - SPECIAL FORM**

I. COVERAGE AMOUNT CHANGES

The amount we pay provisions in the following Additional Coverages and Coverage Extensions are amended as follows:

1. Fire Department Service Charge

In paragraph c. of the Additional Coverages, the amount we will pay is increased to \$2,500.

2. Newly Acquired or Constructed Property

In paragraph a. of the Coverage Extensions, the amount we will pay is increased to \$500,000 for Buildings and \$250,000 for Your Business Personal Property.

3. Personal Effects and Property of Others

In paragraph b. of the Coverage Extensions, the amount we will pay is increased to \$25,000.

4. Valuable Papers and Records - Cost of Research

In paragraph c. of the Coverage Extensions, the amount we will pay is increased to \$25,000.

5. Property Off-Premises

In paragraph d. of the Coverage Extensions, the amount we will pay is increased to \$25,000.

6. Outdoor Property

In paragraph e. of the Coverage Extensions, the amount we will pay is increased to \$10,000 for signs (other than signs attached to buildings), \$2,500 for outdoor property other than signs and \$500 for any one tree, shrub or plant.

7. Property in Transit

In paragraph 1. of the Additional Coverage Extensions, the most we will pay is increased to \$25,000.

This Extension does not apply to contractors' tools or equipment.

II. ADDITIONAL COVERAGES

The following Additional Coverages are added:

e. Back Up of Sewers and Drains

We will pay for loss or damage to Covered Property caused by a back up from a sewer or drain or an overflow from a sump within a building at the described premises.

The most we will pay for each location under this Additional Coverage is \$5,000 for the sum of all expenses arising from back up or overflow during each 12 month period of this policy.

Exclusion B.1.g.(3) does not apply to this Additional Coverage.

f. Lock Replacement

We will pay up to \$1,000 for the cost to replace your locks if your key(s) are lost or stolen.

We will not pay for the replacement of locks if you discharge an employee and you do not have him/her return the key(s).

g. Extra Expense

We will pay up to \$25,000 for the actual and necessary Extra Expense you sustain due to direct physical loss of or damage to property, including personal property in the open (or in a vehicle) within 100 feet, at premises which are described in the Declarations, caused by or resulting from any Covered Cause of Loss.

(1) If you are a tenant, your premises is the portion of the building which you rent, lease or occupy including:

- (a) All routes within the building to gain access to the described premises; and
- (b) Your personal property in the open (or in a vehicle) within 100 feet.

(2) Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

(3) Loss Determination

(a) The amount of Extra Expense will be determined based on:

(i) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses the salvage value that remains of any property bought for temporary use during the "period of restoration" once "operations" are resumed.

(ii) All necessary expenses that reduce the Extra Expense otherwise incurred.

(b) We will reduce the amount of your Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

(c) If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

(4) Additional Definitions

(a) "Operations" means your business activities occurring at the described premises.

(b) "Period of Restoration" means the period of time that:

(i) Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

(ii) Ends on the earlier of:

i. The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality.

ii. The date when business is resumed at a new location.

"Period of Restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

(i) Regulates the construction, use or repair, or requires the tearing down of any property; or

(ii) Requires any insured or others to test for, monitor, clean-up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

h. Loss Data Preparation Costs

We will pay up to \$2,500 for reasonable costs you incur in preparing loss data required by policy conditions after a covered property loss. This includes the cost of taking inventory, making appraisals and preparing other data to determine the extent of your loss.

i. **Ordinance or Law Coverages**

If a Covered Cause of Loss occurs to covered Building property, we will pay for:

- (1) The loss in value of the undamaged portion of the building as a consequence of enforcement of any ordinance or law that:
 - (a) Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;
 - (b) Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
 - (c) Is in force at the time of loss.
- (2) The cost to demolish and clear the site of undamaged parts of the property caused by enforcement of building, zoning or land use ordinance or law.
- (3) The increased cost to repair or reconstruct damaged portions of that Building property and/or reconstruct or remodel undamaged portions of that Building property, whether or not demolition is required when the increased cost is a consequence of enforcement of building, zoning or land use ordinance or law. This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property unless such occupancy is not permitted by zoning or land use ordinance or law.

We will not pay for the increased cost of construction until the building is actually repaired, reconstructed or remodeled and unless the repairs or replacement are made as soon as reasonably possible after the loss, not to exceed two years.

We will not pay for the costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

If the Building property is repaired or replaced at the same premises, we will pay the lesser of:

- (1) The amount you actually spend to demolish and clear the site of the described premises, plus the amount you actually spend to repair, rebuild or

reconstruct the property but not for more than buildings of the same height, floor area, and style; or

- (2) \$50,000

If the Building property is not repaired or replaced, we will pay the lesser of:

- (1) The amount you actually spend to demolish and clear the site of the described premises, plus the cost to replace the damaged or destroyed property with other property:
 - (a) of like kind, and quality
 - (b) of the same height, floor area, and style; and
 - (c) used for the same purpose; or
- (2) \$50,000

j. **Accounts Receivable Coverage**

We will pay to cover losses and expenses that you incur as a result of loss or damage caused by a Covered Cause of Loss to your records of accounts receivable.

- (1) Losses and expenses under this coverage means:
 - (a) The sums that are due from your customers which you cannot collect.
 - (b) The interest charge on a loan if that loan is used to offset those sums that cannot be collected.
 - (c) Collection costs that result from a loss which are above your normal collection costs.
 - (d) The reasonable cost to reconstruct your accounts receivable records.
- (2) Additional Exclusions

We do not pay for loss to accounts receivables that is a result of:

- (a) Electrical or magnetic damage, disturbance, or erasure of electronic data or records that is caused by
 - (i) Erroneous programming or faulty equipment instructions; or
 - (ii) Faulty or inadequate installation or maintenance of data processing equipment.

(b) A discrepancy that is discovered in your books or records if this is the only means to prove that a loss has occurred. If there is other evidence to prove that a loss has occurred, you may use the discrepancy to support your claim.

(c) Errors or omissions in bookkeeping, accounting, or billing

(3) We pay the least of:

(a) The sum of all accounts receivable due (with reasonable deductions);

(b) The reasonable cost to reconstruct your accounts receivable records; or

(c) \$25,000.

k. Employee Dishonesty

We will pay up to \$10,000 for direct loss or damage to Your Business Personal Property, including "money" and "securities", resulting from dishonest acts committed by an "employee" acting alone or in collusion with other persons, except you or a partner, with the manifest intent to:

(1) Cause you to sustain loss or damage; and also

(2) Obtain financial benefit (other than salaries, commission, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:

(a) Any "employee"; or

(b) Any other person or organization.

Exclusion h. is deleted and replaced by the following:

h. (1) Loss resulting from any dishonest or criminal act committed by you or any of your partners whether acting alone or in collusion with other persons.

(2) Loss caused by any "employee" of yours, or predecessor in interest of yours, for whom similar prior insurance has been cancelled and not reinstated since the last such cancellation.

(3) Loss, or that part of any loss, the only proof of which as to its existence or amount is dependent upon:

(a) An inventory computation; or

(b) A profit and loss computation.

This Additional Coverage does not apply to any "employee" immediately upon discovery by:

(1) You; or

(2) Any of your partners, officers or directors not in collusion with the "employees";

of any dishonest act committed by that "employee" before or after being hired by you.

All loss or damage caused by, or involving; one or more "employees" whether the result of a single act or series of related acts is considered one occurrence.

We will pay only for loss or damage you sustain through acts committed or events occurring during the Policy Period and discovered no later than one year from the end of the Policy Period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

If you (or any predecessor in interest) sustained loss or damage during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired and;

(1) This Additional Coverage became effective at the time of cancellation or termination of the prior insurance; and

(2) The loss or damage would have been covered by this Additional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred;

we will pay the lesser of the amount recoverable under this Additional Coverage as of its effective date or the prior insurance had it remained in effect.

In compliance with certain provisions of the Employee Retirement Income Security Act (ERISA):

(1) "Employee" also includes any natural person who is:

(a) A trustee, an officer, employee, administrator or a manager, except an administrator or a manager who is an independent contractor, of any Employee Welfare or Pension Benefit Plan (hereafter called Plan) insured under this insurance, and

- (b) Your director or trustee while that person is handling funds or other property of any Plan insured under this insurance.
- (2) If any Plan is insured jointly with any other entity under this insurance, you or the Plan Administrator must obtain a Limit of Insurance for Employee Dishonesty Coverage that is sufficient to provide an amount of insurance for each Plan that is at least equal to that required if each Plan were separately insured.
- (3) If the insured first named in the Declarations is an entity other than a Plan, any payment we make to that Insured for loss sustained by any Plan will be held by that Insured for the use and benefit of the Plan(s) sustaining the loss.
- (4) If two or more Plans are insured under this insurance, any payment we make for loss:
 - (a) Sustained by two or more plans or
 - (b) Of commingled funds or other property of two or more Plans
 that arises out of one "occurrence", is to be shared by each Plan sustaining loss in the proportion that the amount of insurance required for each such Plan under ERISA provisions bears to the total of those amounts.
- (5) The Deductible provision does not apply to loss sustained by any Plan subject to ERISA which is insured under this insurance.
- (6) Any Plan(s) administered by the Named Insured is considered a Named Insured under this Additional Coverage.

I. Money and Securities

We will pay for loss of "money" and "securities" used in your business while at a bank or savings institution, within your living quarters or the living quarters of your partners or any "employee" having use and custody of the property, at the described premises; or in transit between any of these places, resulting directly from:

- (1) Theft, meaning any act of stealing;
- (2) Disappearance; or
- (3) Destruction.

Additional Exclusions

We will not pay for loss:

- (1) Resulting from accounting or arithmetical errors or omissions;
- (2) Due to the giving or surrendering of property in any exchange or purchase; or
- (3) Of property contained in any money-operated device unless the amount of money deposited in it is recorded by a continuous recording instrument in the device.

The most we will pay for loss in any one occurrence is:

- (1) \$10,000 for "money" and "securities" while:
 - (a) In or on the described premises; or
 - (b) Within a bank or savings institution; and
- (2) \$5,000 for Outside the Premises for "money" and "securities" while anywhere else.

All loss caused by one or more persons or involving a single act or series of related acts is considered one occurrence.

You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

m. Computer Equipment - Disturbance Coverage

We will pay up to \$15,000 for direct physical loss to Computer Equipment caused by "electrical disturbance" and "power supply disturbance" if the cause of such disturbance took place within 1000 feet of the premises where the loss occurred. This Additional Coverage does not apply to loss caused by lightning.

Computer Equipment means "hardware" and "software" owned by you or in your care, custody, or control while at the locations listed in the Declarations and while at any temporary unscheduled locations.

We do not pay for loss under this Additional Coverage unless the covered property, at the time of the loss, was connected to an Underwriters Laboratories (UL) listed surge suppression device that bears any of the following words and abbreviations:

- (1) "Transient Voltage Surge Suppressor" or "TVSS"
- (2) "Uninterruptible Power Supply" or "UPS"
- (3) "Secondary Protector for Communication Circuits"

Additional Definitions

- (1) "Electrical Disturbance" means electrical or magnetic damage, disturbance of electronic recordings, or erasure of electronic recordings.
- (2) "Hardware" means an assemblage of electronic machine components capable of accepting instructions and information, processing the information according to the instructions, and producing desired results.
- (3) "Power Supply Disturbance" means interruption of power supply, power surge, blackout, or brownout.
- (4) "Software" means:
 - (a) Processing, recording, or storage media used for electronic data processing operations. This includes films, tapes, cards, discs, drums, cartridges, or cells; and
 - (b) Data, information, and instructions stored on processing, recording, or storage media used for electronic data processing operations.

n. Fire Protection Device Recharge

When the fire protective devices that are permanently installed in buildings at the described premises have been discharged to save or protect a covered property from a Covered Cause of Loss, we will pay up to \$1,500 to recharge or refill the fire protective devices.

o. Arson Rewards

We will pay up to \$5,000 as a reward to any person or persons, other than you or your officers, for information leading to an arson conviction in connection with a covered fire loss to the described premises. This is the most we will pay regardless of the number of persons who provided information.

III. ADDITIONAL COVERAGE EXTENSIONS

The following Additional Coverage Extensions are added:

3. Fine Arts

You may extend the insurance that applies to Your Business Personal Property to apply to paintings, etchings, pictures, tapestries, art glass windows and other bona fide works of art or articles of rarity, historical value or artistic merit.

The most we will pay for loss or damage under this Extension is \$10,000 at each described premises.

IV. LIMITATIONS

The following limitation is amended:

Building Glass

The amount we pay in paragraph 2. of the Limitations is increased to \$10,000 per occurrence. The limitation for any one pane, plate, multiple plate insulating unit, radiant or solar heating panel, jalousie, louver or shutter is deleted.

V. ADDITIONAL DEFINITIONS

1. "Employee" means:

a. Any natural person:

- (1) While in your service (and for 30 days after termination of service); and
- (2) Whom you compensate directly by salary, wages or commissions; and
- (3) Whom you have the right to direct and control while performing services for you.

b. Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you excluding, however, any such person while having care and custody of property outside the "premises".

c. But "employee" does not mean any:

- (1) Agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
- (2) Director or trustee except while performing acts coming within the scope of the usual duties of an "employee".

2. "Money" means:
 - a. Currency, coins and bank notes in current use and having a face value; and
 - b. Travelers checks, register checks and money orders held for sale to the public.
3. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:
 - a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include "money".

VI. LIMITS OF INSURANCE

Paragraph C., LIMITS OF INSURANCE, is deleted and replaced by the following:

C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs attached to buildings is \$10,000 per sign in any one occurrence.

The limits applicable to the Coverage Extensions and the Additional Coverages are in addition to the Limits of Insurance except for the following:

1. Preservation of Property; or
2. Debris Removal; but if:
 - a. The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
 - b. The debris removal expense exceeds the amount payable under the 25% limitation in the Debris Removal Additional Coverage;
we will pay up to an additional \$10,000 for each location in any one occurrence under the Debris Removal Additional Coverage;

Payments under the above listed Coverage Extensions and Additional Coverages will not increase the applicable Limit of Insurance.

V. COINSURANCE

The Additional Condition, Coinsurance, does not apply to the Coverage Extensions or the Additional Coverages except for the following:

1. Debris Removal;
2. Preservation of Property;
3. Fire Department Service Charge; or
4. Pollutant Clean Up and Removal.

BUILDING AND PERSONAL PROPERTY 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. The words "we," "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION H - DEFINITIONS.

A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, A.1., and limited in A.2., Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;

(b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Your Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property - Separation of Coverage form:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property of Others.

c. **Personal Property of Others** that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, deeds, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals; unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns;
- i. Personal property while airborne or waterborne;
- j. Bulkhead, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of the building;
- m. Underground pipes, flues or drains;

n. The cost to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media, except as provided in the Coverage Extensions;

- o. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (1) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (2) Vehicles or self-propelled machines, other than autos, you hold for sale; or
- (3) Rowboats or canoes out of water at the described premises;

p. The following property while outside of buildings:

- (1) Grain, hay, straw or other crops;
- (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See applicable Causes of Loss Form as shown in the Declarations.

4. Additional Coverages

a. **Debris Removal**

(1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

(2) The most we will pay under this Additional Coverage is 25% of:

(a) The amount we pay for the direct physical loss of or damage to Covered Property; plus

(b) The deductible in this policy applicable to that loss or damage.

But this limitation does not apply to any additional debris removal limit provided in the Limits of Insurance section.

(3) This Additional Coverage does not apply to costs to:

- (a) Extract "pollutants" from land or water; or
- (b) Remove, restore or replace polluted land or water.

b. Preservation of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Pollutant Clean Up and Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants." But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more or, a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

c. Newly Acquired or Constructed Property

(1) You may extend the insurance that applies to Building to apply to:

- (a) Your new buildings while being built on the described premises; and

- (b) Buildings you acquire at locations, other than the described premises, intended for:

- (i) Similar use as the building described in the Declarations; or

- (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

(2) You may extend the insurance that applies to Your Business Personal Property to apply to that property at any location you acquire other than at fairs or exhibitions.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

(3) Insurance under this Extension for each newly acquired or constructed property will end when any of the following first occurs:

- (a) This policy expires.
- (b) 30 days expire after you acquire or begin to construct the property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date construction begins or you acquire the property.

b. Personal Effects and Property of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or your employees. This extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers and Records - Cost of Research

You may extend the insurance that applies to Your Business Personal Property to apply to your costs to research, replace or restore the lost information on lost or damaged valuable papers and records, including those which exist on electronic or magnetic media, for which duplicates do not exist. The most we will pay under this Extension is \$2,500 at each described premises, unless a higher limit is shown in the Declarations.

d. Property Off-Premises

You may extend the insurance provided by this Coverage Form to apply to your Covered Property, other than "stock," that is temporarily at a location you do not own, lease or operate. This Extension does not apply to Covered Property:

- (1) In or on a vehicle;
- (2) In the care, custody or control of your salespersons; or

(3) At any fair or exhibition.

The most we will pay for loss or damage under this Extension is \$10,000.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), signs (other than signs attached to buildings), trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Each of these Extensions is additional insurance. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. EXCLUSIONS AND LIMITATIONS

See applicable Causes of Loss Form as shown in the Declarations.

C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs attached to buildings is \$1,000 per sign in any one occurrence.

The limits applicable to the Coverage Extensions and the Fire Department Service Charge and Pollutant Clean Up and Removal Additional Coverages are in addition to the Limits of Insurance.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

- 1. Preservation of Property; or

2. Debris Removal; but if:

- a. The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
- b. The debris removal expense exceeds the amount payable under the 25% limitation in the Debris Removal Additional Coverage;

we will pay up to an additional \$10,000 for each location in any one occurrence under the Debris Removal Additional Coverage.

D. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance, after any deduction required by the Coinsurance condition or the Agreed Value Optional Coverage.

When the occurrence involves loss to more than one item of Covered Property and more than one Limit of Insurance applies, the Deductible will reduce the total amount of loss payable if loss to at least one item is less than the sum of (1) the Limit of Insurance applicable to that item plus (2) the Deductible.

Example No. 1:

(This example assumes there is no coinsurance penalty.)

Deductible: \$250

Limit of Insurance - Bldg. 1: \$60,000
Limit of Insurance - Bldg. 2: \$80,000

Loss to Bldg. 1: \$60,100
Loss to Bldg. 2: \$90,000

The amount of loss to Bldg. 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Bldg. 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Bldg. 1:

$$\begin{array}{r} \$60,100 \\ - 250 \\ \hline \$59,850 \end{array}$$

Loss Payable - Bldg. 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Bldg. 2. Loss payable for Bldg. 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:

$$\$59,850 + \$80,000 = \$139,850$$

Example No. 2:

(This example, too, assumes there is no coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example No. 1.

Loss to Bldg. 1: \$70,000 (exceeds Limit of Insurance plus Deductible)

Loss to Bldg. 2: \$90,000 (exceeds Limit of Insurance plus Deductible)

Loss Payable - Bldg. 1: \$60,000 (Limit of Insurance)

Loss Payable - Bldg. 2: \$80,000 (Limit of Insurance)

Total amount of loss payable: \$140,000

E. LOSS CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In The Event Of Loss Or Damage

- a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when and where the loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

(6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(8) Cooperate with us in the investigation or settlement of the claim.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:

(1) Pay the value of lost or damaged property;

(2) Pay the cost of repairing or replacing the lost or damaged property, subject to b. below;

(3) Take all or any part of the property at an agreed or appraised value; or

(4) Repair, rebuild or replace the property with other property of like kind and quality, subject to b. below.

b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.

d. We will not pay you more than your financial interest in the Covered Property.

e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and;

(1) We have reached agreement with you on the amount of loss; or

(2) An appraisal award has been made.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Vacancy

a. Description of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (1)(a) and (1)(b) below:

- (a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operation.
- (b) When this policy is issued to the owner of a building, building means the entire building. Such building is vacant when 70% or more of its square footage:
 - (i) Is not rented; or
 - (ii) Is not used to conduct customary operations.
- (2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

- (1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
 - (a) Vandalism;
 - (b) Sprinkler leakage, unless you have protected the system against freezing;
 - (c) Building glass breakage;
 - (d) Water damage;
 - (e) Theft; or
 - (f) Attempted theft.
- (2) With respect to Covered Causes of Loss other than those listed in b.(1)(a) through b.(1)(f) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

- a. At actual cash value as of the time of loss or damage, except as provided in b., c., d., e. and f. below.
- b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property. However, the following property will be valued at the actual cash value even when attached to the building:

- (1) Awnings or floor coverings;
- (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
- (3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety glazing material if required by law.
- e. Tenant's Improvements and Betterments at:
 - (1) Actual cash value of the lost or damaged property if you make repairs promptly.
 - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

- (3) Nothing if others pay for repairs or replacement.
- f. Valuable Papers and Records, including those which exist on electronic or magnetic media (other than prepackaged software programs), at the cost of:
 - (1) Blank materials for reproducing the records; and
 - (2) Labor to transcribe or copy the records when there is a duplicate.

F. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies.

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in step (2); and
- (4) Subtract the deductible from the figure determined in step (3).

We will pay the amount determined in step (4) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example No. 1 (Underinsurance): When:

The value of the property is	\$250,000
The Coinsurance percentage for it is	80%
The Limit of Insurance for it is	\$100,000
The Deductible is	\$250
The amount of loss is	\$ 40,000

Step (1): $\$250,000 \times 80\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 \div \$200,000 = .50$

Step (3): $\$ 40,000 \times .50 = \$20,000$

Step (4): $\$ 20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

Example No. 2 (Adequate Insurance): When:

The value of the property is	\$250,000
The Coinsurance percentage for it is	80%
The Limit of Insurance for it is	\$200,000
The Deductible is	\$250
The amount of loss is	\$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$250,000 \times 80\%$). Therefore, the Limit of Insurance in this Example is adequate and no penalty applies. We will pay no more than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

Example No. 3:

When:

The value of property is:

Bldg. at Location No. 1	\$ 75,000
Bldg. at Location No. 2	\$100,000
Personal Property at Location No. 2	<u>\$75,000</u>
	<u>\$250,000</u>

The Coinsurance percentage for it is	90%
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The Limit of Insurance for Buildings and Personal Property at Location Nos. 1 and 2 is	\$180,000
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The Deductible is	\$1,000
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The amount of loss is:	
Bldg. at Location No. 2	\$30,000

Personal Property at Location No. 2.	<u>\$20,000</u>
	<u>\$50,000</u>

Step (1): $\$250,000 \times 90\% = \$225,000$
(the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 \div \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$.

Step (4): $\$40,000 - \$1,000 = \$39,000$.

We will pay no more than \$39,000.
The remaining \$11,000 is not covered.

2. Mortgageholders

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;

(2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

(3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

(1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

(2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

f. If we cancel this policy, we will give written notice to the mortgageholder at least:

(1) 10 days before the effective date of cancellation if we cancel for your non-payment of premium; or

(2) 30 days before the effective date of cancellation if we cancel for any other reason.

g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. OPTIONAL COVERAGES

If shown in the Declarations, the following Optional Coverages apply separately to each item.

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) On or after the effective date of this Optional Coverage; and
 - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applied will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
 - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
 - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example:

If:

The applicable Limit of Insurance is	\$100,000
The annual percentage increase is	8%
The number of days since the beginning of the policy year (or last policy change) is	146
The amount of increase is	$\$100,000 \times .08 \times 146 \div 365 = \$3,200$

3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Loss Condition, Valuation, of this Coverage Form.
- b. This Optional Coverage does not apply to:
 - (1) Personal property of others;
 - (2) Contents of a residence;
 - (3) Manuscripts;
 - (4) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
 - (5) "Stock," unless the Including "Stock" option is shown in the Declarations.
- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
 - (1) Until the lost or damaged property is actually repaired or replaced; and
 - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:

- (1) The Limit of Insurance applicable to the lost or damaged property;
- (2) The cost to replace, on the same premises, the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
- (3) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

H. DEFINITIONS

1. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
2. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

A. We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.

1. The failure, malfunction or inadequacy of:
 - a. Any of the following, whether belonging to any insured or to others:
 - (1) Computer hardware, including microprocessors;
 - (2) Computer application software;
 - (3) Computer operating systems and related software;
 - (4) Computer networks;
 - (5) Microprocessors (computer chips) not part of any computer system; or
 - (6) Any other computerized or electronic equipment or components; or
 - b. Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph A.1.a. of this endorsement;
2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph A.1. of this endorsement.

B. If an excluded Cause of Loss as described in Paragraph A. of this endorsement results:

1. In a Covered Cause of Loss under the Boiler And Machinery Coverage Part, the Commercial Crime Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or
2. Under the Commercial Property Coverage Part:
 - a. In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss - Special Form; or
 - b. In a Covered Cause of Loss under the Causes Of Loss - Basic Form or the Causes Of Loss - Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.

C. We will not pay for repair, replacement or modification of any items in Paragraphs A.1.a. and A.1.b. of this endorsement to correct any deficiencies or change any features.

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.



PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

ADVISORY NOTICE TO POLICYHOLDERS COMMERCIAL PROPERTY

This is a summary of the major changes in your Commercial Property Coverage Part. No coverage is provided by this summary nor can it be construed to replace any provision of your policy. You should read your policy and review your Declaration page for complete information on the coverages you are provided. If there is any conflict between the policy and this summary, **THE PROVISIONS OF THE POLICY SHALL PREVAIL.**

Some of the language of the new policy has been restated and repunctuated for clarity and readability but with no change in coverage intent.

The areas within the policy that broaden, or reduce coverage are highlighted below. The material is organized by individual coverage forms and endorsements; however, not all coverage forms or endorsements are included in a particular policy.

PROPERTY DAMAGE COVERAGE FORMS

I. BROADENING OF COVERAGE

- **PRESERVATION OF PROPERTY**

(CP 00 10, CP 00 17, CP 00 18, CP 00 20, CP 00 80, CP 00 99)

The period of coverage under the Preservation of Property Additional Coverage is increased from 10 days to 30 days.

- **LIMITS OF INSURANCE - DEBRIS REMOVAL**

(CP 00 10, CP 00 17, CP 00 18, CP 00 20, CP 00 80, CP 00 99)

Under the policy section titled LIMITS OF INSURANCE, the additional limit for the Debris Removal Additional Coverage is increased from \$5,000 to \$10,000 per location.

- **COVERAGE EXTENSION - NEWLY ACQUIRED OR CONSTRUCTED PROPERTY**

(CP 00 10, CP 00 17, CP 00 18, CP 00 99)

The percentage limits for Buildings and Your Business Personal Property are eliminated, while the dollar limits remain intact. Coverage is therefore broadened. (Under form CP 00 18, only Your Business Personal Property coverage is provided.)

- **COVERAGE EXTENSION - VALUABLE PAPERS AND RECORDS - COST OF RESEARCH**

(CP 00 10, CP 00 17, CP 00 18, CP 00 99)

The limit of insurance under this coverage extension is increased from \$1,000 to \$2,500 per premises. Also, an option is introduced to increase this limit to a higher amount by entering the higher limit in the Declarations.

- **COVERAGE EXTENSION - PROPERTY OFF-PREMISES**

(CP 00 10, CP 00 17, CP 00 18, CP 00 80, CP 00 99)

The limit of insurance for this coverage extension is increased from \$5,000 to \$10,000.

- **BUILDERS RISK - BUILDING MATERIALS AND SUPPLIES OF OTHERS**

(CP 00 20)

The per-premises limit for the Building Materials and Supplies of Others coverage extension is increased from \$2,500 to \$5,000. An option is introduced to increase this limit to a higher amount by entering the higher limit in the Declarations.

- **BUILDERS RISK - SOD, TREES, SHRUBS AND PLANTS**

(CP 00 20)

A coverage extension is introduced to provide \$1,000 for loss or damage to sod, trees, shrubs and plants outside of buildings on the described premises, but not more than \$250 for any one tree, shrub or plant. Coverage is limited to the following Causes of Loss: Fire; Lightning; Explosion; Riot or Civil Commotion; and Aircraft.

- **BUILDERS RISK - WAIVER OF RIGHTS OF RECOVERY**

(CP 00 20)

The Waiver of Rights of Recovery Against Others condition is deleted. Therefore, the Transfer of Rights of Recovery Against Others To Us condition in the Commercial Property Conditions (CP 00 90) will apply in its entirety to coverage provided under the Builders Risk Coverage Form. This condition permits the insured to waive its rights against another party, in writing, without the consent of the insurer.

Coverage is broadened in that waiver of rights of recovery against architects, engineers and building trades contractors or subcontractors is no longer subject to agreement by the insurer.

- **BUILDERS RISK - WHEN COVERAGE CEASES**

(CP 00 20)

The Additional Condition titled When Coverage Ceases lists a number of circumstances which will end coverage under the Builders Risk Coverage Form. Under the present condition, one of the circumstances which may end coverage is occupancy of the building in whole or in part or use of the building for its intended purpose. This criterion is revised to provide that coverage will end 60 days after occupancy or use begins.

Thus the coverage period is increased by 60 days, unless coverage ends before the building is occupied or put to its intended use (based on other circumstances enumerated in the condition).

- **BUILDERS RISK - PROPERTY IN TRANSIT**

(CP 00 20)

A condition titled 'Increase of Limit of Insurance for Additional Coverage Extension - Property In Transit' is introduced under the Builders Risk Coverage Form. This condition applies only if the Builders Risk policy includes the CAUSES OF LOSS - SPECIAL FORM (CP 10 30); if so, it increases transit coverage from \$1,000 to \$5,000.

II. BROADENING OR REDUCTION OF COVERAGE

- **VACANCY LOSS CONDITION**

(CP 00 10, CP 00 15, CP 00 17, CP 00 18, CP 00 99)

Although the actual coverage or lack of coverage for buildings considered to be vacant remains unchanged, the criteria which determine whether a building is considered vacant are modified. Presently, a building is vacant when it does not contain enough business personal property to conduct customary operations.

For insureds who are tenants, the vacancy provisions will apply only when a tenant's unit or suite is vacant (meaning, when that unit or suite does not contain enough business personal property to conduct customary operations). In a multiple-occupancy building, then, the condition of units other than the insured's unit will not be considered in determining whether there is a condition of vacancy.

For insureds who are building owners, the vacancy provisions will apply when 70% or more of the total square footage of the building is not rented or not used to conduct customary operations.

TIME ELEMENT COVERAGE FORMS

I. BROADENING OF COVERAGE

- **COVERAGE EXTENSION - NEWLY ACQUIRED LOCATIONS**

(CP 00 30, CP 00 32, CP 00 50)

The percentage limits for Building and Your Business Personal Property are eliminated, while the dollar limits remain intact. Coverage is therefore broadened.

- **DESCRIBED PREMISES**

(CP 00 30, CP 00 32, CP 00 50)

The insuring agreement of the time element coverage forms is revised to provide that, for a tenant, the term premises includes all access routes within a building used to gain access to the portion of the building which the tenant rents, leases or occupies.

- **EXTRA EXPENSE - ALTERATIONS AND NEW BUILDINGS**

(CP 00 50)

Extra Expense coverage for Alterations and New Buildings will begin on the date of direct physical loss or damage (as stated in the "period of restoration" definition) in recognition of the fact that expenditures may be necessary to avoid or reduce a delay in the start of operations following

a physical loss to a new building or to property undergoing construction or renovation. This revision broadens coverage; the present language for Alterations and New Buildings provides that coverage begins on the date operations would have begun if the direct physical loss or damage had not occurred.

CIVIL AUTHORITY CLAUSE

- (CP 00 30, CP 00 32, CP 00 50)

The coverage period under the Civil Authority clause is extended from 2 weeks to 3 weeks.

II. REDUCTION OF COVERAGE

- **PERIOD OF RESTORATION**

(CP 00 30, CP 00 32)

Business Income coverage begins 72 hours after the time of direct physical loss or damage. Therefore, Business Income coverage is reduced to the extent that losses are incurred during the first 72 hours following the time of direct physical loss or damage. (This reduction in coverage does not affect the Extra Expense coverage which is provided under CP 00 30.)

LEGAL LIABILITY COVERAGE FORM (CP 00 40)

BROADENING OF COVERAGE

- **COVERAGE EXTENSION - NEWLY ACQUIRED PROPERTY**

The percentage limits for buildings and personal property are eliminated, while the dollar limits remain intact. Coverage is therefore broadened.

LEASEHOLD INTEREST COVERAGE FORM (CP 00 60)

BROADENING OF COVERAGE

- **VACANCY LOSS CONDITION**

For insureds (tenants) who sublease the described premises to others, the vacancy provision will apply only when the insured's unit or suite is vacant (meaning when that unit or suite does not contain enough business personal property to conduct customary operations). In a multiple-occupancy building, then, the condition of units other than the insured's unit will not be considered in determining whether there is a condition of vacancy.

The actual coverage for buildings considered to be vacant remains unchanged.

MORTGAGE HOLDERS ERRORS AND OMISSIONS COVERAGE FORM (CP 00 70)

I. BROADENING OF COVERAGE

- **ADDITIONAL COVERAGE - COLLAPSE**

The Collapse Additional Coverage is broadened to include coverage for collapse of personal property in the absence of building collapse, under certain conditions.

II. BROADENING OR REDUCTION OF COVERAGE

- **VACANCY LOSS CONDITION**

The vacancy provision will apply when 70% or more of the total square footage of the building is not rented or not used to conduct customary operations. Presently, a building is vacant when it does not contain enough business property to conduct customary operations.

CAUSES OF LOSS FORMS

I. BROADENING OF COVERAGE

- **CONTRACTUAL LIABILITY (TENANTS)**

(CP 10 10, CP 10 20, CP 10 30)

The Contractual Liability Exclusion pertains to insurance provided under the Legal Liability Coverage Form. An exception is added to the Contractual Liability Exclusion to provide coverage in the situation where a lessee has assumed liability, under a written lease agreement, for damage to a covered building resulting from burglary or robbery. The exception requires that assumption of liability be executed prior to the burglary or robbery.

- **ADDITIONAL COVERAGE - COLLAPSE**

(CP 10 20, CP 10 30)

The Collapse Additional Coverage is broadened to include coverage for collapse of personal property in the absence of building collapse, under certain conditions.

- **EXCLUSION FOR LOSS CAUSED BY INSECTS, BIRDS, RODENTS OR OTHER ANIMALS**
(CP 10 30)

The exclusion is revised to specify that it applies only in situations where loss is caused by nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals. This revision narrows the scope of this exclusion, thereby broadening coverage.

II. REDUCTION OF COVERAGE

- **UTILITY SERVICES EXCLUSION**

(CP 10 10, CP 10 20, CP 10 30)

With respect to the Business Income and Extra Expense coverages, Special Exclusion B.3.a.(1) replaces the present Off-Premises Services Exclusion. The present exclusion precludes coverage if the failure of utility service occurs away from the described premises (but does not preclude coverage if the failure occurs outside the building but on the described premises). Under Special Exclusion B.3.a.(1), time element losses resulting from failure of utility equipment on the described premises (e.g., power lines) are no longer covered - unless the equipment is located inside a building on such premises.

ENDORSEMENTS

CP 04 05 ORDINANCE OR LAW COVERAGE

I. BROADENING OF COVERAGE

The Schedule of this endorsement is revised to enable the selection of a combined (blanket) limit for Coverage B - Demolition Cost Coverage and Coverage C - Increased Cost of Construction Coverage. Language is added to the endorsement to address the new blanket option for Coverages B and C. If a blanket limit is selected for Coverages B and C, coverage is increased in that the insured can recover up to that limit for loss under either or both coverages.

Additionally, Coverage C is broadened to cover foundations and similar types of property.

II. REDUCTION OF COVERAGE

Coverage is reduced by the addition of an exclusion which precludes coverage for pre-existing violations, where an insured was required to comply with an ordinance or law prior to loss, but violated such requirement.

CP 04 38 FUNCTIONAL BUILDING VALUATION

REDUCTION OF COVERAGE

Coverage is reduced by the addition of an exclusion which precludes coverage for pre-existing violations, where an insured was required to comply with an ordinance or law prior to loss, but violated such requirement.

CP 10 35 WATERCRAFT EXCLUSION

BROADENING OF COVERAGE

The language of this endorsement is revised to specify that damage to a retaining wall is excluded only if the retaining wall is not part of a building. Coverage is increased in that the exclusion no longer applies to retaining walls that are part of a covered building.

CP 10 40 CAUSES OF LOSS - EARTHQUAKE FORM

REDUCTION OF COVERAGE

With respect to the Business Income and Extra Expense coverages, Special Exclusion B.3.a.(1) replaces the present Off-Premises Services Exclusion. The present exclusion precludes coverage if the failure of utility service occurs away from the described premises (but does not preclude coverage if the failure occurs outside the building but on the described premises). Under Special Exclusion B.3.a.(1), time element losses resulting from failure of utility equipment on the described premises (e.g., power lines) are no longer covered - unless the equipment is located inside a building on such premises.

CP 11 21 BUILDERS RISK - THEFT OF BUILDING MATERIALS, FIXTURES, MACHINERY, EQUIPMENT

Coverage is BROADENED when this new, optional endorsement is added to a policy.

This endorsement increases coverage under the Builders Risk Coverage Form by providing coverage for theft of building materials, fixtures, machinery and equipment intended to become a permanent part of the premises.

CP 15 55 BUSINESS INCOME CHANGES - TIME PERIOD

If new optional endorsement CP 15 55 is attached to the policy, then coverage begins 24 hours after the time of direct physical loss or damage. In such case, Business Income coverage is reduced (in comparison to present coverage) to the extent that losses are incurred during the first 24 hours following the time of direct physical loss or damage.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSS PAYABLE PROVISIONS

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
BUILDERS' RISK COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
STANDARD PROPERTY POLICY

SCHEDULE

Provisions Applicable

Loss Payable	Lender's Loss Payable	Contract Of Sale
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X

Prem. No.	Bldg. No.	Description of Property
1	1	PERSONAL PROPERTY

Loss Payee (Name & Address)
CLEARFIELD BANK & TRUST CO PO BOX 171 CLEARFIELD PA 16830

A. When this endorsement is attached to the STANDARD PROPERTY POLICY CP 00 99 the term Coverage Part in this endorsement is replaced by the term Policy.

The following is added to the LOSS PAYMENT Loss Condition, as indicated in the Declarations or by an "X" in the Schedule:

B. LOSS PAYABLE

For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

1. Adjust losses with you; and
2. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

C. LENDER'S LOSS PAYABLE

1. The Loss Payee shown in the Schedule or in the Declarations is a creditor, including a mortgageholder or trustee, whose interest in Covered Property is established by such written instruments as:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading;
 - d. Financing statements; or
 - e. Mortgages, deeds of trust, or security agreements.
2. For Covered Property in which both you and a Loss Payee have an insurable interest:
 - a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
 - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
 - c. If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.

- d. If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
 - (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

3. If we cancel this policy, we will give written notice to the Loss Payee at least:
 - a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
4. If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

D. CONTRACT OF SALE

1. The Loss Payee shown in the Schedule or in the Declarations is a person or organization you have entered a contract with for the sale of Covered Property.
2. For Covered Property in which both you and the Loss Payee have an insurable interest we will:
 - a. Adjust losses with you; and
 - b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.
3. The following is added to the OTHER INSURANCE Condition:

For Covered Property that is the subject of a contract of sale, the word "you" includes the Loss Payee.



PENN NATIONAL
INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361 • Harrisburg, PA 17105

COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS
OCCURRENCE POLICY
RENEWAL OF CL9 0048510

NON-ASSESSABLE

THIS POLICY IS SUBJECT TO A GENERAL AGGREGATE LIMIT

POLICY NUMBER	POLICY PERIOD		COVERAGE IS PROVIDED IN	AGENCY	BR
CL9 0048510	06/01/00	06/01/01	PA NATIONAL MUTUAL CAS INS CO	000160755	
NAMED INSURED AND ADDRESS					AGENCY
ENGLISH PAINTING ED ENGLISH T/A PO BOX 126 WEST DECATUR PA 16878					BURNS & BURNS-CF P O BOX 830 CLEARFIELD PA 16830

POLICY PERIOD: POLICY COVERS FROM: 12:01 A.M. STANDARD TIME AT THE ADDRESS OF THE INSURED STATED ABOVE.
FORM OF BUSINESS: INDIVIDUAL

BUSINESS DESCRIPTION: PAINTING CONTRACTOR

IN RETURN FOR PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH
YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

LIMITS OF INSURANCE

General Aggregate Limit

(Other than products - completed operations)	\$ 1,000,000
Products - Completed Operations Aggregate Limit	\$ 1,000,000
Personal and Advertising Injury Limit - Any one person or organization	\$ 500,000
Each Occurrence Limit	\$ 500,000
Damage to Premises Rented to you Limit - Any one premises	\$ 100,000
Medical Expense Limit - Any one person	\$ 5,000

PREMIUM INFORMATION

PREMISES NO. 1 : PO BOX 126
WEST DECATUR CLEARFIELD CO PA 16878

CODE	PREMIUM BASIS 30,000 PAYROLL	PER 1000	RATES		ADVANCE PREMIUM	
			PREMS/OPS VARIOUS	PRODUCTS VARIOUS	PREMS/OPS INCLUDED	PRODUCTS INCLUDED
PAINTING - EXTERIOR - BUILDINGS OR STRUCTURES - THREE STORIES OR LESS IN HEIGHT						

TOTAL ADVANCE PREMIUM FOR THIS COVERAGE PART \$1,434.00

FORMS APPLICABLE TO THIS COVERAGE PART:			
CG2150	09/89	CG0300	01/96
CG2161	04/98	710741	05/00
710543	05/00	CG0057	09/99
CG2100	11/85		

710543	12/93	CG0300	11/85
710546	01/94	IL0021	11/94
CG0001	07/98	710680	05/00
CG2147	07/98	710905	05/00

COMPANY USE ONLY					
RISK TYPE	RISK CLASS	TMC	SIC CODE	REINSURANCE	UNO. TEAM
3	2	99	1799	N	052

COUNTERSIGNED BY: _____

Authorized Representative

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART COVERAGE FORM(S),
AND FORMS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.



PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM.

COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY

COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY

COVERAGE C. MEDICAL PAYMENTS

EXCLUSION - LEAD CONTAMINATION

This insurance does not apply to:

1. "Bodily Injury", "medical payments", "property damage", "advertising injury", or "personal injury" which would not have occurred in whole or part but for the actual, alleged, or threatened ingestion, inhalation, absorption, dispersal, disposal, seepage, migration, release, or escape of lead in any form at any time.
2. Any loss, cost, or expense arising out of any:
 - a. request, demand, or order 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
 - 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 lead.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEDUCTIBLE LIABILITY INSURANCE

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART**

Coverage	SCHEDULE	Amount and Basis of Deductible
Bodily Injury Liability		\$ per claim
Property Damage Liability		\$ per occurrence
Bodily Injury Liability and Property Damage Liability Combined	\$ 250	\$ per claim \$ per occurrence
		\$ per claim \$ per occurrence

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

APPLICATION OF ENDORSEMENT (Enter below any limitations on the application of this endorsement. If no limitation is entered, the deductibles apply to damages for all "bodily injury" and "property damage", however caused):-

1. Our obligation under the Bodily Injury Liability and Property Damage Liability Coverages to pay damages on your behalf applies only to the amount of damages in excess of any deductible amounts stated in the Schedule above as applicable to such coverages, and the limits of insurance applicable to "each occurrence" for such coverages will be reduced by the amount of such deductible. "Aggregate" limits for such coverages shall not be reduced by the application of such deductible amount.
2. The deductible amounts stated in the Schedule apply as follows:
 - A. **PER CLAIM BASIS** - if the deductible is on a "per claim" basis, the deductible amount applies:
 1. Under the Bodily Injury Liability or Property Damage Liability Coverage, respectively:
 - a. To all damages because of "bodily injury" sustained by one person, or
 - b. To all damages because of "property damage" sustained by one person or organization, as the result of any one "occurrence."
 - B. **PER OCCURRENCE BASIS** - if the deductible is on a "per occurrence" basis, the deductible amount applies:
 1. Under the Bodily Injury Liability or Property Damage Liability Coverage, respectively:
 - a. To all damages because of "bodily injury" as the result of any one "occurrence," or
 - b. To all damages because of "property damage" as the result of any one "occurrence."

regardless of the number of persons or organizations who sustain damages because of that "occurrence."

WILSON & CO. CASH BOARDY YELLOU & T. CO. AND THE SOUTHERN CO.

2. Under Bodily Injury Liability and Property Damage Liability Coverage combined to all damages because of "bodily injury" and "property damage" as the result of any one "occurrence" regardless of the number of persons or organizations who sustain damages because of that "occurrence."
 - (b) Your duties in the event of an "occurrence," claim, or suit apply irrespective of the application of the deductible amount.
3. The terms of this insurance, including those with respect to:
 - (a) Our right and duty to defend any "suits" seeking those damages; and
 4. We may pay any part or all of the deductible amount to effect settlement of any claim or suit and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF LIQUOR LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Exclusion c. of COVERAGE A (Section I) is replaced by the following:

c. "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:

- (1) Manufacture, sell or distribute alcoholic beverages;
- (2) Serve or furnish alcoholic beverages for a charge whether or not such activity:
 - (a) Requires a license;
 - (b) Is for the purpose of financial gain or livelihood; or
- (3) Serve or furnish alcoholic beverages without a charge, if a license is required for such activity.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEDUCTIBLE LIABILITY INSURANCE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Coverage	Amount and Basis of Deductible PER CLAIM or PER OCCURRENCE	
Bodily Injury Liability	\$	\$
OR		
Property Damage Liability	\$ 250	\$
OR		
Bodily Injury Liability and/or Property Damage Liability Combined	\$	\$

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

APPLICATION OF ENDORSEMENT (Enter below any limitations on the application of this endorsement. If no limitation is entered, the deductibles apply to damages for all "bodily injury" and "property damage", however caused):

- A. Our obligation under the Bodily Injury Liability and Property Damage Liability Coverages to pay damages on your behalf applies only to the amount of damages in excess of any deductible amounts stated in the Schedule above as applicable to such coverages.
- B. You may select a deductible amount on either a per claim or a per "occurrence" basis. Your selected deductible applies to the coverage option and to the basis of the deductible indicated by the placement of the deductible amount in the Schedule above. The deductible amount stated in the Schedule above applies as follows:
 - 1. **PER CLAIM BASIS.** If the deductible amount indicated in the Schedule above is on a per claim basis, that deductible applies as follows:
 - a. Under Bodily Injury Liability Coverage, to all damages sustained by any one person because of "bodily injury";
 - b. Under Property Damage Liability Coverage, to all damages sustained by any one person because of "property damage"; or
 - c. Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages sustained by any one person because of:
 - (1) "Bodily injury";
 - (2) "Property damage"; or
 - (3) "Bodily injury" and "property damage" combined as the result of any one "occurrence".

If damages are claimed for care, loss of services or death resulting at any time from "bodily injury", a separate deductible amount will be applied to each person making a claim for such damages.

With respect to "property damage", person includes an organization.

2. **PER OCCURRENCE BASIS.** If the deductible amount indicated in the Schedule above is on a "per occurrence" basis, that deductible amount applies as follows:

- a. Under Bodily Injury Liability Coverage, to all damages because of "bodily injury";
- b. Under Property Damage Liability Coverage, to all damages because of "property damage"; or
- c. Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages because of:
 - (1) "Bodily injury";
 - (2) "Property damage"; or
 - (3) "Bodily injury" and "property damage" combined

as the result of any one "occurrence", regardless of the number of persons or organizations who sustain damages because of that "occurrence".

C. The terms of this insurance, including those with respect to:

1. Our right and duty to defend the insured against any "suits" seeking those damages; and
2. Your duties in the event of an "occurrence", claim, or "suit" apply irrespective of the application of the deductible amount.

D. We may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.



**PENN NATIONAL
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P.O. Box 2361
Harrisburg, PA 17105-2361

NOTICE TO INSURED - PLEASE READ YOUR POLICY CAREFULLY

Your policy contains an exclusion for lead contamination in any form at any time. Refer to endorsement 71-0543, Exclusion - Lead Contamination.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**NUCLEAR ENERGY LIABILITY EXCLUSION
ENDORSEMENT**
(Broad Form)

This endorsement modifies insurance provided under the following:

BUSINESS OWNERS POLICY
COMMERCIAL AUTO COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY NEW YORK DEPARTMENT OF
TRANSPORTATION
UNDERGROUND STORAGE TANK 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".

"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.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION - YEAR 2000 COMPUTER-RELATED AND
OTHER ELECTRONIC PROBLEMS -
PRODUCTS/COMPLETED OPERATIONS**

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART**

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

2. Exclusions

This insurance does not apply to "bodily injury" or "property damage" included in the "products-completed operations hazard" definition and arising directly or indirectly out of:

- a. Any actual or alleged failure, malfunction or inadequacy of:
 - (1) Any of the following, whether belonging to any insured or to others:
 - (a) Computer hardware, including microprocessors;
 - (b) Computer application software;
 - (c) Computer operating systems and related software;
 - (d) Computer networks;

- (e) Microprocessors (computer chips) not part of any computer system; or
- (f) Any other computerized or electronic equipment or components; or

- (2) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph 2.a.(1) of this endorsement

due to the inability to correctly recognize, process, distinguish, interpret or accept the year 2000 and beyond.

- b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph 2.a. of this endorsement.



PENN NATIONAL INSURANCE

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THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY

AUTOMATIC ADDITIONAL INSUREDS -- OWNERS, CONTRACTORS AND SUBCONTRACTORS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following provision is added to WHO IS AN INSURED (Section II):

5. Any person(s) or organization(s) (referred to below as "additional insured") with whom you are required in a written construction contract or agreement to name as an additional insured but only for "your" acts or omissions arising from "your" ongoing construction operations at the location or project described in the contract or agreement.

The insurance provided to the additional insured does not apply to "bodily injury", "property damage", "personal and advertising injury":

- a. Arising out of any act or omission of the additional insured(s) or any of their "employees", including supervision of "your work" or the work of any other person or organization.
- b. Occurring after 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.
- c. Arising out of an architect's, engineer's, or surveyor's rendering of or failure to render any professional services including:

- (1) The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings, designs and specifications; and
- (2) Supervisory, inspection or engineering services.

These exclusions apply in addition to those contained in the Coverage Part.

The limits of insurance applicable to the additional insured are those specified in the written contract or agreement or in the Declarations for this policy, whichever are less. These limits of insurance are inclusive of and not in addition to the limits of insurance shown in the Declarations.

This coverage does not apply to any person(s) or organization(s) specifically named as additional insured in any policy issued by "us".

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 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 "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"; and
- (2) The "bodily injury" or "property damage" occurs during the policy period.

c. 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:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) 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".

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 from equipment used to heat that building;

(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 any insured or 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".

(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 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 the operation of any of the 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" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. Damage To Property

"Property damage" to:

- (1) Property you own, rent, or occupy;
- (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;
- (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".

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. "Personal and advertising injury":

- (1) 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";
- (2) Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- (3) Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
- (4) Arising out of a criminal act committed by or at the direction of any insured;
- (5) 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;
- (6) Arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement";
- (7) Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement";
- (8) Arising out of the wrong description of the price of goods, products or services stated in your "advertisement";
- (9) Committed by an insured whose business is advertising, broadcasting, publishing or telecasting. However, this exclusion does not apply to Paragraphs 14.a., b. and c. of "personal and advertising injury" under the Definitions Section; or
- (10) Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

- b. Any loss, cost or expense arising out of any:
 - (1) Request, demand or order 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".

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:
 - (1) The accident takes place in the "coverage territory" and during the policy period;
 - (2) The expenses are incurred and reported to us within one year of the date of the accident; and
 - (3) 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.

2. Exclusions

We will not pay expenses for "bodily injury":

- a. To any insured.

- b. To a person hired to do work for or on behalf of any insured or a tenant of any insured.
- c. To a person injured on that part of premises you own or rent that the person normally occupies.
- d. 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. To a person injured while taking part in athletics.
- f. Included within the "products-completed operations hazard".
- g. Excluded under Coverage A.
- h. Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

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 costs taxed against the insured in the "suit".
 - 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
- (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:

- a. We have used up the applicable limit of insurance in the payment of judgments or settlements; or
- b. 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.

2. Each of the following is also an insured:

- a. 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" is an insured 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), or to a co-"employee" while that co-"employee" is either in the course of his or her employment or performing duties related to the conduct of your business;
 - (b) To the spouse, child, parent, brother or sister of that co-"employee" 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", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
 - b. Any person (other than your "employee"), 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. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
 - a. "Bodily injury" to a co-"employee" of the person driving the equipment; or
 - b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.
- 4. 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 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 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 Cbecause of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. Subject to 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 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
- (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 obtained after an actual trial; 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 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 c. below.

b. Excess Insurance

This insurance is excess over:

- (1) Any of the other insurance, whether primary, excess, contingent or on any other basis:
 - (a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";

- (b) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;
- (c) 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
- (d) 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.

- (2) Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured by attachment of an endorsement.

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.

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:

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

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. Audit premiums are due and payable on notice to the first Named Insured. 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.
2. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".
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, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above; or
 - c. All parts of the world if:
 - (1) The injury or damage arises out of:
 - (a) Goods or products made or sold by you in the territory described in a. above; or
 - (b) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; and
 - (2) The insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in 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:

- It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
- 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 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";
- A sidetrack agreement;
- Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- An elevator maintenance agreement;
- 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:

- 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, road-beds, tunnel, underpass or crossing;
- That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- 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.

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:

- After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- While it is in or on an aircraft, watercraft or "auto"; or
- 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:

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.

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. "Your product" means:

- a. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (1) You;
 - (2) Others trading under your name; or
 - (3) A person or organization whose business or assets you have acquired; and
- b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

"Your product" includes:

- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
- b. The providing of or failure to provide warnings or instructions.

"Your product" does not include vending machines or other property rented to or located for the use of others but not sold.

21. "Your work" means:

- a. Work or operations performed by you or on your behalf; and
- b. Materials, parts or equipment furnished in connection with such work or operations.

"Your work" includes:

- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
- b. The providing of or failure to provide warnings or instructions.



PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXTENDED COVERAGE ENDORSEMENT GENERAL LIABILITY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

I. Amendment - Aggregate Limits of Insurance

The General Aggregate Limit under the LIMITS OF INSURANCE (Section III) applies separately to each of your:

- a. Projects away from premises owned by or rented to you;
- b. "Locations" owned by or rented to you.

"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.

II. Bodily Injury Redefined

The definition of "bodily injury" in DEFINITIONS (Section V) is replaced by the following:

"Bodily injury" means bodily injury, sickness or disease sustained by a person including mental anguish or death resulting from any of these.

III. Mobile Equipment Redefined

Paragraph 11.f. subparagraph (1) of DEFINITIONS (Section V) does not apply to self-propelled vehicles of less than 1000 pounds gross vehicle weight.

IV. Broad Form Named Insured

- a. WHO IS AN INSURED (Section II) is amended to include as an insured any organization or subsidiary thereof, other than a partnership, joint venture, or limited liability corporation, which is a legally incorporated entity of which you own a financial interest of more than 50 percent of the voting stock on the effective date of this endorsement.
- b. Paragraph IV.a. does not apply to injury or damage with respect to which an insured under this policy is also an insured under another policy or would be an insured under such policy but for its termination or upon the exhaustion of its limits of insurance.
- c. Paragraph IV.b. does not apply to a policy written to apply specifically in excess of this policy.

V. Newly Formed or Acquired Organizations

In paragraph 4.a. of WHO IS AN INSURED (Section II), 90th day is changed to 180th day.

VI. Incidental Malpractice Liability - Nurse, EMT, or Paramedic

Paragraph 2.a.(1)(d) of WHO IS AN INSURED (Section II) is deleted and replaced by: Arising out of his or her providing or failing to provide professional health care services. However, if you have "employees" who are a nurse, emergency medical technician or paramedic, they are an insured with respect to their providing or failing to provide professional health care services to your "employees".

VII. Duties in the Event of Occurrence, Claim or Suit Redefined

- a. The requirement in Condition 2.a. of CONDITIONS (Section IV) that you must see to it that we are notified of an "occurrence" only applies when the "occurrence" or offense is known to:
 - (1) You, if you are an individual;
 - (2) A partner, if you are a partnership; or
 - (3) An officer of the corporation or insurance manager, if you are a corporation.

- b. The requirement in Condition 2.b. of CONDITIONS (Section IV) that you must see to it that we receive notice of a claim or "suit" will not be considered breached unless the breach occurs after such claim or "suit" is known to:
 - (1) You, if you are an individual;
 - (2) A partner, if you are a partnership; or
 - (3) An officer of the corporation or insurance manager, if you are a corporation.

VIII. Unintentional Errors or Omissions

We will not deny coverage under this Coverage Part because of the unintentional omission of, or unintentional error in, any information provided by you. However, this provision does not affect our right to collect additional premium or exercise our right of cancellation or non-renewal.

IX. Non-Owned Watercraft

- a. Exclusion g. Paragraph (2) of COVERAGE A (Section I) is deleted and replaced by the following:
 - (2) A watercraft you do not own that is:
 - (a) Less than 51 feet long; and
 - (b) Not being used to carry persons or property for a charge;

- b. Paragraph IX.a. above applies to any person who, with your expressed or implied consent, either uses or is responsible for the use of a watercraft.

- c. Paragraphs IX.a. and IX.b. above do not apply if the insured has any other insurance for "bodily injury" or "property damage" liability that would also apply to loss covered under this provision, whether the other insurance is primary, excess, contingent or on any other basis. In that case, this Provision IX does not provide any insurance.

- d. Paragraph IX.c. above does not apply to a policy written to apply specifically in excess of this policy.

X. Supplementary Payments Increased Limits

In the SUPPLEMENTARY PAYMENTS - COVERAGE A and B (Section I) provision:

- a. The limit for the cost of bail bonds is changed from \$250 to \$2000.



**PENN NATIONAL
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Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
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THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM.

COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY

COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY

COVERAGE C. MEDICAL PAYMENTS

EXCLUSION - LEAD CONTAMINATION

This insurance does not apply to:

1. "Bodily Injury", "medical payments", "property damage", or "personal and advertising injury" which would not have occurred in whole or part but for the actual, alleged, or threatened ingestion, inhalation, absorption, dispersal, disposal, seepage, migration, release, or escape of lead in any form at any time.
2. Any loss, cost, or expense arising out of any:
 - a. request, demand, or order 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
 - 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 lead.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**AMENDMENT OF INSURING AGREEMENT -
KNOWN INJURY OR DAMAGE**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART (OCCURRENCE VERSION)

**Paragraph 1. Insuring Agreement of Section I -
Coverage A - Bodily Injury And Property Damage
Liability is replaced by the following:**

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 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 "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.

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".

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 or discrimination 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 insured may be liable as an employer or in any other capacity; and
- (2) 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 or discrimination 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 insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.



PENN NATIONAL INSURANCE

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NOTICE TO POLICYHOLDERS

No coverage is provided by this policyholder notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your declarations page for complete information on the coverages you are provided. If there is any conflict between the policy and this summary, the provisions of the policy shall prevail.

This notice has been prepared in conjunction with the implementation of changes to your policy. This notice provides information concerning your insurance coverage under Commercial General Liability. This notice does not reference every editorial change made to endorsements included in your policy.

Please read your policy, and the endorsements attached to your policy, carefully.

NEW MANDATORY GENERAL LIABILITY ENDORSEMENT - KNOWN INJURY OR DAMAGE

CG 00 57 09 99 - Amendment Of Insuring Agreement-Known Injury Or Damage for use with the Commercial General Liability Coverage Part-Occurrence Version

This new, mandatory endorsement, revises the Insuring Agreement of the Commercial General Liability Coverage Part-Occurrence Version to address the issue of known injury or damage. The endorsement points out that the insurance does not respond to "bodily injury" or "property damage" that is known by the insured prior to the policy period. The endorsement designates which insureds are those whose prior knowledge of the injury or damage will result in the policy not responding. The endorsement further addresses the applicability of the policy in situations involving continuation, change or resumption of the same "bodily injury" or "property damage" during or after the policy period.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION - ALL HAZARDS IN CONNECTION WITH
DESIGNATED PREMISES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

SCHEDULE

Description and Location of Premises:

ANY & ALL HABITATIONAL PROPERTY OWNED BY THE INSURED.

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

This insurance does not apply to "bodily injury," "property damage," "personal injury" or "advertising injury" arising out of:

1. The ownership, maintenance or use of the premises shown in the Schedule or any property located on these premises;
2. Operations on those premises or elsewhere which are necessary or incidental to the ownership, maintenance or use of those premises; or
3. Goods or products manufactured at or distributed from those premises.



**PENN NATIONAL
INSURANCE**

**COMMERCIAL INLAND MARINE COVERAGE PART DECLARATIONS
RENEWAL OF CL9 0048510**

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361 • Harrisburg, PA 17105

NON-ASSESSABLE

POLICY NUMBER	POLICY PERIOD		COVERAGE IS PROVIDED IN	AGENCY	BR
CL9 0048510	06/01/00	06/01/01	PA NATIONAL MUTUAL CAS INS CO	000160755	
NAMED INSURED AND ADDRESS				AGENCY	
ENGLISH PAINTING ED ENGLISH T/A PO BOX 126 WEST DECATUR PA 16878				BURNS & BURNS-CF P O BOX 830 CLEARFIELD PA 16830	

POLICY PERIOD: POLICY COVERS FROM: 12:01 A.M. STANDARD TIME AT THE ADDRESS OF THE INSURED STATED ABOVE.

FORM OF BUSINESS: **INDIVIDUAL**

BUSINESS DESCRIPTION: **PAINTING CONTRACTOR**

IN RETURN FOR PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

**THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS
FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE
SUBJECT TO ADJUSTMENT.**

PREMIUM

ADDITIONAL PREMIUM TO EQUAL MINIMUM PREMIUM \$ 80.00

CONTRACTOR'S EQUIPMENT \$ 20.00

\$

\$

\$

\$

\$

\$

TOTAL ADVANCE PREMIUM FOR THIS COVERAGE PART \$ 100.00

FORMS APPLICABLE TO ALL COVERAGE PARTS:
CL0124 03/99 CL0100 03/99

710890 08/99 IM7001
IM3023 03/99 ML0120 03/99

COMPANY USE ONLY					
RISK TYPE	RISK CLASS	TMC	SIC CODE	REINSURANCE	UND. TEAM
3	2	99	1799	N	052

COUNTERSIGNED BY: _____

Authorized Representative

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART COVERAGE FORM(S), AND FORMS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

COMMERCIAL INLD MARINE DECLARATIONS - CONTRACTOR'S EQUIPMENT

POLICY NUMBER	FROM POLICY PERIOD TO		COVERAGE IS PROVIDED IN	AGENCY	BR
CL9 0048510	06/01/00	08/01/01	PA NATIONAL MUTUAL CAS INS CO	000180755	

EACH ITEM THAT IS COVERED MUST BE DESCRIBED BELOW OR ON A SCHEDULE THAT IS A PART OF THIS POLICY. A COVERAGE AMOUNT MUST BE SHOWN FOR EACH ITEM. THIS IS THE MOST THAT WE WILL PAY FOR A LOSS TO THAT ITEM.

DEDUCTIBLE : \$250

ITEM	DESCRIPTION OF EQUIPMENT	COVERAGE AMOUNT
1	CRACO ALTIMAX-MX-1095 PAINT SPRAYER MODEL 825-150 #2074	\$ 3,297

TOTAL AMOUNT OF INSURANCE	\$ 3,297
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TOTAL ADVANCE PREMIUM FOR THIS COVERAGE	\$20.00
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**PENN NATIONAL
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Pennsylvania National Mutual Casualty Insurance Company
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P.O. Box 2361
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**CONTRACTORS EQUIPMENT COVERAGE
SUPPLEMENTAL DECLARATIONS**

CATASTROPHE LIMIT **\$3,297**

CONTRACTORS' EQUIPMENT COVERAGE

AGREEMENT

In return for "your" payment of the required premium, "we" provide the coverage described herein subject to all the "terms" of the Contractors' Equipment Coverage. This coverage is also subject to the "declarations" and additional policy conditions relating to assignment or transfer of rights or duties, cancellation, changes or modifications, inspections, and examination of books and records.

Endorsements and schedules may also apply. They are identified on the "declarations".

Refer to Definitions for words and phrases that have special meaning. These words and phrases are shown in quotation marks or bold type.

DEFINITIONS

1. The words "you" and "your" mean the persons or organizations named as the insured on the "declarations".
2. The words "we", "us", and "our" mean the company providing this coverage.
3. "Declarations" means all pages labeled Declarations, Supplemental Declarations, or Schedules, which pertain to this coverage.
4. "Limit" means the amount of coverage that applies.
5. "Pollutant" means:
 - a. any solid, liquid, gaseous, or thermal irritant or contaminant;

- b. electromagnetic (visible or invisible) or sound emission; or
- c. waste, including materials to be disposed of as well as recycled, reclaimed, or reconditioned.

6. "Sinkhole collapse" means the sudden settlement or collapse of earth supporting the covered property into subterranean voids created by the action of water on a limestone or similar rock formation. It does not include the value of the land or the cost of filling sinkholes.
7. "Specified perils" means aircraft; civil commotion; explosion; falling objects; fire; hail; leakage from fire extinguishing equipment; lightning; riot; "sinkhole collapse"; smoke; sonic boom; vandalism; vehicles; "volcanic action"; water damage; weight of ice, snow, or sleet; and windstorm.

Falling objects does not include loss to personal property in the open or to the interior of buildings or structures or to personal property inside buildings or structures unless the exterior of the roof or walls are first damaged by a falling object.

Water damage means the sudden or accidental discharge or leakage of water or steam as a direct result of breaking or cracking of a part of the system or appliance containing the water or steam.

8. "Terms" means all provisions, limitations, exclusions, conditions, and definitions that apply.
9. "Volcanic action" means airborne volcanic blast or airborne shock waves; ash, dust, or particulate matter; or lava flow. It does not include the cost to remove ash, dust, or particulate matter that does not cause direct physical loss to the covered property.

PROPERTY COVERED

Scheduled Equipment - "We" cover direct physical loss caused by a covered peril to:

1. "your" contractors' equipment and
2. equipment of others in "your" care, custody, or control

described on the "declarations".

PROPERTY NOT COVERED

1. **Aircraft or Watercraft** - "We" do not cover aircraft or watercraft.
2. **Automobiles and Trucks** - "We" do not cover automobiles, motor trucks, tractors, trailers, and similar conveyances designed for highway use.
3. **Contraband** - "We" do not cover contraband or property in the course of illegal transportation or trade.
4. **Loaned, Leased, or Rented Property** - "We" do not cover property that "you" loan, lease, or rent to others.
5. **Underground Mining Operations** - "We" do not cover property while stored or operated underground in connection with any mining operations.
6. **Waterborne Property** - "We" do not cover property while waterborne except while in transit in the custody of a carrier for hire.

ADDITIONAL COVERAGES

1. **Newly Purchased Equipment** - In the event that "you" purchase additional equipment during the policy period, "we" extend coverage to the additional purchased equipment for up to 30 days.

The most that "we" pay for any one loss under this additional coverage is the lesser of:

- a. the actual cash value of the covered property;
- b. 25% of the Catastrophe Limit indicated on the "declarations"; or
- c. \$100,000.

This additional coverage will end when any of the following first occur:

- a. this policy expires;
- b. 30 days expire after "you" purchase the additional equipment; or
- c. "you" report the additional purchased equipment to "us".

2. **Debris Removal** - "We" pay the cost to remove the debris of covered property that is caused by a covered peril. This coverage does not include costs to:

- a. extract "pollutants" from land or water; or
- b. remove, restore, or replace polluted land or water.

"We" will not pay any more under this coverage than 25 percent of the amount "we" pay for the direct loss. "We" will not pay more for loss to property and debris removal combined than the "limit" for the damaged property.

However, "we" pay an additional amount of debris removal expense up to \$5,000 when the debris removal expense exceeds 25 percent of the amount "we" pay for direct loss or when the loss to property and debris removal combined exceeds the "limit" for the damaged property.

"We" do not pay any expenses unless they are reported to "us" in writing within 180 days from the date of direct physical loss to covered property.

3. **Pollutant Cleanup and Removal** - "We" pay "your" expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release, or escape of the "pollutants" is caused by a covered peril that occurs during the policy period. The expenses are paid only if they are reported to "us" in writing within 180 days from the date the covered peril occurs.

"We" do not pay the cost of testing, evaluating, observing, or recording the existence, level, or effects of "pollutants". However, "we" pay the cost of testing which is necessary for the extraction of "pollutants" from land or water.

The most "we" pay for each site or location is \$10,000 for the sum of all such expenses arising out of a covered peril occurring during each separate 12 month period of this policy.

This is an additional "limit".

PERILS COVERED

"We" cover external risks of direct physical loss unless the loss is limited or caused by a peril that is excluded.

PERILS EXCLUDED

1. "We" do not pay for loss if one or more of the following exclusions apply to the loss, regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded causes or events

a. **Civil Authority** – "We" do not pay for loss caused by order of any civil authority, including seizure, confiscation, destruction, or quarantine of property.

"We" do pay for loss resulting from acts of destruction by the civil authority to prevent the spread of fire, unless the fire is caused by a peril excluded under this coverage.

b. **Nuclear Hazard** – "We" do not pay for loss caused by or resulting from a nuclear reaction, nuclear radiation, or radioactive contamination (whether controlled or uncontrolled; whether caused by natural, accidental, or artificial means). Loss caused by nuclear hazard is not considered loss caused by fire, explosion, or smoke. "We" do pay for direct loss by fire resulting from the nuclear hazard.

c. **War** – "We" do not pay for loss caused by war. This means:

- 1) declared war, undeclared war, civil war, insurrection, rebellion, or revolution;
- 2) a warlike act by a military force or by military personnel;
- 3) the destruction, seizure, or use of the property for a military purpose; or
- 4) the discharge of a nuclear weapon even if it is accidental.

2. "We" do not pay for loss or damage if one or more of the following exclusions apply to the loss.

a. **Criminal, Fraudulent, or Dishonest Acts** – "We" do not pay for loss caused by or resulting from criminal, fraudulent, dishonest, or illegal acts alone or in collusion with another by:

- 1) "you";
- 2) others who have an interest in the property;
- 3) others to whom "you" entrust the property;
- 4) "your" partners, officers, directors, trustees, or joint adventurers; or
- 5) the employees or agents of 1), 2), 3), or 4) above, whether or not they are at work.

This exclusion does not apply to acts of destruction by "your" employees, but "we" do not pay for theft by employees.

This exclusion does not apply to covered property in the custody of a carrier for hire.

b. **Contamination or Deterioration** – "We" do not pay for loss caused by contamination or deterioration including corrosion, decay, fungus, mildew, mold, rot, rust, or any quality, fault, or weakness in the covered property that causes it to damage or destroy itself.

c. **Loss of Use** – "We" do not pay for loss caused by or resulting from loss of use, business interruption, delay, or loss of market.

d. **Missing Property** - "We" do not pay for missing property where the only proof of loss is unexplained or mysterious disappearance of covered property, or shortage of property discovered on taking inventory, or any other instance where there is no physical evidence to show what happened to the covered property. This exclusion does not apply to covered property in the custody of a carrier for hire.

e. **Pollutants** - "We" do not pay for loss caused by or resulting from release, discharge, seepage, migration, dispersal, or escape of "pollutants" unless the release, discharge, seepage, migration, dispersal, or escape is caused by a "specified peril". "We" do pay for any resulting loss caused by a "specified peril".

f. **Puncture, Blowout, and Road Damage** - "We" do not pay for loss caused by puncture, blowout, and road damage to tires and tubes mounted on vehicles. However, "we" do pay for puncture, blowout, or road damage caused by a "specified peril".

g. **Temperature/Humidity** - "We" do not pay for loss caused by humidity, dampness, dryness, or changes in or extremes of temperature.

h. **Weight of Load** - "We" do not pay for loss caused by the weight of a load which, under the operating conditions at the time of a loss, exceeds the registered lifting capacity of any equipment or machine.

i. **Voluntary Parting** - "We" do not pay for loss caused by or resulting from voluntary parting with title to or possession of any property because of any fraudulent scheme, trick, or false pretense.

3. "We" do not pay for loss or damage if one or more of the following exclusions apply to the loss. But if loss by fire or explosion results "we" do pay for the resulting loss.

a. **Mechanical Breakdown** - "We" do not pay for loss caused by any:

- 1) structural, mechanical, or remodeling process; or
- 2) structural, mechanical, or electrical breakdown or malfunction.

b. **Wear and Tear** - "We" do not pay for loss caused by wear and tear, marring, or scratching.

WHAT MUST BE DONE IN CASE OF LOSS

1. **Notice** - In case of a loss, "you" must:
 - a. give "us" or "our" agent prompt notice including a description of the property involved ("we" may request written notice); and
 - b. give notice to the police when the act that causes the loss is a crime.
2. **Protect Property** - "You" must take all reasonable steps to protect covered property at and after an insured loss to avoid further loss. "We" do pay the reasonable costs incurred by "you" for necessary repairs or emergency measures performed solely to protect covered property from further damage by a peril insured against if a peril insured against has already caused a loss to covered property. "You" must keep an accurate record of such costs. However, "we" do not pay for such repairs or emergency measures performed on property which has not been damaged by a peril insured against. This does not increase "our" "limit".
3. **Proof of Loss** - "You" must send "us", within 60 days after "our" request, a signed, sworn proof of loss. This must include the following information:
 - a. the time, place, and circumstances of the loss;
 - b. other policies of insurance that may cover the loss;
 - c. "your" interest and the interests of all others in the property involved, including all mortgages and liens;
 - d. changes in title of the covered property during the policy period; and
 - e. estimates, specifications, inventories, and other reasonable information that "we" may require to settle the loss.

4. **Examination** - "You" must submit to examination under oath in matters connected with the loss as often as "we" reasonably request and give "us" sworn statements of the answers. If more than one person is examined, "we" have the right to examine and receive statements separately and not in the presence of others.
5. **Records** - "You" must produce records, including tax returns and bank microfilms of all cancelled checks relating to value, loss, and expense and permit copies and extracts to be made of them as often as "we" reasonably request.
6. **Damaged Property** - "You" must exhibit the damaged and undamaged property as often as "we" reasonably request and allow "us" to inspect or take samples of the property.
7. **Volunteer Payments** - "You" must not, except at "your" own expense, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses except as respects protecting property from further damage.
8. **Abandonment** - "You" may not abandon the property to "us" without "our" written consent.
9. **Cooperation** - "You" must cooperate with "us" in performing all acts required by this policy.

VALUATION

1. **Actual Cash Value** - The value of covered property will be based on the actual cash value at the time of the loss (with a deduction for depreciation) except as provided in paragraphs 2. and 3. under Valuation.
2. **Pair or Set** - The value of a lost or damaged article which is part of a pair or set is based on a reasonable proportion of the value of the entire pair or set. The loss is not considered a total loss of the pair or set.
3. **Loss to Parts** - The value of a lost or damaged part of an item that consists of several parts when it is complete is based on the value of only the lost or damaged part or the cost to repair or replace it.

HOW MUCH WE PAY

1. **Insurable Interest** - "We" do not cover more than "your" insurable interest in any property.
2. **Deductible** - "We" pay only that part of "your" loss over the deductible amount indicated on the "declarations" in any one occurrence.
3. **Loss Settlement Terms** - Subject to paragraphs 1., 2., 4., 5., and 6. under How Much We Pay, "we" pay the lesser of:
 - a. the amount determined under Valuation;
 - b. the cost to repair, replace, or rebuild the property with material of like kind and quality to the extent practicable; or
 - c. the "limit" that applies to the covered property. However, the most "we" pay for the loss in any one occurrence is the Catastrophe Limit indicated on the "declarations".
4. **Coinsurance** - "We" only pay a part of the loss if the "limit" is less than 80% of the value of the covered property at the time of the loss. "Our" part of the loss is determined using the following steps:
 - a. calculate 80% of the value of the covered property at the time of the loss;
 - b. divide the "limit" for covered property by the result determined in 4.a. above;
 - c. multiply the total amount of loss, after the application of any deductible, by the result determined in 4.b. above.The most "we" pay is the amount determined in 4.c. above or the "limit", whichever is less. "We" do not pay any remaining part of the loss.
If there is more than one "limit" indicated on the "declarations" for this coverage part, this procedure applies separately to each "limit".
If there is only one "limit" indicated on the "declarations" for this coverage, this procedure applies to the total of all covered property to which the "limit" applies.

5. Insurance Under More Than One Coverage – If more than one coverage of this policy insures the same loss, "we" pay no more than the actual claim, loss, or damage sustained.

6. Insurance Under More Than One Policy – "You" may have another policy subject to the same "terms" as this policy. If "you" do, "we" will pay "our" share of the covered loss. "Our" share is the proportion that the applicable "limit" under this policy bears to the "limit" of all policies covering on the same basis.

If there is another policy covering the same loss, other than that described above, "we" pay only for the amount of covered loss in excess of the amount due from that other policy, whether "you" can collect on it or not. But "we" do not pay more than the applicable "limit".

LOSS PAYMENT

1. Our Options – "We" have the following options:

- a. pay the value of the loss;
- b. pay the cost of repairing or replacing the loss;
- c. rebuild, repair, or replace with property of like kind and quality, to the extent practicable, within a reasonable time;
- d. take all or any part of the damaged property at the agreed or appraised value.

"We" must give "you" notice of "our" intent to rebuild, repair, or replace within 30 days after receipt of a duly executed proof of loss.

2. Your Losses – "We" adjust all losses with "you". Payment will be made to "you" unless another loss payee is named in the policy. An insured loss will be payable 30 days after a satisfactory proof of loss is received, and the amount of the loss has been established either by written agreement with "you" or the filing of an appraisal award with "us".

3. Property of Others – Losses to property of others may be adjusted with and paid to:

a. "you" on behalf of the owner; or

b. the owner.

If "we" pay the owner, "we" do not have to pay "you". "We" may also choose to defend any suits arising from the owners at "our" expense.

OTHER CONDITIONS

1. Appraisal – If "you" and "we" do not agree on the amount of the loss or the actual cash value of covered property, either party may demand that these amounts be determined by appraisal.

If either makes a written demand for appraisal, each will select a competent independent appraiser and notify the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers will then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, "you" or "we" can ask a judge of a court of record in the state where the property is located to select an umpire.

The appraisers will then determine and state separately the amount of each loss.

The appraisers will also determine the value of covered property items at the time of the loss, if requested.

If the appraisers submit a written report of any agreement to "us", the amount agreed upon will be the amount of the loss. If the appraisers fail to agree within a reasonable time, they will submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three sets the amount of the loss.

Each appraiser will be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire will be paid equally by "you" and "us".

2. **Benefit to Others** - Insurance under this coverage shall not directly or indirectly benefit anyone having custody of "your" property.
3. **Conformity With Statute** - When a condition of this coverage is in conflict with an applicable law, that condition is amended to conform to that law.
4. **Estates** - This provision applies only if the insured is an individual.

On "your" death, "we" cover the following as an insured:

- a. the person who has custody of "your" property until a legal representative is qualified and appointed; or
- b. "your" legal representative.

This person or organization is an insured only with respect to property covered by this coverage.

This coverage does not extend past the policy period indicated on the "declarations".

5. **Misrepresentation, Concealment or Fraud** - This coverage is void as to "you" and any other insured if, before or after a loss:

- a. "you" or any other insured have willfully concealed or misrepresented:
 - 1) a material fact or circumstance that relates to this insurance or the subject thereof; or
 - 2) "your" interest herein.
- b. there has been fraud or false swearing by "you" or any insured with regard to a matter that relates to this insurance or the subject thereof.

6. **Policy Period** - "We" pay for a covered loss that occurs during the policy period.

7. **Recoveries** - If "we" pay "you" for the loss and lost or damaged property is recovered, or payment is made by those responsible for the loss, the following provisions apply:

- a. "you" must notify "us" promptly if "you" recover property or receive payment;

- b. "we" must notify "you" promptly if "we" recover property or receive payment;
- c. any recovery expenses incurred by either are reimbursed first;
- d. "you" may keep the recovered property but "you" must refund to "us" the amount of the claim paid, or any lesser amount to which "we" agree; and
- e. if the claim paid is less than the agreed loss due to a deductible or other limiting "terms" of this policy, any recovery will be pro rated between "you" and "us" based on "our" respective interest in the loss.

8. **Restoration of Limits** - A loss "we" pay under this coverage does not reduce the total applicable "limit" unless it is a total loss to a scheduled item. In the event of a total loss to a scheduled item "we" refund the unearned premium on that item.

9. **Subrogation** - If "we" pay for a loss, "we" may require "you" to assign to "us" "your" right of recovery against others. "You" must do all that is necessary to secure "our" rights. "We" do not pay for a loss if "you" impair this right to recover.

"You" may waive "your" right to recover from others in writing before a loss occurs.

10. **Suit Against Us** - No one may bring a legal action against "us" under this coverage unless:

- a. all of the "terms" of this coverage have been complied with; and
- b. the suit has been brought within two years after "you" first have knowledge of the loss.

If any applicable law makes this limitation invalid, then suit must begin within the shortest period permitted by law.

11. **Territorial Limits** - "We" cover property while it is in the United States of America, its territories and possessions, Canada, and Puerto Rico.

AMENDATORY ENDORSEMENT PENNSYLVANIA

1. The Cancellation condition is deleted and replaced by:

Cancellation and Nonrenewal -- "You" may cancel this policy by returning the policy to "us" or by giving "us" written notice and stating at what future date coverage is to stop.

"We" may cancel or not renew this policy by written notice to "you" at the address shown on the "declarations". "Our" notice will include the specific reason for cancellation or nonrenewal. Proof of delivery or mailing is sufficient proof of notice.

During the first 60 days this policy is in effect, "we" may cancel for any reason. "We" will give "you" at least 30 days notice before cancellation is effective.

After this policy has been in effect 60 days or more, or if it is a renewal of a policy issued by "us" effective immediately, "we" may cancel only if one or more of the following reasons apply:

- a. a condition, factor, or loss experience material to insurability has changed substantially, or a substantial condition, factor, or loss experience material to insurability has become known during the policy term;
- b. loss of reinsurance or a substantial decrease in reinsurance has occurred, which loss or decrease will, at the time of cancellation, be certified to the Insurance Commissioner as directly affecting in-force policies.
- c. "you" have made a material misrepresentation which affects the insurability of the risk;
- d. the policy was obtained through fraudulent statements, omissions, or concealment of fact material to the acceptance of the risk or hazard assumed by "us";

- e. "you" have failed to pay a premium when due, whether the premium is payable directly to "us" or "our" agents or indirectly under a premium finance plan or extension of credit;
- f. material failure to comply with policy "terms", conditions, or contractual duties; or
- g. other reasons that the Insurance Commissioner may approve.

After this policy has been in effect 60 days or more, "we" will give "you" notice of cancellation or nonrenewal as follows:

- a. for failure to pay a premium when due or where "you" have made material misrepresentation which affects the insurability of the risk, "we" will give "you" at least 15 days notice before cancellation is effective; or
- b. for any other reason, "we" will give "you" at least 60 days notice before cancellation or nonrenewal is effective.

The policy may also be cancelled from inception upon discovery that it was obtained through fraudulent statements, omissions, or concealment of fact material to the acceptance of the risk or to the hazard assumed by "us".

The return premium, if any, will be refunded to "you" not later than ten business days after the effective date of the termination if "we" cancel this policy, or not later than 30 days after the effective date of the termination if "you" cancel this policy.

2. The following condition is added:

Notice Of Increased Premium -- "We" will give "you" notice at least 30 days before the renewal date if "we" intend to increase the renewal premium.

COMMON POLICY CONDITIONS

1. **Assignment** -- This policy may not be assigned without "our" written consent.
2. **Cancellation** -- "You" may cancel this policy by returning the policy to "us" or by giving "us" written notice and stating at what future date coverage is to stop.

"We" may cancel this policy, or one or more of its parts by written notice to "you" at "your" last mailing address known to "us". If notice of cancellation is mailed, proof of mailing will be sufficient proof of notice.

If "we" cancel this policy for nonpayment of premium, "we" will give "you" notice at least ten days before the cancellation is effective. If "we" cancel this policy for any other reason, "we" will give "you" notice at least 30 days in advance of cancellation. The notice will state the time that the cancellation is to take effect.

"Your" return premium, if any, will be calculated according to "our" rules. It will be refunded to "you" with the cancellation notice or within a reasonable time. Payment or tender of the unearned premium is not a condition of cancellation.

3. **Change, Modification, or Waiver of Policy Terms** -- A waiver or change of the "terms" of this policy must be issued by "us" in writing to be valid.
4. **Inspections** -- "We have the right, but are not obligated, to inspect "your" property and operations at any one time. This inspection may be made by "us" or may be made on "our" behalf. An inspection or its resulting advice or report does not warrant that "your" property or operations are safe, healthful, or in compliance with laws, rules, or regulations. Inspections or reports are for "our" benefit only.
5. **Examination of Books and Records** -- "We" may examine and audit "your" books and records that relate to this policy during the policy period and within three years after the policy has expired.

This endorsement changes
the policy
--PLEASE READ THIS CAREFULLY--

AAIS
IM 3023 03 99

AMENDATORY ENDORSEMENT PENNSYLVANIA

The Loss Payment provisions are amended by the following addition:

"We" must give "you" notice of "our" intentions within 15 working days after an acceptable proof of loss is received.

INSURANCE CONSULTATION SERVICES EXEMPTION ACT -- NOTICE

"We" may provide consultation services such as inspections or surveys of "your" property in accordance with the provisions of the policy. These services may reduce the likelihood of injury, death, or loss.

This notice is required to be provided to "you" by the Insurance Consultation Services Exemption Act of Pennsylvania. This act provides that "we", "our" agents, employees, or service contractors are not liable for damages from injury, death, or loss occurring as a result of an act or omission by a person in the course of such services.

The Act does not apply:

1. if the injury, death, or loss occurred during the actual performance of the consultation services and was caused by "our" negligence or the negligence of "our" agents, employees, or service contractors;
2. to consultation services performed under a written service contract not related to the policy; or
3. if an act or omission by "us", "our" agents, employees, or service contractors is determined by law to constitute a crime, actual malice, or gross negligence.

This notice must be attached to all new and renewal policies.



COMMERCIAL LINES POLICY JMMON DECLARATIONS

AMENDMENT OF POLICY EFFECTIVE: JUNE 01, 2000

NON-ASSESSABLE

POLICY NUMBER	FROM	POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
CL9 0048510	06/01/00	06/01/01		PA NATIONAL MUTUAL CAS INS CO	000160755	
NAMED INSURED AND ADDRESS					AGENCY	
ENGLISH PAINTING ED ENGLISH T/A PO BOX 128 WEST DECATUR PA 16878					BURNS & BURNS-CF P O BOX 830 CLEARFIELD PA 16830	

It is agreed that this policy is hereby amended as indicated below:

THE FOLLOWING COVERAGE PART WAS AMENDED WITH A PREMIUM CHANGE:

COMMERCIAL GENERAL LIABILITY COVERAGE PART	\$	PREMIUM 255.00 REFUND
--	----	--------------------------

NEW ANNUAL PREMIUM: **\$1,391.00** TOTAL PREMIUM THIS ENDORSEMENT

REFUND
DUE

\$255.00

THIS ENDORSEMENT IS SUBJECT TO THE DECLARATIONS, CONDITIONS AND OTHER TERMS OF THE POLICY WHICH ARE NOT INCONSISTENT HEREWITHE AND WHEN COUNTERSIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY, FORMS A PART OF THE POLICY DESCRIBED HEREIN.

PRO-RATA PERCENTAGE: **100.0%**

SIGNATURE OF AUTHORIZED REPRESENTATIVE



PENN NATIONAL INSURANCE
 Pennsylvania National Mutual Casualty Insurance Company
 Penn National Security Insurance Company
 P.O. Box 2361 • Harrisburg, PA 17105-2361

C MERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS
ENDORSEMENT NUMBER 01 EFFECTIVE DATE 06/01/00

NON-ASSESSABLE

POLICY NUMBER	FROM	POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
CL9 0048510	06/01/00	06/01/01		PA NATIONAL MUTUAL CAS INS CO	000160755	
NAMED INSURED AND ADDRESS						AGENCY
ENGLISH PAINTING ED ENGLISH T/A PO BOX 126 WEST DECATUR PA 16878						BURNS & BURNS-CF P O BOX 830 CLEARFIELD PA 16830

It is agreed that this policy is hereby amended as indicated below:

**PREMISES NO. 1 : PO BOX 126
WEST DECATUR CLEARFIELD CO PA 16878**

THE PREMIUM BASIS IS CHANGED.

CODE	PREMIUM BASIS	PER	RATES	ADVANCE PREMIUM		
98304	15,000 PAYROLL	1000	PREMS/OPS VARIOUS	PRODUCTS VARIOUS	PREMS/OPS INCLUDED	PRODUCTS INCLUDED
PAINTING - EXTERIOR - BUILDINGS OR STRUCTURES - THREE STORIES OR LESS IN HEIGHT						

THE FOLLOWING CLASSIFICATION IS ADDED:

CODE	PREMIUM BASIS	PER	RATES	ADVANCE PREMIUM		
98305	15,000 PAYROLL	1000	PREMS/OPS VARIOUS	PRODUCTS VARIOUS	PREMS/OPS INCLUDED	PRODUCTS INCLUDED
PAINTING - INTERIOR - BUILDINGS OR STRUCTURES						

NEW ANNUAL PREMIUM: **\$1,179.00**
 FOR THIS COVERAGE PART

TOTAL PREMIUM THIS ENDORSEMENT

**REFUND
DUE**

\$255.00

THIS ENDORSEMENT IS SUBJECT TO THE DECLARATIONS, CONDITIONS AND OTHER TERMS OF THE
 POLICY WHICH ARE NOT INCONSISTENT HEREWITHE AND WHEN COUNTERSIGNED BY AN AUTHORIZED
 REPRESENTATIVE OF THE COMPANY, FORMS A PART OF THE POLICY DESCRIBED HEREIN.

PRO-RATA PERCENTAGE: **100.0%**

SIGNATURE OF AUTHORIZED REPRESENTATIVE

VERIFICATION

I, William B. DRESSLER, as authorized representative of Penn National Insurance, hereby verify that the statements set forth in the foregoing COMPLAINT IN CIVIL ACTION are true and correct to the best of my knowledge information and belief.

I understand that false statements made herein are subject to the penalties of 18 Pa. C.S. Section 4904, relating to unsworn falsification to authorities.

William B. Dressler
Authorized Representative of
Penn National Insurance

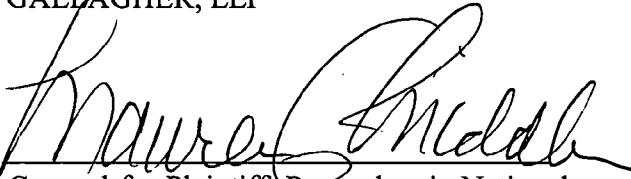
DATE: 4-22-02

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the within COMPLAINT IN CIVIL ACTION has been served on the following by United States first class mail, postage prepaid, on this 25th day of April, 2002:

James N. Bryant, Esq.
Bryant & Associates, P.C.
107 East Main Street
Millheim, PA 16854
counsel for Defendant, English Painting

WEBER GOLDSTEIN GREENBERG
& GALLAGHER, LLP

By: 

Counsel for Plaintiff, Pennsylvania National
Mutual Casualty Insurance Company

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL ACTION

PENNSYLVANIA NATIONAL MUTUAL
CASUALTY INSURANCE COMPANY,

Plaintiff

No. 02-674-CO

v.

JURY TRIAL DEMANDED

ENGLISH PAINTING,

Defendant

STATEMENT OF APPEARANCE

**PRAECIPE FOR ENTRY OF
APPEARANCE**

Filed on behalf of ING, to the above

Defendant offices located at 107 East

Counsel of Record for this Party:

James N. Bryant, Esq.
Attorney-At-Law
PA I.D. 14084

BRYANT & CANTORNA, P.C.

107 East Main Street

Millheim, PA 16854

ID No. 14084

(814) 349-5666

PA 16854

3600

FILED

MAY 14 2002

William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL ACTION

PENNSYLVANIA NATIONAL MUTUAL
CASUALTY INSURANCE COMPANY,

Plaintiff

No. C2-674-CO

v.

JURY TRIAL DEMANDED

ENGLISH PAINTING,

Defendant

ANSWER TO COMPLAINT

Filed on behalf of

Defendant

Counsel of Record for this Party:

James N. Bryant, Esq.
Attorney-At-Law
PA I.D. 14084

BRYANT & CANTORNA, P.C.
107 East Main Street
Millheim, PA 16854

(814) 349-5666

FILED

MAY 14 2002

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL ACTION

PENNSYLVANIA NATIONAL MUTUAL	:
CASUALTY INSURANCE COMPANY,	:
Plaintiff	: No.
v	: JURY TRIAL DEMANDED
ENGLISH PAINTING,	:
Defendant	:

ANSWER TO COMPLAINT

AND NOW, comes the Defendant, ENGLISH PAINTING, by and through its attorney, James N. Bryant, Esq., of Bryant & Cantorna, P.C., and files this Answer, and avers as follows:

1. Admitted.

2. Admitted.

3. Admitted.

4. Admitted.

5. Admitted.

6. Admitted.

7. Admitted.

8. Admitted.

9. Admitted.

10. Denied as stated. On the contrary, a true and correct copy of the policy as issued to the

Defendant/insured is attached hereto and marked Exhibit "A", and at no point does the deductible

endorsement no. CG030001-96 appear in the body of the policy. This deductible endorsement was not included and never mentioned by either the Plaintiff or its agent.

11. After a reasonable investigation, the Defendant is without knowledge or information sufficient to form a belief as to the allegations contained in this paragraph and therefore deny/denies same and demands strict proof at the time of trial.

12. After a reasonable investigation, the Defendant is without knowledge or information sufficient to form a belief as to the allegations contained in this paragraph and therefore deny/denies same and demands strict proof at the time of trial.

COUNT I - BREACH OF CONTRACT

13. No Answer is required.

14. Denied as stated. On the contrary, a true and correct copy of the Declaration page is attached hereto, marked Exhibit "B", and at no point is the deductible listed, nor was a copy of the endorsement attached to the policy.

15. It is admitted that this form does contain a deductible of \$250.00 per claim. It is denied, however, that this form was attached to the policy or in any way included with the policy.

16. It is admitted that the endorsement contains this language. It is denied that the Defendant is in any way affected by this endorsement.

17. Admitted.

18. Admitted.

WHEREFORE, Defendants requests the complaint be dismissed.

BRYANT & CANTORNA, P.C.

By:

James N. Bryant, Esq., ID No. 14084
Attorney for Defendant
107 East Main Street
Millheim, PA 16854
(814) 349-5666

I verify that the statements made in the foregoing are true and correct. I understand that false statements herein are made subject to the penalties of 18 Pa. C.S. 4904, relating to unsworn falsification to authorities.

ENGLISH PAINTING

By: English Painter



**PENN NATIONAL COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS
OCCURRENCE POLICY
RENEWAL OF CL9 0048510**

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2381 • Harrisburg, PA 17105

NON-ASSESSABLE

THIS POLICY IS SUBJECT TO A GENERAL AGGREGATE LIMIT

POLICY NUMBER	FROM	POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
CL9 0048510		06/01/00	06/01/01	PA NATIONAL MUTUAL CAS INS CO	000160755	
NAMED INSURED AND ADDRESS					AGENCY	
ENGLISH PAINTING ED ENGLISH T/A PO BOX 126 WEST DECATUR PA 16878					BURNS & BURNS-CF P O BOX 830 CLEARFIELD PA 16830	

POLICY PERIOD: POLICY COVERS FROM: 12:01 A.M. STANDARD TIME AT THE ADDRESS OF THE INSURED STATED ABOVE.

FORM OF BUSINESS: INDIVIDUAL

BUSINESS DESCRIPTION: PAINTING CONTRACTOR

IN RETURN FOR PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

LIMITS OF INSURANCE

General Aggregate Limit

(Other than products - completed operations)	\$ 1,000,000
Products - Completed Operations Aggregate Limit	\$ 1,000,000
Personal and Advertising Injury Limit - Any one person or organization	\$ 500,000
Each Occurrence Limit	\$ 500,000
Damage to Premises Rented to you Limit - Any one premises	\$ 100,000
Medical Expense Limit - Any one person	\$ 5,000

PREMIUM INFORMATION

PREMISES, NO. 1 : PO BOX 126
WEST DECATUR CLEARFIELD CO PA 16878

CODE	PREMIUM BASIS 30,000 PAYROLL	PER 1000	RATES		ADVANCE PREMIUM	
			PREMS/OPS VARIOUS	PRODUCTS VARIOUS	PREMS/OPS INCLUDED	PRODUCTS INCLUDED

PAINTING - EXTERIOR - BUILDINGS OR STRUCTURES - THREE STORIES OR
LESS IN HEIGHT

TOTAL ADVANCE PREMIUM FOR THIS COVERAGE PART \$1,434.00

FORMS APPLICABLE TO THIS COVERAGE PART:				710543	12/93	CG0300	11/85
CG2150	09/89	CG0300	01/98	710546	01/94	IL0021	11/94
CG2161	04/98	710741	05/00	CG0001	07/98	710680	05/00
710543	05/00	CG0057	09/99	CG2147	07/98	710905	05/00
CG2100	11/85						

COMPANY USE ONLY					
RISK TYPE	RISK CLASS	TMC	SIC CODE	REINSURANCE	UND. TEAM
3	2	99	1799	N	052

COUNTERSIGNED BY: 

Authorized Representative

THESE DECLARATIONS TOGETHER WITH THE COMMON
AND FORMS, IF ANY, ISSUED TO FORM A PART THEREOF

EXHIBIT

"A"

COVERAGE PART COVERAGE FORM(S),
RE NUMBERED POLICY.



**PENN NATIONAL
INSURANCE**

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361 • Harrisburg, PA 17105

**COMMERCIAL LINES POLICY COMMON DECLARATIONS
RENEWAL OF CL9 0048510**

NON-ASSESSABLE

POLICY NUMBER	FROM	POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
CL9 0048510	06/01/00	06/01/01		PA NATIONAL MUTUAL CAS INS CO	000160755	
NAMED INSURED AND ADDRESS					AGENCY	
ENGLISH PAINTING ED ENGLISH T/A PO BOX 126 WEST DECATUR PA 16878					BURNS & BURNS-CF P O BOX 830 CLEARFIELD PA 16830	

POLICY PERIOD: POLICY COVERS FROM: 12:01 A.M. STANDARD TIME AT THE ADDRESS OF THE INSURED STATED ABOVE.

FORM OF BUSINESS: **INDIVIDUAL**

BUSINESS DESCRIPTION: **PAINTING CONTRACTOR**

IN RETURN FOR PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS
FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE
SUBJECT TO ADJUSTMENT.

PREMIUM

COMMERCIAL PROPERTY COVERAGE PART	\$	112.00
COMMERCIAL CRIME COVERAGE PART	\$	
COMMERCIAL GENERAL LIABILITY COVERAGE PART	\$	1,434.00
COMMERCIAL INLAND MARINE COVERAGE PART	\$	100.00
	\$	
	\$	
	\$	
	\$	
	\$	
TOTAL	\$	1,646.00
INSTALLMENT SERVICE FEE	\$	4.00

FORMS APPLICABLE TO ALL COVERAGE PARTS:
IL0017 11/85 IL0910 01/81
710891 08/99

710477 05/93
IL0172 11/93

710576 05/94
IL0246 04/98

COMPANY USE ONLY					
RISK TYPE	RISK CLASS	TMC	SIC CODE	REINSURANCE	UND. TEAM
3	2	99	1799	N	052

COUNTERSIGNED BY: _____

Authorized Representative

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART COVERAGE FORM(S), AND FORMS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.



**PENN NATIONAL
INSURANCE**

**COMMERCIAL INLAND MARINE COVERAGE PART DECLARATIONS
RENEWAL OF CL9 0048510**

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361 • Harrisburg, PA 17105

NON-ASSESSABLE

POLICY NUMBER	POLICY PERIOD		COVERAGE IS PROVIDED IN	AGENCY	BR
CL9 0048510	06/01/00	06/01/01	PA NATIONAL MUTUAL CAS INS CO	000160755	
NAMED INSURED AND ADDRESS					AGENCY
ENGLISH PAINTING ED ENGLISH T/A PO BOX 126 WEST DECATUR PA 16878					BURNS & BURNS-CF P O BOX 830 CLEARFIELD PA 16830

POLICY PERIOD: POLICY COVERS FROM: 12:01 A.M. STANDARD TIME AT THE ADDRESS OF THE INSURED STATED ABOVE.

FORM OF BUSINESS: **INDIVIDUAL**

BUSINESS DESCRIPTION: **PAINTING CONTRACTOR**

IN RETURN FOR PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS
FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE
SUBJECT TO ADJUSTMENT.

PREMIUM

ADDITIONAL PREMIUM TO EQUAL MINIMUM PREMIUM \$ 80.00

CONTRACTOR'S EQUIPMENT \$ 20.00

\$

\$

\$

\$

\$

\$

TOTAL ADVANCE PREMIUM FOR THIS COVERAGE PART \$ 100.00

FORMS APPLICABLE TO ALL COVERAGE PARTS:
CL0124 03/99 CL0100 03/99

710890 08/99
IM3023 03/99

IM7001
ML0120 03/99

COMPANY USE ONLY					
RISK TYPE	RISK CLASS	TMC	SIC CODE	REINSURANCE	UND. TEAM
3	2	99	1799	N	052

COUNTERSIGNED BY:

Authorized Representative

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART COVERAGE FORM(S), AND FORMS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

COMMERCIAL INLAND MARINE DECLARATIONS - CON ACTOR'S EQUIPMENT

POLICY NUMBER	FROM	POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
CL9 0048510	06/01/00	06/01/01		PA NATIONAL MUTUAL CAS INS CO	000160755	

EACH ITEM THAT IS COVERED MUST BE DESCRIBED BELOW OR ON A SCHEDULE THAT IS A PART OF THIS POLICY. A COVERAGE AMOUNT MUST BE SHOWN FOR EACH ITEM. THIS IS THE MOST THAT WE WILL PAY FOR A LOSS TO THAT ITEM.

DEDUCTIBLE : \$250

ITEM	DESCRIPTION OF EQUIPMENT	COVERAGE AMOUNT
1	CRACO ALTIMAX-MX-1095 PAINT SPRAYER MODEL 825-150 #2074	\$ 3,297
	TOTAL AMOUNT OF INSURANCE	\$ 3,297

TOTAL ADVANCE PREMIUM FOR THIS COVERAGE

\$20.00



**PENN NATIONAL
INSURANCE**

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361 • Harrisburg, PA 17105

**COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS
RENEWAL OF CL9 0048510**

NON-ASSESSABLE

POLICY NUMBER	FROM	POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
CL9 0048510	06/01/00	06/01/01		PA NATIONAL MUTUAL CAS INS CO	000160755	
NAMED INSURED AND ADDRESS					AGENCY	
ENGLISH PAINTING ED ENGLISH T/A PO BOX 126 WEST DECATUR PA 16878					BURNS & BURNS-CF P O BOX 830 CLEARFIELD PA 16830	

POLICY PERIOD: POLICY COVERS FROM: 12:01 A.M. STANDARD TIME AT THE ADDRESS OF THE INSURED STATED ABOVE.
FORM OF BUSINESS: **INDIVIDUAL** BUSINESS DESCRIPTION: **PAINTING CONTRACTOR**

IN RETURN FOR PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

**DESCRIPTION OF PREMISES AND COVERAGES PROVIDED
INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR THE COVERAGES SHOWN:**

**PREMISES NO. 1 : PO BOX 126
WEST DECATUR CLEARFIELD CO PA 16878 DEDUCTIBLE: \$250**

**BUILDING NO.: 1
CONSTRUCTION: FRAME
OCCUPANCY: OFFICES, OTHER THAN GOVERNMENTAL PROTECTION CLASS: 05**

**COVERAGE: YOUR BUSINESS PERSONAL PROPERTY
LIMIT OF INSURANCE: \$3,000
REPLACEMENT COST COINSURANCE: 80%
COVERED CAUSE OF LOSS: SPECIAL FORM**

TOTAL PREMIUM FOR THIS COVERAGE PART \$112.00

FORMS APPLICABLE TO THIS COVERAGE PART: 710218 03/99 CP0010 06/95 CP1218 06/95				CP0090 IL0935	07/88 08/98	CP1030 710857	06/95 03/99
COMPANY USE ONLY							
RISK TYPE 3	RISK CLASS 2	TMC 99	SIC CODE 1799	REINSURANCE N	UND. TEAM 052		

COUNTERSIGNED BY:

Authorized Representative

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART COVERAGE FORM(S), AND FORMS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION - ALL HAZARDS IN CONNECTION WITH
DESIGNATED PREMISES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Description And Location Of Premises:

any and all habitational property owned by the insured

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

The following exclusion is added to Paragraph 2., Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability and Paragraph 2., Exclusions of Section I - Coverage B - Personal And Advertising Injury Liability:

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of:

1. The ownership, maintenance or use of the premises shown in the Schedule or any property located on these premises;
2. Operations on those premises or elsewhere which are necessary or incidental to the ownership, maintenance or use of those premises; or
3. Goods or products manufactured at or distributed from those premises.

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 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 "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"; and
- (2) The "bodily injury" or "property damage" occurs during the policy period.

c. 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

- (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".

(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 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;

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".

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. "Personal and advertising injury":

- (1) 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";
- (2) Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- (3) Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
- (4) Arising out of a criminal act committed by or at the direction of any insured;
- (5) 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;
- (6) Arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement";
- (7) Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement";
- (8) Arising out of the wrong description of the price of goods, products or services stated in your "advertisement";
- (9) Committed by an insured whose business is advertising, broadcasting, publishing or telecasting. However, this exclusion does not apply to Paragraphs 14.a., b. and c. of "personal and advertising injury" under the Definitions Section; or
- (10) Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

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:

- 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";
- This insurance applies to such liability assumed by the insured;
- 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";
- 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;
- 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
- The indemnitee:

(1) Agrees in writing to:

- Cooperate with us in the investigation, settlement or defense of the "suit";
- Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
- Notify any other insurer whose coverage is available to the indemnitee; and
- Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

(2) Provides us with written authorization to:

- Obtain records and other information related to the "suit"; and
- 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:

- 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.
- 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.
- 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.
- 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.

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 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 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 Cbecause of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. Subject to 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 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
- (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

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. Audit premiums are due and payable on notice to the first Named Insured. 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.
2. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".
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, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above; or
 - c. All parts of the world if:
 - (1) The injury or damage arises out of:
 - (a) Goods or products made or sold by you in the territory described in a. above; or
 - (b) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; and
 - (2) The insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in 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.

- 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 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 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.

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 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 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".

15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalies, 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.



PENN NATIONAL INSURANCE

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXTENDED COVERAGE ENDORSEMENT GENERAL LIABILITY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

I. Amendment - Aggregate Limits of Insurance

The General Aggregate Limit under the LIMITS OF INSURANCE (Section III) applies separately to each of your:

- a. Projects away from premises owned by or rented to you;
- b. "Locations" owned by or rented to you.

"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.

II. Bodily Injury Redefined

The definition of "bodily injury" in DEFINITIONS (Section V) is replaced by the following:

"Bodily injury" means bodily injury, sickness or disease sustained by a person including mental anguish or death resulting from any of these.

III. Mobile Equipment Redefined

Paragraph 11.f. subparagraph (1) of DEFINITIONS (Section V) does not apply to self-propelled vehicles of less than 1000 pounds gross vehicle weight.

IV. Broad Form Named Insured

- a. WHO IS AN INSURED (Section II) is amended to include as an insured any organization or subsidiary thereof, other than a partnership, joint venture, or limited liability corporation, which is a legally incorporated entity of which you own a financial interest of more than 50 percent of the voting stock on the effective date of this endorsement.
- b. Paragraph IV.a. does not apply to injury or damage with respect to which an insured under this policy is also an insured under another policy or would be an insured under such policy but for its termination or upon the exhaustion of its limits of insurance.
- c. Paragraph IV.b. does not apply to a policy written to apply specifically in excess of this policy.

V. Newly Formed or Acquired Organizations

In paragraph 4.a. of WHO IS AN INSURED (Section II), 90th day is changed to 180th day.

VI. Incidental Malpractice Liability - Nurse, EMT, or Paramedic

Paragraph 2.a.(1)(d) of WHO IS AN INSURED (Section II) is deleted and replaced by: Arising out of his or her providing or failing to provide professional health care services. However, if you have "employees" who are a nurse, emergency medical technician or paramedic, they are an insured with respect to their providing or failing to provide professional health care services to your "employees".

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**AMENDMENT OF INSURING AGREEMENT -
KNOWN INJURY OR DAMAGE**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART (OCCURRENCE VERSION)

**Paragraph 1. Insuring Agreement of Section I -
Coverage A - Bodily Injury And Property Damage
Liability is replaced by the following:**

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 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 "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.
- 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".



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**CONTRACTORS EQUIPMENT COVERAGE
SUPPLEMENTAL DECLARATIONS**

CATASTROPHE LIMIT **\$3,297**

COMMON POLICY CONDITIONS

1. **Assignment** -- This policy may not be assigned without "our" written consent.
2. **Cancellation** -- "You" may cancel this policy by returning the policy to "us" or by giving "us" written notice and stating at what future date coverage is to stop.

"We" may cancel this policy, or one or more of its parts by written notice to "you" at "your" last mailing address known to "us". If notice of cancellation is mailed, proof of mailing will be sufficient proof of notice.

If "we" cancel this policy for nonpayment of premium, "we" will give "you" notice at least ten days before the cancellation is effective. If "we" cancel this policy for any other reason, "we" will give "you" notice at least 30 days in advance of cancellation. The notice will state the time that the cancellation is to take effect.

"Your" return premium, if any, will be calculated according to "our" rules. It will be refunded to "you" with the cancellation notice or within a reasonable time. Payment or tender of the unearned premium is not a condition of cancellation.

3. **Change, Modification, or Waiver of Policy Terms** -- A waiver or change of the "terms" of this policy must be issued by "us" in writing to be valid.
4. **Inspections** -- "We have the right, but are not obligated, to inspect "your" property and operations at any one time. This inspection may be made by "us" or may be made on "our" behalf. An inspection or its resulting advice or report does not warrant that "your" property or operations are safe, healthful, or in compliance with laws, rules, or regulations. Inspections or reports are for "our" benefit only.
5. **Examination of Books and Records** -- "We" may examine and audit "your" books and records that relate to this policy during the policy period and within three years after the policy has expired.

AMENDATORY ENDORSEMENT PENNSYLVANIA

1. The Cancellation condition is deleted and replaced by:

Cancellation and Nonrenewal -- "You" may cancel this policy by returning the policy to "us" or by giving "us" written notice and stating at what future date coverage is to stop.

"We" may cancel or not renew this policy by written notice to "you" at the address shown on the "declarations". "Our" notice will include the specific reason for cancellation or nonrenewal. Proof of delivery or mailing is sufficient proof of notice.

During the first 60 days this policy is in effect, "we" may cancel for any reason. "We" will give "you" at least 30 days notice before cancellation is effective.

After this policy has been in effect 60 days or more, or if it is a renewal of a policy issued by "us" effective immediately, "we" may cancel only if one or more of the following reasons apply:

- a. a condition, factor, or loss experience material to insurability has changed substantially, or a substantial condition, factor, or loss experience material to insurability has become known during the policy term;
- b. loss of reinsurance or a substantial decrease in reinsurance has occurred, which loss or decrease will, at the time of cancellation, be certified to the Insurance Commissioner as directly affecting in-force policies.
- c. "you" have made a material misrepresentation which affects the insurability of the risk;
- d. the policy was obtained through fraudulent statements, omissions, or concealment of fact material to the acceptance of the risk or hazard assumed by "us";

- e. "you" have failed to pay a premium when due, whether the premium is payable directly to "us" or "our" agents or indirectly under a premium finance plan or extension of credit;
- f. material failure to comply with policy "terms", conditions, or contractual duties; or
- g. other reasons that the Insurance Commissioner may approve.

After this policy has been in effect 60 days or more, "we" will give "you" notice of cancellation or nonrenewal as follows:

- a. for failure to pay a premium when due or where "you" have made material misrepresentation which affects the insurability of the risk, "we" will give "you" at least 15 days notice before cancellation is effective; or
- b. for any other reason, "we" will give "you" at least 60 days notice before cancellation or nonrenewal is effective.

The policy may also be cancelled from inception upon discovery that it was obtained through fraudulent statements, omissions, or concealment of fact material to the acceptance of the risk or to the hazard assumed by "us".

The return premium, if any, will be refunded to "you" not later than ten business days after the effective date of the termination if "we" cancel this policy, or not later than 30 days after the effective date of the termination if "you" cancel this policy.

2. The following condition is added:

Notice Of Increased Premium -- "We" will give "you" notice at least 30 days before the renewal date if "we" intend to increase the renewal premium.

INSURANCE CONSULTATION SERVICES EXEMPTION ACT - - NOTICE

"We" may provide consultation services such as inspections or surveys of "your" property in accordance with the provisions of the policy. These services may reduce the likelihood of injury, death, or loss.

This notice is required to be provided to "you" by the Insurance Consultation Services Exemption Act of Pennsylvania. This act provides that "we", "our" agents, employees, or service contractors are not liable for damages from injury, death, or loss occurring as a result of an act or omission by a person in the course of such services.

The Act does not apply:

1. if the injury, death, or loss occurred during the actual performance of the consultation services and was caused by "our" negligence or the negligence of "our" agents, employees, or service contractors;
2. to consultation services performed under a written service contract not related to the policy; or
3. if an act or omission by "us", "our" agents, employees, or service contractors is determined by law to constitute a crime, actual malice, or gross negligence.

This notice must be attached to all new and renewal policies.



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INLAND MARINE BRIDGE ENDORSEMENT FOR PACKAGE POLICIES

This endorsement modifies insurance provided under the following:

Inland Marine Coverage Part

The policy forms listed on the Commercial Lines Policy Common Declarations do not apply to the Inland Marine Coverage Part and are replaced by the forms listed on the Commercial Inland Marine Declarations.

This endorsement changes
the policy
--PLEASE READ THIS CAREFULLY--

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AMENDATORY ENDORSEMENT PENNSYLVANIA

The Loss Payment provisions are amended by the following addition:

"We" must give "you" notice of "our" intentions within 15 working days after an acceptable proof of loss is received.

CONTRACTORS' EQUIPMENT COVERAGE

AGREEMENT

In return for "your" payment of the required premium, "we" provide the coverage described herein subject to all the "terms" of the Contractors' Equipment Coverage. This coverage is also subject to the "declarations" and additional policy conditions relating to assignment or transfer of rights or duties, cancellation, changes or modifications, inspections, and examination of books and records.

Endorsements and schedules may also apply. They are identified on the "declarations".

Refer to Definitions for words and phrases that have special meaning. These words and phrases are shown in quotation marks or bold type.

DEFINITIONS

1. The words "you" and "your" mean the persons or organizations named as the insured on the "declarations".
2. The words "we", "us", and "our" mean the company providing this coverage.
3. "Declarations" means all pages labeled Declarations, Supplemental Declarations, or Schedules, which pertain to this coverage.
4. "Limit" means the amount of coverage that applies.
5. "Pollutant" means:
 - a. any solid, liquid, gaseous, or thermal irritant or contaminant;

- b. electromagnetic (visible or invisible) or sound emission; or
- c. waste, including materials to be disposed of as well as recycled, reclaimed, or reconditioned.

6. "Sinkhole collapse" means the sudden settlement or collapse of earth supporting the covered property into subterranean voids created by the action of water on a limestone or similar rock formation. It does not include the value of the land or the cost of filling sinkholes.

7. "Specified perils" means aircraft; civil commotion; explosion; falling objects; fire; hail; leakage from fire extinguishing equipment; lightning; riot; "sinkhole collapse"; smoke; sonic boom; vandalism; vehicles; "volcanic action"; water damage; weight of ice, snow, or sleet; and windstorm.

Falling objects does not include loss to personal property in the open or to the interior of buildings or structures or to personal property inside buildings or structures unless the exterior of the roof or walls are first damaged by a falling object.

Water damage means the sudden or accidental discharge or leakage of water or steam as a direct result of breaking or cracking of a part of the system or appliance containing the water or steam.

8. "Terms" means all provisions, limitations, exclusions, conditions, and definitions that apply.
9. "Volcanic action" means airborne volcanic blast or airborne shock waves; ash, dust, or particulate matter; or lava flow. It does not include the cost to remove ash, dust, or particulate matter that does not cause direct physical loss to the covered property.

"We" do not pay the cost of testing, evaluating, observing, or recording the existence, level, or effects of "pollutants". However, "we" pay the cost of testing which is necessary for the extraction of "pollutants" from land or water.

The most "we" pay for each site or location is \$10,000 for the sum of all such expenses arising out of a covered peril occurring during each separate 12 month period of this policy.

This is an additional "limit".

PERILS COVERED

"We" cover external risks of direct physical loss unless the loss is limited or caused by a peril that is excluded.

PERILS EXCLUDED

1. "We" do not pay for loss if one or more of the following exclusions apply to the loss, regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded causes or events

a. **Civil Authority** - "We" do not pay for loss caused by order of any civil authority, including seizure, confiscation, destruction, or quarantine of property.

"We" do pay for loss resulting from acts of destruction by the civil authority to prevent the spread of fire, unless the fire is caused by a peril excluded under this coverage.

b. **Nuclear Hazard** - "We" do not pay for loss caused by or resulting from a nuclear reaction, nuclear radiation, or radioactive contamination (whether controlled or uncontrolled; whether caused by natural, accidental, or artificial means). Loss caused by nuclear hazard is not considered loss caused by fire, explosion, or smoke. "We" do pay for direct loss by fire resulting from the nuclear hazard.

c. **War** - "We" do not pay for loss caused by war. This means:

- 1) declared war, undeclared war, civil war, insurrection, rebellion, or revolution;
- 2) a warlike act by a military force or by military personnel;
- 3) the destruction, seizure, or use of the property for a military purpose; or
- 4) the discharge of a nuclear weapon even if it is accidental.

2. "We" do not pay for loss or damage if one or more of the following exclusions apply to the loss.

a. **Criminal, Fraudulent, or Dishonest Acts** - "We" do not pay for loss caused by or resulting from criminal, fraudulent, dishonest, or illegal acts alone or in collusion with another by:

- 1) "you";
- 2) others who have an interest in the property;
- 3) others to whom "you" entrust the property;
- 4) "your" partners, officers, directors, trustees, or joint adventurers; or
- 5) the employees or agents of 1), 2), 3), or 4) above, whether or not they are at work.

This exclusion does not apply to acts of destruction by "your" employees, but "we" do not pay for theft by employees.

This exclusion does not apply to covered property in the custody of a carrier for hire.

b. **Contamination or Deterioration** - "We" do not pay for loss caused by contamination or deterioration including corrosion, decay, fungus, mildew, mold, rot, rust, or any quality, fault, or weakness in the covered property that causes it to damage or destroy itself.

c. **Loss of Use** - "We" do not pay for loss caused by or resulting from loss of use, business interruption, delay, or loss of market.

4. **Examination** - "You" must submit to examination under oath in matters connected with the loss as often as "we" reasonably request and give "us" sworn statements of the answers. If more than one person is examined, "we" have the right to examine and receive statements separately and not in the presence of others.
5. **Records** - "You" must produce records, including tax returns and bank microfilms of all cancelled checks relating to value, loss, and expense and permit copies and extracts to be made of them as often as "we" reasonably request.
6. **Damaged Property** - "You" must exhibit the damaged and undamaged property as often as "we" reasonably request and allow "us" to inspect or take samples of the property.
7. **Volunteer Payments** - "You" must not, except at "your" own expense, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses except as respects protecting property from further damage.
8. **Abandonment** - "You" may not abandon the property to "us" without "our" written consent.
9. **Cooperation** - "You" must cooperate with "us" in performing all acts required by this policy.

VALUATION

1. **Actual Cash Value** - The value of covered property will be based on the actual cash value at the time of the loss (with a deduction for depreciation) except as provided in paragraphs 2. and 3. under Valuation.
2. **Pair or Set** - The value of a lost or damaged article which is part of a pair or set is based on a reasonable proportion of the value of the entire pair or set. The loss is not considered a total loss of the pair or set.
3. **Loss to Parts** - The value of a lost or damaged part of an item that consists of several parts when it is complete is based on the value of only the lost or damaged part or the cost to repair or replace it.

HOW MUCH WE PAY

1. **Insurable Interest** - "We" do not cover more than "your" insurable interest in any property.
2. **Deductible** - "We" pay only that part of "your" loss over the deductible amount indicated on the "declarations" in any one occurrence.
3. **Loss Settlement Terms** - Subject to paragraphs 1., 2., 4., 5., and 6. under How Much We Pay, "we" pay the lesser of:
 - a. the amount determined under Valuation;
 - b. the cost to repair, replace, or rebuild the property with material of like kind and quality to the extent practicable; or
 - c. the "limit" that applies to the covered property. However, the most "we" pay for the loss in any one occurrence is the Catastrophe Limit indicated on the "declarations".
4. **Coinsurance** - "We" only pay a part of the loss if the "limit" is less than 80% of the value of the covered property at the time of the loss. "Our" part of the loss is determined using the following steps:
 - a. calculate 80% of the value of the covered property at the time of the loss;
 - b. divide the "limit" for covered property by the result determined in 4.a. above;
 - c. multiply the total amount of loss, after the application of any deductible, by the result determined in 4.b. above.The most "we" pay is the amount determined in 4.c. above or the "limit", whichever is less. "We" do not pay any remaining part of the loss.
If there is more than one "limit" indicated on the "declarations" for this coverage part, this procedure applies separately to each "limit".
If there is only one "limit" indicated on the "declarations" for this coverage, this procedure applies to the total of all covered property to which the "limit" applies.

2. **Benefit to Others** – Insurance under this coverage shall not directly or indirectly benefit anyone having custody of "your" property.
3. **Conformity With Statute** – When a condition of this coverage is in conflict with an applicable law, that condition is amended to conform to that law.
4. **Estates** – This provision applies only if the insured is an individual.

On "your" death, "we" cover the following as an insured:

- a. the person who has custody of "your" property until a legal representative is qualified and appointed; or
- b. "your" legal representative.

This person or organization is an insured only with respect to property covered by this coverage.

This coverage does not extend past the policy period indicated on the "declarations".

5. **Misrepresentation, Concealment or Fraud** – This coverage is void as to "you" and any other insured if, before or after a loss:

- a. "you" or any other insured have willfully concealed or misrepresented:
 - 1) a material fact or circumstance that relates to this insurance or the subject thereof; or
 - 2) "your" interest herein.
- b. there has been fraud or false swearing by "you" or any insured with regard to a matter that relates to this insurance or the subject thereof.

6. **Policy Period** – "We" pay for a covered loss that occurs during the policy period.

7. **Recoveries** – If "we" pay "you" for the loss and lost or damaged property is recovered, or payment is made by those responsible for the loss, the following provisions apply:

- a. "you" must notify "us" promptly if "you" recover property or receive payment;

- b. "we" must notify "you" promptly if "we" recover property or receive payment;
- c. any recovery expenses incurred by either are reimbursed first;
- d. "you" may keep the recovered property but "you" must refund to "us" the amount of the claim paid, or any lesser amount to which "we" agree; and
- e. if the claim paid is less than the agreed loss due to a deductible or other limiting "terms" of this policy, any recovery will be pro rated between "you" and "us" based on "our" respective interest in the loss.

8. **Restoration of Limits** – A loss "we" pay under this coverage does not reduce the total applicable "limit" unless it is a total loss to a scheduled item. In the event of a total loss to a scheduled item "we" refund the unearned premium on that item.

9. **Subrogation** – If "we" pay for a loss, "we" may require "you" to assign to "us" "your" right of recovery against others. "You" must do all that is necessary to secure "our" rights. "We" do not pay for a loss if "you" impair this right to recover.

"You" may waive "your" right to recover from others in writing before a loss occurs.

10. **Suit Against Us** – No one may bring a legal action against "us" under this coverage unless:

- a. all of the "terms" of this coverage have been complied with; and
- b. the suit has been brought within two years after "you" first have knowledge of the loss.

If any applicable law makes this limitation invalid, then suit must begin within the shortest period permitted by law.

11. **Territorial Limits** – "We" cover property while it is in the United States of America, its territories and possessions, Canada, and Puerto Rico.

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 or discrimination 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 insured may be liable as an employer or in any other capacity; and
- (2) 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 or discrimination 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 insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.



PENN NATIONAL INSURANCE

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THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM.

COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY

COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY

COVERAGE C. MEDICAL PAYMENTS

EXCLUSION - LEAD CONTAMINATION

This insurance does not apply to:

1. "Bodily Injury", "medical payments", "property damage", or "personal and advertising injury" which would not have occurred in whole or part but for the actual, alleged, or threatened ingestion, inhalation, absorption, dispersal, disposal, seepage, migration, release, or escape of lead in any form at any time.
2. Any loss, cost, or expense arising out of any:
 - a. request, demand, or order 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
 - 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 lead.



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THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY

AUTOMATIC ADDITIONAL INSUREDS -- OWNERS, CONTRACTORS AND SUBCONTRACTORS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following provision is added to WHO IS AN INSURED (Section II):

5. Any person(s) or organization(s) (referred to below as "additional insured") with whom you are required in a written construction contract or agreement to name as an additional insured but only for "your" acts or omissions arising from "your" ongoing construction operations at the location or project described in the contract or agreement.

The insurance provided to the additional insured does not apply to "bodily injury", "property damage", "personal and advertising injury":

- a. Arising out of any act or omission of the additional insured(s) or any of their "employees", including supervision of "your work" or the work of any other person or organization.
- b. Occurring after 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.
- c. Arising out of an architect's, engineer's, or surveyor's rendering of or failure to render any professional services including:

- (1) The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings, designs and specifications; and
- (2) Supervisory, inspection or engineering services.

These exclusions apply in addition to those contained in the Coverage Part.

The limits of insurance applicable to the additional insured are those specified in the written contract or agreement or in the Declarations for this policy, whichever are less. These limits of insurance are inclusive of and not in addition to the limits of insurance shown in the Declarations.

This coverage does not apply to any person(s) or organization(s) specifically named as additional insured in any policy issued by "us".

This coverage part changes
the policy
--PLEASE READ THIS CAREFULLY--

COMMON POLICY CONDITIONS

1. **Assignment** -- This policy may not be assigned without "our" written consent.
2. **Cancellation** -- "You" may cancel this policy by returning the policy to "us" or by giving "us" written notice and stating at what future date coverage is to stop.

"We" may cancel this policy, or one or more of its parts by written notice to "you" at "your" last mailing address known to "us". If notice of cancellation is mailed, proof of mailing will be sufficient proof of notice.

If "we" cancel this policy for nonpayment of premium, "we" will give "you" notice at least ten days before the cancellation is effective. If "we" cancel this policy for any other reason, "we" will give "you" notice at least 30 days in advance of cancellation. The notice will state the time that the cancellation is to take effect.

"Your" return premium, if any, will be calculated according to "our" rules. It will be refunded to "you" with the cancellation notice or within a reasonable time. Payment or tender of the unearned premium is not a condition of cancellation.

3. **Change, Modification, or Waiver of Policy Terms** -- A waiver or change of the "terms" of this policy must be issued by "us" in writing to be valid.
4. **Inspections** -- "We have the right, but are not obligated, to inspect "your" property and operations at any one time. This inspection may be made by "us" or may be made on "our" behalf. An inspection or its resulting advice or report does not warrant that "your" property or operations are safe, healthful, or in compliance with laws, rules, or regulations. Inspections or reports are for "our" benefit only.
5. **Examination of Books and Records** -- "We" may examine and audit "your" books and records that relate to this policy during the policy period and within three years after the policy has expired.

This endorsement changes
the policy
--PLEASE READ THIS CAREFULLY--

AMENDATORY ENDORSEMENT PENNSYLVANIA

The Loss Payment provisions are amended by the following addition:

"We" must give "you" notice of "our" intentions within 15 working days after an acceptable proof of loss is received.



**PENN NATIONAL
INSURANCE**

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INLAND MARINE BRIDGE ENDORSEMENT FOR PACKAGE POLICIES

This endorsement modifies insurance provided under the following:

Inland Marine Coverage Part

The policy forms listed on the Commercial Lines Policy Common Declarations do not apply to the Inland Marine Coverage Part and are replaced by the forms listed on the Commercial Inland Marine Declarations.



**PENN NATIONAL
INSURANCE**

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361 • Harrisburg, PA 17105

**COMMERCIAL LINES POLICY COMMON DECLARATIONS
RENEWAL OF CL9 0048510**

NON-ASSESSABLE

POLICY NUMBER	FROM	POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
CL9 0048510	06/01/00	06/01/01		PA NATIONAL MUTUAL CAS INS CO	000160755	
NAMED INSURED AND ADDRESS		AGENCY				
ENGLISH PAINTING ED ENGLISH T/A PO BOX 126 WEST DECATUR PA 16878		BURNS & BURNS-CF P O BOX 830 CLEARFIELD PA 16830				

POLICY PERIOD: POLICY COVERS FROM: 12:01 A.M. STANDARD TIME AT THE ADDRESS OF THE INSURED STATED ABOVE.

FORM OF BUSINESS: INDIVIDUAL BUSINESS DESCRIPTION: PAINTING CONTRACTOR

IN RETURN FOR PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS
FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE
SUBJECT TO ADJUSTMENT.

PREMIUM

COMMERCIAL PROPERTY COVERAGE PART	\$	112.00
COMMERCIAL CRIME COVERAGE PART	\$	
COMMERCIAL GENERAL LIABILITY COVERAGE PART	\$	1,434.00
COMMERCIAL INLAND MARINE COVERAGE PART	\$	100.00
	\$	
	\$	
	\$	
	\$	
	\$	
TOTAL	\$	1,646.00
INSTALLMENT SERVICE FEE	\$	4.00

FORMS APPLICABLE TO ALL COVERAGE PARTS:	710477	05/93	710576	05/94
IL0017 11/85	IL0910	01/81	IL0172	11/93
710891 08/99			IL0246	04/98

COMPANY USE ONLY					
RISK TYPE	RISK CLASS	TMC	SIC CODE	REINSURANCE	UND. TEAM
3	2	99	1799	N	052

COUNTERSIGNED BY: _____

Authorized Representative

EXHIBIT

"B"

THESE DECLARATIONS TOGETHER WITH THE COVERAGE FORMS, COVERAGE PART COVERAGE FORM(S), AND FORMS, IF ANY, ISSUED TO FORM A PART OF THE ABOVE NUMBERED POLICY.

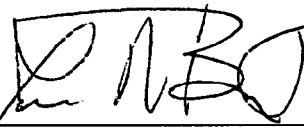
IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL ACTION

PENNSYLVANIA NATIONAL MUTUAL
CASUALTY INSURANCE COMPANY, :
Plaintiff : No.
v. : JURY TRIAL DEMANDED
: :
ENGLISH PAINTING, :
Defendant : :

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the within **ANSWER TO COMPLAINT** was served by depositing the same with the United States Postal Service, postage prepaid, addressed to the following:

Maureen C. Middleman, Esq.
Weber Goldstein Greenberg &
Gallagher, LLP
Suite 1450
Two Gateway Center
603 Stanwix Street
Pittsburgh, PA 15222

By: 
James N. Eryant, Esq.
Attorney for Defendant

DATED: May 13, 2002

CA

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENNSYLVANIA NATIONAL MUTUAL
CASUALTY INSURANCE COMPANY,

Plaintiff,

vs.

ENGLISH PAINTING,

Defendant.

CIVIL DIVISION

NO.: 02-674 CD

**MOTION FOR SUMMARY
JUDGMENT**

Filed on Behalf of Plaintiff, Pennsylvania
National Mutual Casualty Insurance
Company

Counsel of Record For This Party:

Maureen C. Zemel, Esquire
PA I.D. #40985

Mary Kathryn Salynski, Esquire
PA I.D. #85787

WEBER GALLAGHER SIMPSON
STAPLETON FIRES & NEWBY LLP
Firm #594
Two Gateway Center, Suite 1450
603 Stanwix Street
Pittsburgh, PA 15222
Phone: (412) 281-4541
Fax: (412) 281-4547

FILED

JUL 29 2002

m||0:49/nccc
William A. Shaw
Prothonotary

JURY TRIAL DEMANDED

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENNSYLVANIA NATIONAL MUTUAL)	CIVIL DIVISION
CASUALTY INSURANCE COMPANY,)	
) NO.:
Plaintiff,)	
)
vs.)	
)
ENGLISH PAINTING,)	
)
Defendant.)	

MOTION FOR SUMMARY JUDGMENT

AND NOW, comes the Plaintiff, Pennsylvania National Mutual Casualty Insurance Company, by its attorneys, Maureen C. Zemel, Esquire, Mary Kathryn Salyński, Esquire and the law firm of Weber, Gallagher, Simpson, Stapleton, Fires & Newby LLP, and files the following Motion for Summary Judgment pursuant to Rule 1035.1, et seq., of the Pennsylvania Rules of Civil Procedure. In support thereof, it respectfully represents to the Court as follows:

1. The moving party herein is the Plaintiff, Pennsylvania National Mutual Casualty Insurance Company (hereinafter referred to as "Penn National").
2. The Respondent is English Painting, the Defendant in the above-captioned action.
3. This lawsuit concerns a breach of contract claim arising out of an incident which occurred on September 13, 2000 in Beech Creek, Clinton County, Pennsylvania.
4. While the Defendant, a painting contractor, was working on an outdoor project, a gust of wind caused paint to overspray into a nearby parking lot, damaging approximately thirty (30) cars.
5. The Defendant maintained a policy of insurance with the Plaintiff, No. CL9 0048510, which contained a \$250.00 per claim deductible to be paid by the Defendant.

6. Under the terms of the policy of insurance, any deductibles paid by Penn National in settlement of the claims against its insured are to be reimbursed by the Defendant.

7. Approximately twenty-eight (28) claims were made, resulting in deductible amounts due of \$7899.62.

8. The Defendant has failed to pay the deductible amounts due and owing and has thus breached the terms of the insurance contract.

9. Pursuant to Pennsylvania Rule of Civil Procedure 1035.2(1), summary judgment is appropriate "whenever there is no genuine issue of material fact as to a necessary element of the cause of action or defense..." Pa.R.Civ.Pro. 1035.2(1).

10. The record in this case establishes that no genuine issue of material fact exists regarding any necessary element of the cause of action or defense, and therefore summary judgment must be entered in favor of the Plaintiff in this matter.

11. All Exhibits attached to the Plaintiff's Memorandum in Support of this Motion are incorporated herein by reference.

WHEREFORE, Plaintiff, Pennsylvania National Mutual Casualty Insurance Company, respectfully requests that this Honorable Court enter summary judgment in its favor and against the Defendant, pursuant to Rule 1035.1, et. seq., of the Pennsylvania Rules of Civil Procedure.

Respectfully submitted,

WEBER GALLAGHER SIMPSON
STAPLETON FIRES & NEWBY LLP

By:

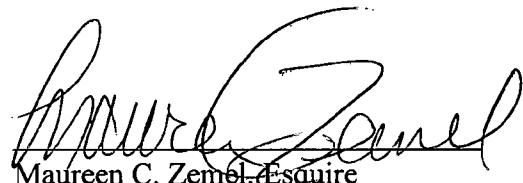


Maureen C. Zemel, Esquire
Mary Kathryn Salynski, Esquire
Attorneys for Plaintiff

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing MOTION FOR SUMMARY JUDGMENT has been served by first class U.S. mail, postage prepaid, this 26th day of July, 2002, upon the following parties:

James N. Bryant, Esquire
Bryant & Cantorna, P.C.
107 East Main Street
Millheim, PA 16854



Maureen C. Zemel, Esquire
Mary Kathryn Salynski, Esquire

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENNSYLVANIA NATIONAL MUTUAL) CIVIL DIVISION
CASUALTY INSURANCE COMPANY,)
) NO.:
Plaintiff,)
)
vs.)
)
ENGLISH PAINTING,)
)
Defendant.)

ORDER OF COURT

AND NOW, to wit, this _____ day of _____, 2002, upon consideration of Plaintiff's Motion for Summary Judgment, it is hereby ORDERED, ADJUDGED and DECREED that said Motion is GRANTED.

BY THE COURT:

_____. J.

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL ACTION

PENNSYLVANIA NATIONAL MUTUAL
CASUALTY INSURANCE COMPANY,

Plaintiff : No. 02-674-CD

v. : JURY TRIAL DEMANDED

ENGLISH PAINTING,
Defendant

ANSWER TO PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT

1. Admitted.

2. Admitted.

3. Admitted.

4. Admitted.

5. Denied as stated. On the contrary it is admitted that the insured policy was numbered as stated in the Plaintiff's motion. However, it is denied that it contained a \$250.00 per claim deductible. On the contrary it is averred that, with documents attached as Exhibit "A", that this deductible endorsement, as reported by Kevin McMillen, Defendant's agent, was never included in the policy.

6. Denied as stated. On the contrary, there was no claims to be reimbursed by the Defendant.

7. Denied for the same reason set forth in 6.

8. Admitted.

9. Admitted.

10. The record in this case established that there is a genuine issue of material fact whether or not this deductible was ever attached to the policy or named in the policy. The Defendant said it

James A. Bryant, Esq., ID No. 14084

1711 Main Street

Williamsport, PA 17703

FILED

AUG 06 2002

william A. Shaw
Prothonotary

07/20/01 09:46 ID: LANTIER@YAHOO.COM

FAX:

PAGE 2

Insurance Managers and Consultants



BURNS & BURNS ASSOCIATES, INC.

201 EAST MARKET STREET / P.O. BOX 830 / CLEARFIELD, PA 16830

Phone (814) 765-9695

Fax (814) 765-7261

July 20, 2001

Penn National Insurance
Attn. William Dressler
Recovery Unit
P.O. Box 1670
Harrisburg, PA 17105-1670

Re: English Painting Claim # 00504298899, date of loss 09/13/01

Dear Mr. Dressler:

I am unaware of any property damage deductible on English Painting's general liability policy. Please give me a call once you have tracked this down.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. McMillen'.

Kevin McMillen
KDM/tln

EXHIBIT

"A"

Summary Judgment

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL ACTION

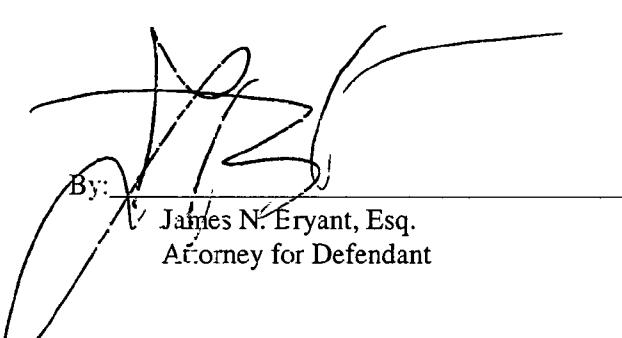
PENNSYLVANIA NATIONAL MUTUAL :
CASUALTY INSURANCE COMPANY, :
Plaintiff : No. 02-574-CD
v. : JURY TRIAL DEMANDED
ENGLISH PAINTING, :
Defendant :
:

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the within ANSWER TO PLAINTIFF'S
MOTION FOR SUMMARY JUDGMENT was served by depositing the same with the United States
Postal Service, postage prepaid, addressed to the following:

Maureen C. Zemel, Esq.
Weber Gallagher Simpson
Stapleton Fires & Newby LLP
Two Gateway Center Suite 1450
603 Stanwix Street
Pittsburgh, PA 15222

By:


James N. Eryant, Esq.
Attorney for Defendant

DATED: August 5, 2002

FILED

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL ACTION DEC 23 2002

DEC 23 2002

PENNSYLVANIA NATIONAL MUTUAL :
CASUALTY INSURANCE COMPANY :
-VS-
ENGLISH PAINTING

William A. Shaw
Præthonotary

OPINION AND ORDER

On September 13, 2000, the Defendant, English Painting, a paint contractor, was painting an outdoor structure in West Decatur, Clearfield County, Pennsylvania. During the project, a gust of wind caused the paint to drift into a nearby parking lot damaging approximately 30 cars. Twenty-eight claims were filed against English Painting by the owners of these vehicles and under the provisions of the subject insurance policy, Plaintiff paid the claims for a total of \$17,716.69. Plaintiff claims that under the terms of the policy, Defendant is responsible to pay the deductible amount of \$250 on each claim for a total of \$7,899.62. Defendant's failure to pay this amount has resulted in the above-captioned action.

The parties agree that the insurance policy #CL90048510 was in full force and effect at the time of the loss. This policy contains coverage form #CG03000196 captioned "Deductible Liability Insurance". That form specifies a \$250 per claim deductible amount. The "Deductible Liability Insurance" form #CG03000196 is identified as an acceptable coverage form to the policy by the "Commercial General Liability Coverage Part" declarations page. The policy's Common Declaration Page references the Commercial General Liability Coverage Part and provides that "these declarations, together with the Common Policy Conditions, Coverage Part Coverage Form(s) and Forms, if any, issued to form a party thereof, complete the above-numbered policy."

Shock vs. Penn Township Mutual Fire Insurance Association of Lancaster County, 24 A.2d 741, 743 (Pa. Super. 1942). That decision was supported by American Casualty Company of Reading vs. The Resolution Trust Corporation, 1994 U.S. Dist. Lexis 9447 (E.D. Pa. 1994) and Whiteside vs. New Castle Mutual Insurance Company, 595 F. Supp. 1096 (D.Del. 1984), (applying Pennsylvania law in diversity jurisdiction).

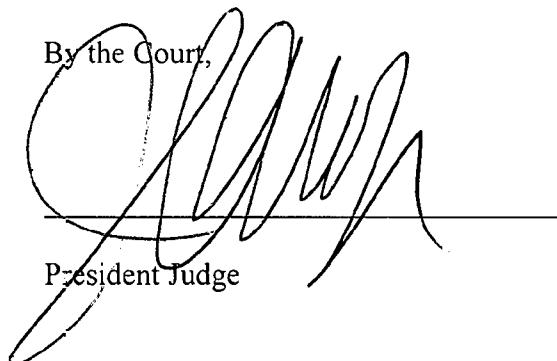
Defendant therefore has admitted that it received the policy containing the “Deductible Liability Insurance” form and that it has not paid the deductible amount and this Court therefore concludes that the Defendant is in breach of the terms of the insurance contract.

Defendant further argues that his insurance agent allegedly represented that the policy did not include a deductible and therefore, Defendant should be released from any liability. However, as contained in 40 P.S. §752(A)(1) the following language appears, “no agent has authority to change this policy or to waive any of its provisions,” and this Court holds that opinions extended by the agent, if any, do not constitute a legal defense to the above.

WHEREFORE, the Court enters the following:

ORDER

NOW, this 20th day of December, 2002, upon consideration of Plaintiff's Motion for Summary Judgment, and argument and briefs thereon, it is the ORDER of this Court that said Motion be and is hereby granted and judgment entered in favor of the Plaintiff and against the Defendant in the amount of \$7,899.62, in accordance with the foregoing Opinion.

By the Court,

President Judge

FILED

1cc Atty M. Middleman
019:31401 1cc Atty Bryant
DEC 23 2002
1cc D. Mikesell

William A. Shaw
Prothonotary



Chloroform
3cc
Hydrogen
gas

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

PENNSYLVANIA NATIONAL MUTUAL :
CASUALTY INSURANCE COMPANY :

vs. : No. 02-674-CD
ENGLISH PAINTING :

MOTION FOR
RECONSIDERATION

Filed on behalf of

Defendant

Counsel of Record for
this Party:

John R. Ryan
Attorney-At-Law
Pa. I.D. 38379

BELIN & KUBISTA
15 N. Front Street
P.O. Box 1
Clearfield, PA 16830
(814) 765-8972

FILED

JAN 17 2003

William A. Shaw
Prothonotary

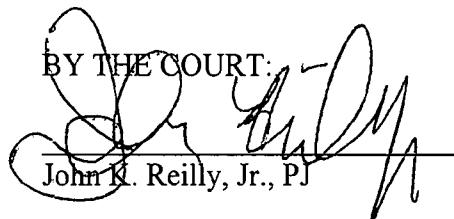
IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

PENNSYLVANIA NATIONAL MUTUAL :
CASUALTY INSURANCE COMPANY :
:
vs. : No. 02-674-CD
:
ENGLISH PAINTING :
:

ORDER

AND NOW, this 17 day of January, 2003, upon consideration of the
foregoing Motion for Reconsideration, it is the ORDER of this Court that the said Motion be
and is hereby GRANTED.

It is the further ORDER of this Court that the time for appeal of the Order of
December 20, 2002, shall be stayed and extended pursuant to Pennsylvania Rule of Appellate
Procedure 1701(3).

BY THE COURT:

John K. Reilly, Jr., P.J.

FILED

JAN 17 2003

William A. Shaw
Prothonotary

FILED

3cc

01/10/37464
JAN 17 2003

Atty Ryan

William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

PENNSYLVANIA NATIONAL MUTUAL :
CASUALTY INSURANCE COMPANY :
vs. :
ENGLISH PAINTING :
: No. 02-674-CD

MOTION FOR RECONSIDERATION

NOW COMES, English Painting, Defendant above named, and by its Attorneys,
Belin & Kubista, motions the Honorable Court as follows:

1. The Court by Opinion and Order dated December 20, 2002, granted Summary Judgment in the above captioned matter in favor of the Plaintiff and against the Defendant.

2. The issue before the Court concerns the applicable deductible under a liability insurance policy issued by the Plaintiff to the Defendant.

3. It is believed and therefore averred that the Court's decision is correct based upon the documents which were available to the Court for review. However, Defendant believes that an additional document relevant to the issue before the Court was NOT presented, and that a review of that document demonstrates ambiguity as to the applicable deductible.

4. Specifically, the insurance policy #CL9004815 on the declarations page identifies Coverage Form #CG0300196 as an accepted coverage to the policy. The Court was presented with Coverage Form #CG0300196 and its existence in fact controlled the Court's decision to grant Summary Judgment.

5. However, the same declarations page also identifies Coverage Form #CG03001185 as an acceptable coverage to the policy. See exhibit A attached hereto.

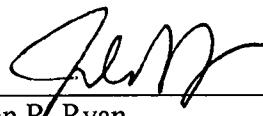
6. It is believed and therefore averred that Coverage Form #CG03001185 was NOT provided to the Court and was not therefore available for review in the determination of the Motion for Summary Judgment.

7. Coverage Form #CG03001185 creates ambiguity as to the amount of the applicable deductible for which Defendant is responsible under the policy. The Court correctly found that Coverage Form #CG0300196 specifies a deductible of \$250.00 PER CLAIM. Coverage Form #CG03001185, however, is unclear as to whether the applicable deductible is \$250.00 per claim, or PER OCCURRENCE. A true and correct copy of Coverage Form #CG03001185 is attached hereto and marked as Exhibit B.

8. The existence of Coverage Form #CG03001185 creates ambiguity as to the amount of the deductible owed by Defendant in that both forms are listed in the declarations page of the policy, and requires the taking of testimony to resolve the resultant factual questions that arise. Accordingly, the entry of Summary Judgment should be reconsidered.

WHEREFORE, Defendant requests that the Court grant reconsideration of its Opinion and Order of December 20, 2002, and order that the time for appeal be stayed or extended pursuant to Pennsylvania Rule of Appellate Procedure 1701 (3).

BELIN & KUBISTA



John R. Ryan
Attorney for Defendant



PENN NATIONAL COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS
INSURANCE
OCCURRENCE POLICY
RENEWAL OF CL9 0048510

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361 • Harrisburg, PA 17105

- RENEWAL OF CL9 0048510

NON-ASSESSABLE THIS POLICY IS SUBJECT TO A GENERAL AGGREGATE LIMIT

POLICY NUMBER		FROM POLICY PERIOD TO		COVERAGE IS PROVIDED IN		AGENCY	BR
CL9 0048510		06/01/00	06/01/01	PA NATIONAL MUTUAL CAS INS CO		000160755	
NAMED INSURED AND ADDRESS				AGENCY			
ENGLISH PAINTING ED ENGLISH T/A PO BOX 126 WEST DECATUR PA 16878				BURNS & BURNS-CF P O BOX 830 CLEARFIELD PA 16830			

POLICY PERIOD: POLICY COVERS FROM: 12:01 A.M. STANDARD TIME AT THE ADDRESS OF THE INSURED STATED ABOVE.
FORM OF BUSINESS: INDIVIDUAL BUSINESS DESCRIPTION: PAINTING CONTRACTOR

FORM OF BUSINESS: INDIVIDUAL

BUSINESS DESCRIPTION: PAINTING CONTRACTOR

IN RETURN FOR PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY

LIMITS OF INSURANCE

General Aggregate Limit

(Other than products - completed operations)	\$ 1,000,000
Products - Completed Operations Aggregate Limit	\$ 1,000,000
Personal and Advertising Injury Limit - Any one person or organization	\$ 500,000
Each Occurrence Limit	\$ 500,000
Damage to Premises Rented to you Limit - Any one premises	\$ 100,000
Medical Expense Limit - Any one person	\$ 5,000

PREMIUM INFORMATION

PREMISES NO. 1 : PO BOX 126
WEST DECATUR CLEARFIELD CO PA 16878

CODE 98304	RATES			ADVANCE PREMIUM		
	PREMIUM BASIS 30,000 PAYROLL	PER 1000	PREMS/OPS VARIOUS	PRODUCTS VARIOUS	PREMS/OPS INCLUDED	PRODUCTS INCLUDED
PAINTING - EXTERIOR - BUILDINGS OR STRUCTURES - THREE STORIES OR LESS IN HEIGHT						

TOTAL ADVANCE PREMIUM FOR THIS COVERAGE PART \$1,434.00

FORMS APPLICABLE TO THIS COVERAGE PART: 710543 12/93 CG0300 11/85
CG2150 09/89 CG0300 01/96 710546 01/94 IL0021 11/94
CG2161 04/98 710741 05/00 CG0001 07/98 710680 05/00
710543 05/00 CG0057 09/99 CG2147 07/98 710905 05/00
CG2100 11/85

COMPANY USE ONLY					
RISK TYPE	RISK CLASS	TMC	SIC CODE	REINSURANCE	UNO. TEAM
3	2	99	1799	N	052

COUNTERSIGNED BY

Authorized Representative

71 0029 0500

EXHIBIT

114

ISSUED 09/28/00

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

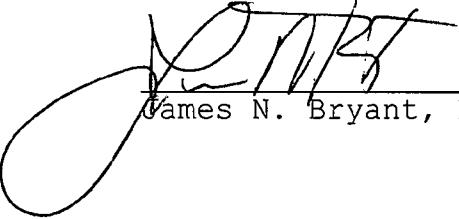
PENNSYLVANIA NATIONAL MUTUAL :
CASUALTY INSURANCE COMPANY :
:
vs. : No. 02-674-CD
:
ENGLISH PAINTING :
:

PRAECIPE TO WITHDRAW APPEARANCE

TO THE PROTHONOTARY:

Please withdraw my appearance on behalf of the Defendant
in reference to the above captioned action.

Date: January 22, 2003


James N. Bryant, Esquire

PRAECIPE TO ENTER APPEARANCE

TO THE PROTHONOTARY:

Please enter my appearance on behalf of the Defendant in
reference to the above captioned action.

Date: JANUARY 23, 2003


John R. Ryan

FILED

JAN 28 2003

William A. Shaw
Prothonotary

FILED

3cc

10:47 AM
JAN 28 2003
Amy Ryan

William A. Shaw
Prothonotary

FILED

JAN 31 2003

William A. Shaw
Prothonotary/Clerk of Courts

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

PENNSYLVANIA NATIONAL MUTUAL :
CASUALTY INSURANCE COMPANY :
: NO. 02 - 674 - C.D.
vs. :
: OBJECTIONS TO BILL OF
ENGLISH PAINTING : COSTS

Filed on Behalf of:
Defendant

Counsel of Record for
This Party:

John R. Ryan, Esquire
PA I.D. #38739

BELIN & KUBISTA
15 North Front Street
P.O. Box 1
Clearfield, PA 16830
(814) 765-8972 (PHONE)
(814) 765-9893 (FAX)

FILED

JAN 31 2003
o / 2:55 / m
William A. Shaw
Prothonotary/Clerk of Courts

3 CERT TO APP

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

PENNSYLVANIA NATIONAL MUTUAL :
CASUALTY INSURANCE COMPANY :
: NO. 02 - 674 - C.D.
vs. :
: ENGLISH PAINTING :
:

OBJECTIONS TO BILL OF COSTS

AND NOW COMES English Painting, Defendant above named, by its attorneys, Belin & Kubista, and files its objections to the Plaintiff's bill of costs as follows:

1. Admitted. By way of further response, by Order dated January 17, 2003, this Court granted the Defendant's motion for reconsideration of its previous order granting summary judgment in favor of Plaintiff.

2. Admitted. Insofar as Local Rule 252 entitles the prevailing party to an award of costs. By way of further response, in light of the Court's award of January 17th an award of costs in this matter would be premature.

3. It is denied that the costs as itemized by the Plaintiff are recoverable costs and that it is believed and therefore averred that the Plaintiff is not entitled to recover

for such items as postage, West Law research, Lexis research and other items as listed. Only docket costs are recoverable as taxable costs.

4. No response required.

WHEREFORE, Defendant respectfully requests that the Court enter an Order denying Plaintiff's Bill of Costs as premature, or in the alternative, in the event that Plaintiff ultimately prevails on the merits, only awarding those costs as appear on the docket.

BELIN & KUBISTA

By



John R. Ryan, Esquire

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

PENNSYLVANIA NATIONAL MUTUAL :
CASUALTY INSURANCE COMPANY :
: NO. 02 - 674 - C.D.
vs. :
: ENGLISH PAINTING :
:

CERTIFICATE OF SERVICE

This is to certify that the undersigned has sent a certified copy of Defendant's Objections to Bill of Costs in the above-captioned matter to the following parties by facsimile and by postage prepaid United States first class mail on the 31st day of January, 2003:

Mary Kathryn Salynski, Esquire
Weber Gallagher Simpson
Stapleton Fires & Newby LLP
Firm #594
Two Gateway Center, Suite 1450
603 Starwix Street
Pittsburgh, PA 15222

BELIN & KUBISTA

By


John R. Ryan, Esquire

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENNSYLVANIA NATIONAL MUTUAL
CASUALTY INSURANCE COMPANY,

Plaintiff,

vs.

ENGLISH PAINTING,

Defendant.

CIVIL DIVISION

NO.: 02-674 CD

**PLAINTIFF'S RESPONSE TO
DEFENDANT'S MOTION FOR
RECONSIDERATION**

Filed on Behalf of Plaintiff, Pennsylvania
National Mutual Casualty Insurance
Company

Counsel of Record For This Party:

Maureen C. Zemel, Esquire
PA I.D. #40985

Mary Kathryn Salynski, Esquire
PA I.D. #85787

WEBER GALLAGHER SIMPSON
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EB 14283

William A. Shaw
Notary Public

JURY TRIAL DEMANDED

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENNSYLVANIA NATIONAL MUTUAL)	CIVIL DIVISION
CASUALTY INSURANCE COMPANY,)	
) NO.: 02-674 CD
Plaintiff,)	
)
vs.)	
)
ENGLISH PAINTING,)	
)
Defendant.)	

PLAINTIFF'S RESPONSE TO DEFENDANT'S MOTION FOR RECONSIDERATION

On December 20, 2002, this Honorable Court granted the Plaintiff's Motion for Summary Judgment. Thereafter, on January 17, 2003, the Defendant, without giving any prior notice to the Plaintiff, filed and presented an ex parte Motion for Reconsideration, which this Honorable Court granted. However, because the reasons contained in the Defendant's Motion for Reconsideration are meritless and do not raise a genuine issue of material fact, reconsideration was improvidently granted and the summary judgment previously entered in favor of the Plaintiff should stand.

ISSUES PRESENTED

- I. WHETHER COVERAGE FORM #CG 03001185 CREATES A GENUINE ISSUE OF MATERIAL FACT WHICH WOULD WARRANT REVERSAL OF THE SUMMARY JUDGMENT PREVIOUSLY ISSUED IN FAVOR OF THE PLAINTIFF

ANSWER: No.

DISCUSSION

The Pennsylvania Rules of Civil Procedure provide that the entry of summary judgment is proper "whenever there is no genuine issue of any material fact as to a necessary element of the cause of action or defense which could be established by additional discovery or expert report." Pa.R.Civ.Pro.

1035(2)(1). As pointed out in previous pleadings in this breach of contract action, the Defendant has agreed that the deductibles have not been paid (see Defendant's Answer, paragraph 18), and has not raised any dispute as to the amount of the damages claimed. Therefore, the focus of the summary judgment proceedings was the inclusion of the per claim deductible provisions in the Defendant's policy.

The Plaintiff has maintained throughout this litigation that the terms of the Defendant's policy specify a \$250.00 per claim deductible. Specifically, the Plaintiff pointed to the "Deductible Liability Insurance" form, #CG 03000196, as evidence of that per claim deductible. This Court ultimately found that the form and its provisions were included in the policy and made up part of the terms of the contract under which the Defendant is bound.

The Defendant has now put forth the argument that an another form, #CG 03001185, creates a genuine issue of material fact which would prevent the entry of summary judgment. The Defendant now argues that the form was not included in the policy and that it creates an ambiguity as to the type of deductible (per claim or per occurrence). Reference to the record and the policy itself demonstrates that these arguments are meritless.

1. Attachment of "Deductible Liability Insurance" form #CG 0301185 to the Summary Judgment Motion

The Defendant's first argument is that form # CG 03001185 was not presented to this Court at any time prior to the Motion for Reconsideration, and was thus not available to this Honorable Court prior the entry of summary judgment in the Plaintiff's favor. This claim is not supported by the record.

A copy of the entire certified policy was attached to the Plaintiff's Motion for Summary Judgment and Brief in Support of the Motion for Summary Judgment. That policy does contain a copy of form #CG

03001185. In fact, said form is located three (3) pages before form #CG 03000196, the form which has been the subject of the litigation to this point.

The Defendant's contention that the Plaintiff failed to present the form is untrue and his claim of error in this regard is frivolous. The form was presented to this Court and was available for its consideration during the previous litigation in this matter. This claim does not present a basis for reversal of the summary judgment previously entered in this matter.

2. *Ambiguity as to Type of Deductible*

The Defendant next argues that the "newly discovered" form #CG 03001185 creates an ambiguity as to the type of deductible. However, a close examination of the form itself reveals that there is no such ambiguity and that the form does provide for a \$250.00 per claim deductible, the same type and amount as in form #CG 03000196.

The format of form #CG 03001185 is slightly different from the previously discussed form #CG 03000196 in that the per claim and per occurrence designations are on different lines rather than in different columns. The line on which the deductible amount is written determines whether the deductible is a per claim or per occurrence deductible.

The Plaintiff directs this Court's attention to form #CG 03001185, a copy of which is attached hereto as Exhibit "A." The undersigned has drawn a line on the form, separating the per claim and per occurrence designations for ease of reference. Even a cursory review of that document is sufficient to establish that the amount "250" is written on the per claim line, signifying that the property damage liability deductible is indeed \$250.00 per claim.

The \$250.00 per claim deductible specified by form #CG 03001185 is exactly the same as the \$250.00 per claim deductible specified by form #CG 03000196. A copy of form # CG 03000196 is attached hereto as Exhibit "B". The remaining terms of form #CG 03001185 are substantively identical to the terms of form #CG 03000196 and do not alter the applicability of the \$250.00 per claim deductible in any way. Therefore, even if this Honorable Court were to accept the Defendant's argument that the applicable form is #CG 03001185 rather than the previously discussed form #CG 03000196, there is no change in the type or amount of deductible specified by the policy. Under either form, the Defendant is responsible for a \$250.00 per claim deductible on its property damage liability coverage.

Because the deductibles on the two forms are identical and interchangeable, the existence of the second form, #CG 03001185, does not create a genuine issue of material fact as to the type of deductible (per claim or per occurrence). Since the form does not create a genuine issue of material fact, there is no basis for reconsideration of this Court's entry of summary judgment in the Plaintiff's favor.

Ultimately, a review of the policy which was attached to both the Complaint and the summary judgment Motion demonstrates that form #CG 03001185 was included in the policy and was available for this Court's consideration at all times during this litigation. The fact that the Defendant did not bring it to this Court's attention is irrelevant, given the identical substantive content of the two forms. The only issue in question in the previous summary judgment proceeding was whether the \$250.00 per claim deductible was included in the policy. In the Opinion and Order of December 20, 2002, which is attached hereto as Exhibit "C", this Honorable Court found that the \$250.00 per claim deductible contained in form #CG 03000196 was included in the policy. Substitution of the provisions of form #CG 03001185 for those of form #CG 03000196 does not result in any substantive changes which might be considered genuine issues

of material fact, since the provisions are substantively identical. Whether the \$250.00 per claim deductible is enforced via form #CG 0300196 or form #CG 03001185 is irrelevant, since under either provision, the Defendant is subject to a \$250.00 per claim deductible. The terms of the Defendant's contract with the Plaintiff are clear and unambiguous. Since there is no genuine issue of material fact as to the terms of the contract, there is no basis for reconsideration and reversal of this Court's prior entry of summary judgment in favor of the Plaintiff.

CONCLUSION

Therefore, for the above reasons of fact and law, the Defendant's Motion for Reconsideration should be denied.

Respectfully submitted,

WEBER GALLAGHER SIMPSON
STAPLETON FIRES & NEWBY LLP

By:


Maureen C. Zekel, Esquire
Mary Kathryn Salynski, Esquire
Attorneys for Plaintiff

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEDUCTIBLE LIABILITY INSURANCE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Coverage

Bodily Injury Liability

Property Damage Liability

Bodily Injury Liability and Property
Damage Liability Combined

	Amount and Basis of Deductible
	\$ per claim
	\$ per occurrence
	<u>\$ 250</u> per claim
	\$ per occurrence
	\$ per claim
	\$ per occurrence

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

APPLICATION OF ENDORSEMENT (Enter below any limitations on the application of this endorsement. If no limitation is entered, the deductibles apply to damages for all "bodily injury" and "property damage", however caused):-

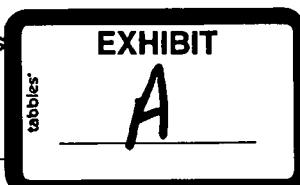
1. Our obligation under the Bodily Injury Liability and Property Damage Liability Coverages to pay damages on your behalf applies only to the amount of damages in excess of any deductible amounts stated in the Schedule above as applicable to such coverages, and the limits of insurance applicable to "each occurrence" for such coverages will be reduced by the amount of such deductible. "Aggregate" limits for such coverages shall not be reduced by the application of such deductible amount.
2. The deductible amounts stated in the Schedule apply as follows:
 - A. **PER CLAIM BASIS** - if the deductible is on a "per claim" basis, the deductible amount applies:
 1. Under the Bodily Injury Liability or Property Damage Liability Coverage, respectively:
 - a. To all damages because of "bodily injury" sustained by one person, or
 - b. To all damages because of "property damage" sustained by one person or organization, as the result of any one "occurrence."

2. Under Bodily Injury Liability and Property Damage Liability Coverage combined to all damages because of "bodily injury" and "property damage" sustained by one person or organization as the result of any one "occurrence."

B. **PER OCCURRENCE BASIS** - if the deductible is on a "per occurrence" basis, the deductible amount applies:

1. Under the Bodily Injury Liability or Property Damage Liability Coverage, respectively:
 - a. To all damages because of "bodily injury" as the result of any one "occurrence," or
 - b. To all damages because of "property damage" as the result of any one "occurrence."

regardless of the number of persons or organizations who sustain damages because of that "occurrence."



2. Under Bodily Injury Liability and Property Damage Liability Coverage combined to all damages "because of "bodily injury" and "property damage" as the result of any one "occurrence" regardless of the number of persons or organizations who sustain damages because of that "occurrence."
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 in the event of an "occurrence," claim, or suit 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 suit and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEDUCTIBLE LIABILITY INSURANCE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Coverage	Amount and Basis of Deductible PER CLAIM or PER OCCURRENCE	
Bodily Injury Liability	\$	\$
OR		
Property Damage Liability	\$	\$
OR		
Bodily Injury Liability and/or		
Property Damage Liability Combined	\$	\$

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

APPLICATION OF ENDORSEMENT (Enter below any limitations on the application of this endorsement. If no limitation is entered, the deductibles apply to damages for all "bodily injury" and "property damage", however caused):

- A. Our obligation under the Bodily Injury Liability and Property Damage Liability Coverages to pay damages on your behalf applies only to the amount of damages in excess of any deductible amounts stated in the Schedule above as applicable to such coverages.
- B. You may select a deductible amount on either a per claim or a per "occurrence" basis. Your selected deductible applies to the coverage option and to the basis of the deductible indicated by the placement of the deductible amount in the Schedule above. The deductible amount stated in the Schedule above applies as follows:
 1. **PER CLAIM BASIS.** If the deductible amount indicated in the Schedule above is on a per claim basis, that deductible applies as follows:
 - a. Under Bodily Injury Liability Coverage, to all damages sustained by any one person because of "bodily injury";
- b. Under Property Damage Liability Coverage, to all damages sustained by any one person because of "property damage"; or
- c. Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages sustained by any one person because of:
 - (1) "Bodily injury";
 - (2) "Property damage"; or
 - (3) "Bodily injury" and "property damage" combined as the result of any one "occurrence".

If damages are claimed for care, loss of services or death resulting at any time from "bodily injury", a separate deductible amount will be applied to each person making a claim for such damages.

With respect to "property damage", person includes an organization.

EXHIBIT

B

89985

2. **PER OCCURRENCE BASIS.** If the deductible amount indicated in the Schedule above is on a "per occurrence" basis, that deductible amount applies as follows:

- a. Under Bodily Injury Liability Coverage, to all damages because of "bodily injury";
- b. Under Property Damage Liability Coverage, to all damages because of "property damage"; or
- c. Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages because of:
 - (1) "Bodily injury";
 - (2) "Property damage"; or
 - (3) "Bodily injury" and "property damage" combined

as the result of any one "occurrence", regardless of the number of persons or organizations who sustain damages because of that "occurrence".

C. The terms of this insurance, including those with respect to:

1. Our right and duty to defend the insured against any "suits" seeking those damages; and
2. Your duties in the event of an "occurrence", claim, or "suit" apply irrespective of the application of the deductible amount.

D. We may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL ACTION

PENNSYLVANIA NATIONAL MUTUAL :
CASUALTY INSURANCE COMPANY :

-vs-

No. 02 - 674 - CD

ENGLISH PAINTING :

OPINION AND ORDER

On September 13, 2000, the Defendant, English Painting, a paint contractor, was painting an outdoor structure in West Decatur, Clearfield County, Pennsylvania. During the project, a gust of wind caused the paint to drift into a nearby parking lot damaging approximately 30 cars. Twenty-eight claims were filed against English Painting by the owners of these vehicles and under the provisions of the subject insurance policy, Plaintiff paid the claims for a total of \$17,716.69. Plaintiff claims that under the terms of the policy, Defendant is responsible to pay the deductible amount of \$250 on each claim for a total of \$7,899.62. Defendant's failure to pay this amount has resulted in the above-captioned action.

The parties agree that the insurance policy #CL90048510 was in full force and effect at the time of the loss. This policy contains coverage form #CG03000196 captioned "Deductible Liability Insurance". That form specifies a \$250 per claim deductible amount. The "Deductible Liability Insurance" form #CG03000196 is identified as an acceptable coverage form to the policy by the "Commercial General Liability Coverage Part" declarations page. The policy's Common Declaration Page references the Commercial General Liability Coverage Part and provides that "these declarations, together with the Common Policy Conditions, Coverage Part Coverage Form(s) and Forms, if any, issued to form a party thereof complete the above-numbered policy."



Defendant argues that the “Deductible Liability Insurance” form was not attached to or included in the policy and therefore, was not applicable or in effect at the time of the loss. In support of this argument, Defendant refers to the Commercial General Liability Coverage Part declarations page and the Common Policy Conditions Form, arguing that since the deductible was not listed on these documents, it does not apply here. However, as noted above, “Deductible Liability Insurance” provision Form CG03000196 is listed on the Commercial General Liability declarations page which is incorporated into the Common Policy Conditions. The renewal notice specifically states “please note that all endorsements listed on the renewal declarations will remain in effect during this policy term. We have attached only new or revised endorsements. For copies of any endorsement that is not attached, refer to your original policy.” This Court is of the opinion that since the “Deductible Liability Insurance” form was clearly incorporated into the policy, whether or not the form was physically attached to the renewal is not important since only new or revised provisions were attached and continuing provisions were included by reference.

Defendant further argues that simply listing the applicable form by number is insufficient to make it a condition of the policy. But the renewal policy contains a clearly marked section titled “Forms Applicable to this Coverage Part”. The number of the Deductible Liability Insurance form is clearly listed and Defendant agrees that it received this form. In Schock v. Penn Township Mutual Fire Insurance Association of Lancaster County, the Superior Court held that “the delivery of the policy as a renewal, in the absence of notice or explanation that the terms of the policy had been altered, contemplated the same terms and conditions as the existing insurance...A renewal policy of...insurance is, in effect, a new contract of insurance, and, unless otherwise expressed, on the same terms and conditions as the original policy.”

Shock vs. Penn Township Mutual Fire Insurance Association of Lancaster County, 24 A.2d 741, 743 (Pa. Super. 1942). That decision was supported by American Casualty Company of Reading vs. The Resolution Trust Corporation, 1994 U.S. Dist. Lexis 9447 (E.D. Pa. 1994) and Whiteside vs. New Castle Mutual Insurance Company, 595 F. Supp. 1096 (D.Del. 1984), (applying Pennsylvania law in diversity jurisdiction).

Defendant therefore has admitted that it received the policy containing the “Deductible Liability Insurance” form and that it has not paid the deductible amount and this Court therefore concludes that the Defendant is in breach of the terms of the insurance contract.

Defendant further argues that his insurance agent allegedly represented that the policy did not include a deductible and therefore, Defendant should be released from any liability. However, as contained in 40 P.S. §752(A)(1) the following language appears. “no agent has authority to change this policy or to waive any of its provisions.” and this Court holds that opinions extended by the agent, if any, do not constitute a legal defense to the above.

WHEREFORE, the Court enters the following:

O R D E R

NOW, this 20th day of December, 2002, upon consideration of Plaintiff's Motion for Summary Judgment, and argument and briefs thereon, it is the ORDER of this Court that said Motion be and is hereby granted and judgment entered in favor of the Plaintiff and against the Defendant in the amount of \$7,899.62, in accordance with the foregoing Opinion.

By the Court.

/s/ JOHN K. REILLY, JR.

President Judge

I hereby certify this to be a true
and attested copy of the original
statement filed in this case.

DEC 23 2002

Attest.

John K. Reilly
Prothonotary/
Clerk of Courts

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing PLAINTIFF'S RESPONSE TO DEFENDANT'S MOTION FOR RECONSIDERATION has been served by first class U.S. mail, postage prepaid, this 12th day of February, 2003, upon the following parties:

John R. Ryan, Esquire
Belin & Kubista
15 North Front Street
P.O. Box 1
Clearfield, PA 16830



Maureen C. Zemel, Esquire
Mary Kathryn Salyński, Esquire

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENNSYLVANIA NATIONAL MUTUAL
CASUALTY INSURANCE COMPANY,

Plaintiff,

vs.

ENGLISH PAINTING,

Defendant.

CIVIL DIVISION

NO.: 02-674 CD

PLAINTIFF'S BILL OF COSTS

Filed on Behalf of Plaintiff, Pennsylvania
National Mutual Casualty Insurance
Company

Counsel of Record For This Party:

Maureen C. Zemel, Esquire
PA I.D. #40985

Mary Kathryn Salynski, Esquire
PA I.D. #85787

WEBER GALLAGHER SIMPSON
STAPLETON FIRES & NEWBY LLP
Firm #594
Two Gateway Center, Suite 1450
603 Stanwix Street
Pittsburgh, PA 15222
Phone: (412) 281-4541
Fax: (412) 281-4547

FILED

JURY TRIAL DEMANDED

JAN 17 2003

William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENNSYLVANIA NATIONAL MUTUAL)	CIVIL DIVISION
CASUALTY INSURANCE COMPANY,)	
) NO.: 02-674 CD
Plaintiff,)	
)
vs.)	
)
ENGLISH PAINTING,)	
)
Defendant.)	

PLAINTIFF'S BILL OF COSTS

AND NOW, comes the Plaintiff, Pennsylvania National Mutual Casualty Insurance Company, by its attorneys, Maureen C. Zemel, Esquire, and the law firm of Weber, Gallagher, Simpson, Stapleton, Fires & Newby LLP, and files the following Bill of Costs pursuant to Local Rule 252. In support thereof, it respectfully represents to the Court as follows:

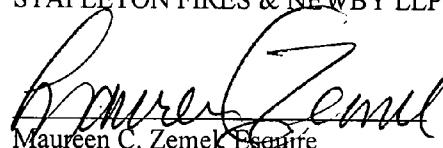
1. On December 20, 2002, this Honorable Court entered judgment for the Plaintiff in the amount of \$7,899.62 in the above-captioned action.
2. Pursuant to Local Rule 252, the Plaintiff is entitled to an additional award of costs it incurred related to this matter.
3. To date, the Plaintiff has incurred costs in the amount of \$491.42 in the promulgation of this matter. An itemized statement of those costs is attached hereto as Exhibit "A."
4. An Affidavit of Correctness, as required by Local Rule 252(b), is attached hereto as Exhibit "B."

WHEREFORE, Plaintiff, Pennsylvania National Mutual Casualty Insurance Company, respectfully requests that this Honorable Court enter an Order awarding the Plaintiff costs in the amount specified above.

Respectfully submitted,

WEBER GALLAGHER SIMPSON
STAPLETON FIRES & NEWBY LLP

By:


Maureen C. Zemek, Esquire
Mary Kathryn Salynski, Esquire
Attorneys for Plaintiff

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing PLAINTIFF'S BILL OF COSTS has been served by first class U.S. mail, postage prepaid, this 15 day of January, 2003, upon the following parties:

James N. Bryant, Esquire
Bryant & Cantorina, P.C.
107 East Main Street
Millheim, PA 16854

Mary Kathryn Salynski
Maureen C. Zemel, Esquire
Mary Kathryn Salynski, Esquire

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENNSYLVANIA NATIONAL MUTUAL
CASUALTY INSURANCE COMPANY,

Plaintiff,

vs.

ENGLISH PAINTING,

Defendant.

CIVIL DIVISION

NO.: 02-674 CD

**PLAINTIFF'S RESPONSE TO
DEFENDANT'S SUPPLEMENTAL
BRIEF IN OPPOSITION TO
PLAINTIFF'S MOTION FOR
SUMMARY JUDGMENT**

Filed on Behalf of Plaintiff, Pennsylvania
National Mutual Casualty Insurance
Company

Counsel of Record For This Party:

Maureen C. Zemel, Esquire
PA I.D. #40985

Mary Kathryn Salynski, Esquire
PA I.D. #85787

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Phone: (412) 281-4541
Fax: (412) 281-4547

JURY TRIAL DEMANDED

FILED

NOV 12 2002

William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENNSYLVANIA NATIONAL MUTUAL)	CIVIL DIVISION
CASUALTY INSURANCE COMPANY,)	
)	NO.:
Plaintiff,)	
)	
vs.)	
)	
ENGLISH PAINTING,)	
)	
Defendant.)	

**PLAINTIFF'S RESPONSE TO DEFENDANT'S SUPPLEMENTAL BRIEF
IN OPPOSITION TO PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT**

On October 23, 2002, counsel for both parties herein appeared before this Honorable Court for argument on the Plaintiff's Motion for Summary Judgment. At that time counsel for the Defendant was granted additional time within which to do extra research and file a supplemental brief. Plaintiff's response to that supplemental brief follows:

COUNTER-STATEMENT OF THE QUESTION PRESENTED

- I. Has the Defendant identified a genuine issue of material fact in the record which would defeat the Plaintiff's Motion for Summary Judgment?

ANSWER: No

DISCUSSION

As this matter is currently before this Honorable Court on a Motion for Summary Judgment, focus must be kept on the standard for that Motion as delineated in the Pennsylvania Rules of Civil Procedure. Rule 1035.2 indicates that summary judgment should be granted when the record contains no genuine issue of material fact as to any element of the cause of action. Pa.R.Civ.Pro. 1035.2.

As indicated in the Complaint, this is a breach of contract action concerning the Defendant's failure to pay deductibles as required by its insurance policy. The Defendant has agreed that the deductibles have not been paid (See Defendant's Answer, paragraph 18), and has not raised any dispute as to the amount of the damages claimed. Therefore, the focus of the Motion for Summary Judgment remains solely on the first element of a breach of contract claim, the terms of the contract. Specifically, Defendant questions whether the deductible provisions were included in the policy.

The Defendant has presented alternate arguments as to why it believes that the deductible was not included. Both arguments, as discussed below, fail to raise a genuine issue of material fact regarding the existence of the contract term. Therefore, the Plaintiff's Motion for Summary judgment must be granted.

Defendant's Argument #1: The Deductible Form Was Not Contained in the Policy

First, the Defendant argues that the deductible form itself was not contained in the policy. This argument is meritless in that it fails to raise a genuine issue of material fact and consequently must be disregarded. As discussed exhaustively, the policy form in question was termed "Deductible Liability Insurance" and was numbered CG 03 00 01 96. It is identified by form number as an applicable coverage form by the Commercial General Liability Coverage Part Declarations in the section titled "Forms Applicable to this Coverage Part." The Defendant has averred that its Exhibit "A" is a true and correct copy of the policy and has attached the Commercial General Liability Coverage Part Declarations form as the first page of its Exhibit "A" to its Answer. (See Defendant's Answer, paragraph 10). By doing so, the Defendant has acknowledged its receipt of and the applicability of the Commercial General Liability Part Declarations which indicate that the Deductible Liability Insurance form applies.

In an effort to defeat the applicability of the form, the Defendant has presented the argument that listing the applicable form by number is insufficient to include the form in the policy. The Defendant argues that the use of the form number is ambiguous and thus should be ignored. This argument is without any legal support. It is true that if policy language is ambiguous or unclear, it should be construed in a manner favorable to an insured. However, the courts "may not rewrite an insurance contract or construe clear and unambiguous language to mean other than what it says." Pfeiffer vs. Grocers Mutual Insurance Company, 379 A.2d 118, 122 (Pa.Super. 1977).

Here, the Commercial General Liability Part Declarations contain a clearly marked section entitled "Forms Applicable to this Coverage Part", under which several form numbers are listed. The type is of normal size and is free from any obstructions or marks which would prevent it from being read. The number of the "Deductible Liability Insurance" form is clearly listed, again in normal-size type and free from obstructions. There is absolutely nothing ambiguous about the fact that form CG 03 00 01 96 is included in the Commercial General Liability Part Declarations. Because the form is utterly clear, there need be no construction or revision of the policy in the Defendant's favor. The Defendant has never denied receiving this form and in fact, as noted above, has attached the Commercial General Liability Policy Declarations page to its Answer, effectively admitting its contents.

The Superior Court addressed a similar issue in Pfeiffer vs. Grocers Mutual Insurance Company (Pa.Super. 1977). In Pfeiffer, a dispute arose as to whether an insurance policy covered a demolition company's destruction of two structures which were not supposed to be demolished. The policy's declarations page contained a typed form number, L4054s, under the section marked "Endorsements and Additional Coverage Parts." The Court read the contents of L4054s along with the declarations page to

determine coverage: "the Declarations page specifies that Form No. L4054s will delimit the coverage extended by the policy. Form No. L4054s, headlined 'Coverage Part' and denominated as completing the policy describes the 'General Liability Hazards' covered by the policy...The 'Declarations' page and accompanying form L4054s spell out the property damage to which the policy applies and specifically and unambiguously limit it to damages arising from the demolition of the seven designated structures." Pfeiffer vs. Grocers Mutual Insurance Company, 379 A.2d 119, 125 (Pa.Super. 1977). Although the facts are not identical to the present case, the Superior Court clearly applied the contents of an endorsement when it was identified by form number on a declarations page.

Assuming, *arguendo*, that the Defendant's position is correct, and that the endorsements listed by number are not applicable, then there would essentially be no insurance policy provisions. Because each coverage form and endorsement is identified by number on a declaration page, the entire contents of the policy would not apply and we would be left with only the declaration page. Given that the Defendant has utilized other aspects of the policy which are identified by form number (regarding coverage, etc.), it should be estopped from asserting that the deductible provision does not apply.

In addition, common sense indicates that the form should be applicable. The nature of an insurance policy is that it contains many provisions on different subjects and that its contents cannot be contained on a single page. The practice of identifying applicable endorsements by form number is a convenient way to essentially condense the contents of a policy to one page for ease of reference. Further, it would seem that the Defendant, a commercial entity, utilizing its general knowledge and common sense, would realize that the policy contained some sort of deductible, as virtually all insurance policies do. The Defendant's claim

that it did not know a deductible applied is simply not credible, especially given its previous claims where a deductible was required.

In short, the Defendant has admitted that it received the "Commercial General Liability Declarations" form, which clearly and unambiguously identifies the Deductible Liability Insurance form by its number, CG 03 00 01 96 as an applicable provision. The form is clearly applicable and the record contains no genuine issue of material fact which would prevent the entry of summary judgment in the Plaintiff's favor.

Defendant's Argument #2: The Deductible Form Was Included in the 1995-1996 Policy, But Did Not Apply to the 2000 Renewal

The Defendant's second argument is that even though the deductible endorsement was included in the 1995-96 policy, it was not included in the renewal policy and thus does not apply.

Reference is made to the previous argument regarding the Defendant's admission of receipt of the "Commercial General Liability Declarations" page and the resulting applicability of the "Deductible Liability Insurance" provision identified by form number therein. Notwithstanding that argument, as the Defendant admits that the actual form was included in 1995, it was incorporated into the current policy through the policy renewals.

In Schock vs. Penn Township Mutual Fire Insurance Association of Lancaster County, the Superior Court held that "the delivery of the policy as a renewal, in the absence of notice or explanation that the terms of the policy had been altered, contemplated the same terms and conditions as the existing insurance...A renewal policy of...insurance is, in effect, a new contract of insurance, and, unless otherwise expressed, on the same terms and conditions as the original policy." Schock vs. Penn Township Mutual

Fire Insurance Association of Lancaster County, 24 A.2d 741, 743 (Pa.Super. 1942). That decision was supported by American Casualty Company of Reading vs. The Resolution Trust Corporation, 1994 U.S. Dist. Lexis 9447 (E.D. Pa. 1994) and Whiteside vs. New Castle Mutual Insurance Company, 595 F.Supp. 1096 (D. Del. 1984), (applying Pennsylvania law in diversity jurisdiction).

The renewal policy in question contained form 71 05 76 05 94, which is entitled "Important Notice." That form states: "Enclosed is your renewal declarations. Please note that all endorsements listed on the renewal declarations will remain in effect during this policy term. We have attached only new or revised endorsements. For copies of any endorsement that is not attached, refer to your original policy."

Although not evident from the black-and-white photocopies attached to the pleadings, the form is printed on bright yellow paper and is stapled to the first page of the policy. That form is referenced, by number, on the "Commercial Lines Policy Common Declarations" form, which the Defendant attached to its Answer as Exhibit "B". The form was also physically attached to the renewal policy. The form is clear that each and every endorsement or applicable form was not physically attached to the renewal, and that only those forms that had been changed were attached.

It is clear that the Defendant knew of this form, and therefore was on notice that only revised coverage forms were attached to the renewal. In its Answer to the Motion for Summary Judgment, the Defendant attached three letters from its agent regarding the "Deductible Liability Insurance" form. The third letter, which is attached to that Answer as Exhibit "C," states "The 1995-1996 policy year was the only policy year that we were able to find this endorsement on the policy." By that statement the Defendant has admitted that the deductible form was attached to the policy in that year. Therefore, pursuant to the

"Important Notice" (No. 71 05 76 05 94), and the Superior Court's holding in Schock, the form is incorporated into the renewal policy and becomes part of the contract.

Additionally, at oral argument, the Defendant raised the argument that the insurance agent's alleged representation that the policy did not include a deductible should have operated to prevent the Plaintiff from enforcing the deductible provision. In its supplemental brief, the Defendant also points out that 40 P.S. §753(A)(1) contains required language regarding endorsements. (To what end, the Plaintiff is unsure, given that the language is, in fact, contained in the policy, although that is not in issue here). A complete reading of the section cited by the Defendant reveals the following additional provisions: "No change in this policy shall be valid until approved by an executive officer of the insurer and unless such approval be endorsed hereon or attached hereto. **No agent has authority to change this policy or to waive any of its provisions.**" 40 P.S. §753(A)(1). *Emphasis added.* Assuming *arguendo*, that the first sentence of the section applies, then, for completeness, we must also apply the remainder of the section which indicates that the agent's representations do not change the policy terms, thus negating any possible effect the three letters may have had on the issue at hand.

Therefore, given the Superior Court's decision in Schock, along with the "Important Notice" form, it is clear that the "Deductible Liability Insurance" form was incorporated into the policy renewal and the record reveals no genuine issue of material fact to indicate otherwise.

CONCLUSION

It is clear that the "Deductible Liability Insurance" form in question was included as a policy term in the renewal. By Defendant's own admission, the form was included in the past (and thus incorporated pursuant to other policy provisions and case law) and was also identified by its form number on the

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William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

CIVIL ACTION

PENNSYLVANIA NATIONAL MUTUAL :

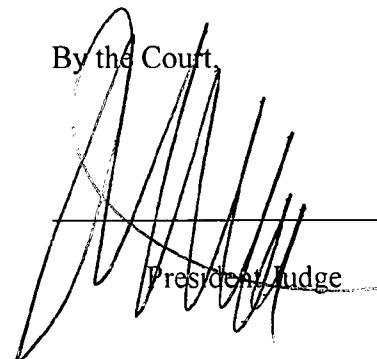
CASUALTY INSURANCE COMPANY :

-vs- : No. 02 - 674 - CD

ENGLISH PAINTING :

ORDER

NOW, this 24th day of February, 2003, upon consideration of Plaintiff's Bill of Costs and Defendant's Objections thereto, it is the ORDER of this court that said Objections be and are hereby sustained to all costs listed in Plaintiff's Bill with the exception of the filing fee in the amount of \$85.00 which Defendant shall pay in the event its Motion for Reconsideration is dismissed.

By the Court,

President Judge

FILED

FEB 24 2003

William A. Shaw
Prothonotary

FILED

1cc. Atty Maureen Middleman
03/05/13 1cc. Atty Ryan

FEB 24 2013

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William A. Shaw
Prothonotary