

2022 Workers' Compensation Coverage Document



**VLCT
PACIF**

**VLCT
Property And Casualty Intermunicipal Fund, Inc.
(PACIF)**

WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY COVERAGE PROVISIONS

In return for the Named Member's contribution and subject to all terms of this Coverage, the Fund agrees with the Named Member as follows:

GENERAL SECTION

A. The Coverage

This Coverage Document is an agreement between the Named Members and the Fund. The only agreements relating to this coverage are stated in this section and the Named Members' participation agreements with the Fund. The terms of this coverage may not be changed or waived except by endorsement issued by the Fund to be part of this Coverage Document.

B. Who Is Covered

The Named Member is covered as listed on the Declarations Page.

C. Workers' Compensation Law

Workers' Compensation Law means the workers' or workmen's compensation law and occupational disease law of each state or territory in which the Named Member is obligated to provide workers' compensation or occupational disease benefits. It includes any amendments to that law which are in effect during the Coverage Period. It does not include the provisions of any law that provides non-occupational disability benefits.

D. State

State means any state of the United States of America, and the District of Columbia.

E. Locations

This Coverage Document covers all of the Named Members' workplaces in Vermont and it covers all other workplaces unless the Named Member has other insurance or is self-insured for such workplaces.

F. Applicability Of Coverage To Parties To A Civil Union

All coverage definitions and coverage provisions referencing a spouse or other member(s) of a person's family shall include parties to a civil union under Vermont law, and their families, and be interpreted to provide equivalent coverage for married couples, civil union couples, and their families.

PART ONE – WORKERS’ COMPENSATION COVERAGE

A. How This Coverage Applies

This workers’ compensation coverage applies to bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.

1. Bodily injury by accident must occur during the Coverage Period.
2. Bodily injury by disease must be caused or aggravated by the conditions of the Named Member’s employment. The employee’s last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the Coverage Period.

B. The Fund Will Pay

The Fund will pay promptly when due the benefits required of the Named Member by the workers’ compensation law.

C. The Fund Will Defend

The Fund has the right to defend any claim, proceeding or suit against the Named Member for benefits payable by this coverage. The Fund has the right to investigate and settle these claims, proceedings or suits.

The Fund has no duty to defend a claim, proceeding or suit that is not covered by this coverage.

D. The Fund Will Also Pay

The Fund will also pay these costs, in addition to other amounts payable under this coverage, as part of any claim, proceeding or suit the Fund defends:

1. reasonable expense incurred at our request, but not loss of earnings;
2. premiums for bonds to release attachments and for appeal bonds in bond amounts up to the amount payable under this coverage;
3. litigation costs taxed against the Named Member;
4. interest on a judgment as required by law until the Fund offers the amount due under this coverage; and
5. expenses the Fund incurs.

E. Other Coverage

The Fund will not pay more than its share of benefits and costs covered by this coverage and other insurance or self-insurance. Subject to any limits of liability that may apply, all shares will be equal until the loss is paid. If any coverage insurance or self-insurance is exhausted, the share of all remaining coverage insurance and self-insurance will be equal until the loss is paid.

F. Payments The Named Member Must Make

The Named Member is responsible for any payments in excess of the benefits regularly provided by the workers' compensation law including those required because:

1. of the Named Member's serious and willful misconduct;
2. the Named Member knowingly employs an employee in violation of law;
3. the Named Member fails to comply with a health or safety law or regulation; or
4. the Named Member discharges or coerces or otherwise discriminates against any employee in violation of the workers' compensation law.

If the Fund makes any payments in excess of the benefits regularly provided by the workers' compensation law on the Named Member's behalf, the Named member will reimburse the Fund promptly.

G. Recovery From Others

The Fund has the Named Member's rights, and the rights of persons entitled to the benefits of this coverage, to recover the Funds payments from anyone liable for the injury. The Named Member will do everything necessary to protect those rights for the Fund and to help the fund enforce them.

H. Statutory Provisions

These statements apply when they are required by law.

1. As between an injured worker and the Fund, the Fund has notice of the injury when the Named Member has notice.
2. The Named Member's default or the bankruptcy or insolvency of the Named Member will not relieve the Fund of its duties under this coverage after an injury occurs.
3. The Fund is directly and primarily liable to any persons entitled to the benefits payable by this coverage. Those persons may enforce the Fund's duties; so may an agency authorized by law. Enforcement may be against the Fund or against the Named Member and the Fund.
4. Jurisdiction over the Named Member is jurisdiction over the Fund for purposes of the workers' compensation law. The Fund is bound by decisions against the Named Member under law subject to the provisions of this Coverage Document that are not in conflict with that law.

5. This Coverage conforms to the parts of the workers' compensation law that apply to:
 - a. benefits payable by this coverage;
 - b. special taxes, payments into security or other special funds, and assessments payable by the Fund under that law.
6. Terms of this coverage that conflict with the workers' compensation law are changed by this statement to conform to that law.

I. Deductible

1. If a deductible is shown on the Declarations Page, Part One – Workers' Compensation Coverage applies only to benefits in excess of the deductible amount shown on the Declarations Page.
2. The deductible applies separately to each claim for bodily injury by accident or disease.
3. The Fund will pay the benefits representing the deductible amount on behalf of the Named Member, but the Named Member must reimburse the Fund within 30 days after the Fund sends the Named Member notice that reimbursement is due. If the Named Member fails to fully reimburse the Fund, the Fund may cancel Coverage as provided in Part Five – Conditions, section C. Cancellation and Non-Renewal. In the event of cancellation, the Fund shall apply any amount of unearned contribution to the unreimbursed deductible.

Nothing in these paragraphs relieves the Named Member of the Named Member's duties under this Coverage Document.

PART TWO – EMPLOYERS’ LIABILITY COVERAGE

A. How This Coverage Applies

This employers’ liability coverage applies to bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.

1. The bodily injury must arise out of and in the course of the injured employee’s Employment by the Named Member.
2. The employment must be necessary or incidental to the Named Member’s work in Vermont.
3. Bodily injury by accident must occur during the Coverage Period.
4. Bodily injury by disease must be caused or aggravated by the conditions of the Named Member’s employment. The employee’s last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the Coverage Period.
5. If the Named Member is sued, the original suit and any related legal actions for damages for bodily injury by accident or by disease must be brought in the United States of America, its territories or possessions, or Canada.

B. The Fund Will Pay

The Fund will pay all sums the Named Member legally must pay as damages because of bodily injury to the Named Member’s employees, provided the bodily injury is covered by this employers’ liability coverage.

The damages the Fund will pay, where recovery is permitted by law, include damages:

1. for which the Named Member is liable to a third party be reason of a claim or suit against the Named Member by that third party to recover the damages claimed against such third party as a result of injury to the Named Member’s employee;
2. for care and loss of services;
3. for consequential bodily injury to a spouse, child, parent, brother or sister of the injured employee;

Provided that these damages are the direct consequence of bodily injury that arises out of and in the course of the injured employee’s employment by the Named Member; and

4. because of bodily injury to the Named Member’s employee that arises out of and in the course of employment, claimed against the Named Member in a capacity other than as employer.

C. Exclusions

This coverage does not cover:

1. liability assumed under a contract. This exclusion does not apply to a warranty that the Named Member's work will be done in a workmanlike manner;
2. punitive or exemplary damages assessed against the Named Member:
 - a. on account of bodily injury or occupational disease sustained by any employee; or
 - b. because of the conduct of the Named Member, or any of its agents in the investigation, trial or settlement of any claim for benefits
3. bodily injury to an employee while employed in violation of law with the Named Member's actual knowledge or the actual knowledge of any of the Named Member's officials;
4. any obligation imposed by a workers' compensation, occupational disease, unemployment compensation, or disability benefits law, or any similar law;
5. bodily injury intentionally caused or aggravated by the Named Member;
6. bodily injury occurring outside the United States of America, its territories or possessions, and Canada. This exclusion does not apply to bodily injury to a citizen or resident of the United States of America or Canada who is temporarily outside these countries;
7. damages arising out of the discharge of, coercion of, or discrimination against any employee in violation of law.

D. The Fund Will Defend

The Fund has the right and duty to defend any claim, proceeding or suit against the Named Member for damages payable by this coverage. The Fund has the right to investigate and settle these claims, proceedings and suits.

The Fund has no duty to defend a claim, proceeding or suit that is not covered by this coverage. The Fund has no duty to defend or continue defending after the Fund has paid the Fund's applicable limit of liability under this coverage.

E. The Fund Will Also Pay

The Fund will also pay these costs, in addition to other amounts payable under this coverage, as part of any claim proceeding, or suit the Fund defends, subject to the limit provided:

1. reasonable expenses incurred at the Fund's request; but not loss of earnings;
2. premiums for bonds to release attachments and for appeal bonds in bond amounts up to the limit of the Fund's liability under this coverage;

3. litigation costs taxed against the Named Member;
4. interest on a judgment as required by law until the Fund offers the amount due under this coverage; and
5. expenses the Fund incurs.

F. Other Coverage

The Fund will not pay more than its share of damages and costs covered by this coverage and other insurance or self-insurance. Subject to any limits of liability that apply, all shares will be equal until the loss is paid. If any coverage, insurance or self-insurance is exhausted, the share of all remaining coverages, insurance, and self-insurance will be equal until the loss is paid.

G. Limits of Liability

The Fund's liability to pay for damages is limited. The Fund's limit of liability is \$5,000,000 per occurrence and in the aggregate annually, per Named Member, to include defense costs under Part Two-D and costs under Part Two-E for Bodily Injury by Accident and Bodily Injury by Disease.

1. Bodily Injury by Accident. The limit shown for bodily injury by accident is the most the Fund will pay for all damages covered by this Coverage because of bodily injury to one or more employees in any one accident.

A disease is not bodily injury by accident unless it results directly from bodily injury by accident.

2. Bodily Injury by Disease. The limit shown for bodily injury by disease is the most the Fund will pay for all damages covered by this Coverage and arising out of bodily injury by disease, regardless of the number of employees who sustain bodily injury by disease.

Bodily injury by disease does not include disease that results directly from a bodily injury by accident.

3. The Fund will not pay any claims for damages, including the defense thereof after the Fund has paid the applicable limit of liability under this Coverage.

H. Recovery From Others

The Fund has the Named Member's right to recover the Fund's payment from anyone liable for an injury covered by this coverage. The Named Member will do everything necessary to protect those rights for the Fund and to help the Fund enforce them.

I. Action Against the Fund

There will be no right of action against the Fund under this coverage unless:

1. The Named Member has complied with all the terms of this Coverage Document and;

2. The amount the Named Member owes has been determined with the Fund's consent or by actual trial and final judgment.

This coverage does not give anyone the right to add the Fund as a defendant in an action against the Named Member to determine the Named Member's liability.

DRAFT-Pending DFR Approval

PART THREE – THE NAMED MEMBER’S DUTIES
IF INJURY OCCURS

The Named Member shall tell the Fund at once if injury occurs that may be covered by this Coverage Document. The Named Member’s other duties are listed here.

1. Provide for immediate medical and other services required by the workers’ compensation law.
2. Give the Fund or its agent the names and addresses of the injured persons and of witnesses, and other information the Fund may need.
3. Promptly give the Fund all notices, demands and legal papers related to the injury, claims, proceeding or suit.
4. Cooperate with the Fund and assist the Fund, as the Fund may request, in the investigation, settlement or defense of any claim, proceeding or suit.
5. Do nothing after an injury occurs that would interfere with the Fund’s right to recover from others.
6. Do not voluntarily make payments, assume obligations or incur expenses, except at the Named Member’s own cost.

PART FOUR – CONTRIBUTION

A. The Fund's Manuals

All contributions for this Coverage Document will be determined by the Fund's manuals of rules, rates, rating plans and classifications. The Fund may change its manuals and apply the changes to this Coverage Document if authorized by the Fund's Board of Directors.

B. Classifications

The contribution sheet of each Named Member shows the rate and contribution basis for certain business or work classifications. These classifications were assigned based on an estimate of the exposures the Named Member would have during the Coverage Period. If the Named Member's actual exposures are not properly described by those classifications, the Fund will assign proper classifications, rates and contribution basis by amendment.

C. Remuneration

Contribution for each work classification is determined by multiplying a rate times a contribution basis. Remuneration is the most common contribution basis. This contribution basis includes payroll and all other remuneration paid or payable during the Coverage Period for the services of:

1. All the Named Member's officers and employees engaged in work covered by this Coverage Document; and
2. All other persons engaged in work that could make the Fund liable under Part One – Workers' Compensation Coverage of this Coverage Document. If the Named Member does not have payroll records for these persons, the contract price for their services and materials may be used as the contribution basis. This paragraph 2 will not apply if the Named Member gives the Fund proof that the employers of these persons lawfully secured their workers' compensation obligations.

D. Contribution Payments

The Named Member will pay all contributions when due. The Named Member will pay the contribution even if part or all of a workers' compensation law is not valid.

E. Final Contribution

The contribution shown on the contribution sheet is an estimate. The final contribution will be determined after this Coverage Document ends by using the actual, not the estimated contribution basis and the proper classification and rates that apply to the business and work covered by this program. If the final contribution is more than the contribution the Named Member paid the Fund, the Named Member must pay the Fund the balance. If it is less, the Fund will refund the balance to the Named Member. The final contribution will not be less than the highest minimum contribution for the classifications covered by this coverage.

If this Coverage Document is canceled, final contribution will be determined in the following way unless the Fund's manuals provide otherwise.

If the Fund cancels, final contribution will be calculated pro rata based on the time this Coverage Document was in force. Final contribution will not be less than the pro rata share of the minimum contribution.

F. Records

The Named Member will keep records of information needed to compute contributions. The Named Member will provide the Fund with copies of these records when the Fund asks for them.

G. Audit

The Named Member will allow the Fund to examine and audit all the Named Member's records that related to this Coverage Document. These records include ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records, and programs for storing and retrieving data. The Fund may conduct the audit during regular business hours during the Coverage Period and within three years after the Coverage Period ends. Information developed by audit will be used to determine final contribution.

PART FIVE – CONDITIONS

A. Inspection

The Fund has the right, but is not obliged to inspect the Named Member's workplaces at any time. The Fund's inspections are not safety inspections. They relate only to the insurability of the workplaces and the contributions to be charged. The Fund may give the Named Member reports on the conditions the Fund finds.

The Fund may also make observations and suggestions. The Named Member shall independently determine whether it is appropriate to implement them. While they may help reduce losses, the Fund does not undertake the Named Member's obligation to provide a safe facility to members of the public nor undertake the Named Member's obligation to provide its employees and officers a safe workplace. The Fund does not warrant that the Named Member's workplaces are safe or healthful or that they comply with laws, regulations, costs or standards. The safety of the Named Member's workplaces are, and must remain, obligations which are the sole responsibility of the Named Member.

B. Transfer Of The Named Member's Rights and Duties

The Named Member's rights or duties under this Coverage may not be transferred without the Fund's written consent.

C. Cancellation and Non-Renewal

1. The Named Member may elect to non-renew this Coverage only at the end of a Coverage Period. The Named Member must both:
 - a. Provide the Fund with sixty (60) days advance written conditional notice of non-renewal, and
 - b. Provide the Fund with written actual notice of non-renewal before the close of business of the last business day of the Coverage Period.
2. The Fund may cancel or elect not to renew this Coverage. The Fund must mail or deliver to the Named Member by certified mail, not less than forty-five (45) days for non-payment of contribution or deductible reimbursement and sixty (60) days for all other reasons, advance written notice stating when the cancellation or non-renewal is to take effect. The Fund will mail that notice to the Named Member at the Named Member's mailing address.
3. The Coverage Period will end on the day and hour stated in the cancellation notice.
4. Any of these provisions that conflict with a law that controls the cancellation of the coverage in this Coverage Document is changed by this statement to comply with that law.

PART SIX – COVERAGE EXTENSIONS

A. Incidental Longshoremen’s and Harbor Workers’ Compensation Act Coverage

In consideration of the payment of contribution and adherence by both parties to the terms of this Agreement, it is hereby understood and agreed as follows:

This Agreement also applies to bodily injury by accident or bodily injury by disease sustained by the Named Member because of liability imposed upon the Named Member by the U.S. Longshoremen’s and Harbor Workers’ Compensation Act due to bodily injury taking place within the Coverage Period as a result of incidental work, subject to that Act, performed by employees of the Named Member. Incidental work means incidental to an employee’s normal duties for or on behalf of the Named Member. To that end the term “Workers’ Compensation Law” includes the Longshoremen’s and Harbor Workers’ Compensation Act (33 USC Sections 901-950) and any amendment to that Act that is in effect during the Coverage Period.

Any incidental Longshoremen’s and Harbor Workers’ Compensation Act bodily injury, so covered, is subject to the Coverage Limit(s) shown in the Declarations.

All other terms, conditions, agreements and stipulations remain unchanged.

B. Incidental Maritime Coverage

In consideration of the payment of premium and adherence by both parties of the terms of this Agreement, it is hereby understood and agreed as follows:

The coverage afforded by Employers’ Liability Laws, as specified in this Agreement, shall include bodily injury by accident or bodily injury by disease to a master or member of the crew of a vessel as a result of work incidental to an employee’s normal duties for or on behalf of the Named Member, subject to the following additional provisions:

This coverage does not include:

1. Bodily injury by accident or bodily injury by disease covered by a Protection and Indemnity Policy or similar policy issued to the Named Member or for the Named Member’s benefit. This exclusion applies even if the other policy does not apply because of any other insurance clause, deductible or limitation of liability clause, or any similar clause.
2. Bodily injury by accident or bodily injury by disease resulting from the Named Member’s duty to provide transportation, wages, maintenance and cure.

All other terms, conditions, agreements and stipulations remain unchanged.

C. Broad Form All States For Employee Travel Coverage

In consideration of the payment of contribution and adherence by both parties to the terms of this Agreement, it is hereby understood and agreed that this Agreement shall include the following:

1. If the Named Member undertakes operations in or, at the request of the Named Member, an employee travels to or is temporarily assigned to, any state other than Vermont, this Agreement applies to such operations, travel or temporary assignment. Should the Named Member undertake operations in a state other than Vermont, the Named Member shall give notice to the Fund before or within a reasonable time after the commencement of such operations. The Named Member shall take whatever action is necessary to come within the Workers' Compensation and occupational disease laws of such state.
2. Should an employee, at the direction of the Named Member, travel to or be temporarily assigned to any state or states other than Vermont, this Agreement shall provide coverage for benefits required of the Named Member because of liability imposed upon the Named Member by the Workers' Compensation and Employers' Liability Laws of such state.
3. This Agreement also applies to bodily injury sustained by the Named Member because of liability imposed upon the Named Member by the Workers' Compensation and Employers' Liability Laws of such state.
4. Any bodily injury covered by this Extension shall be subject to all the limitations of this Agreement including but not limited to Coverage Limit(s) shown in the Declarations.
5. The word state as used in this Extension shall mean any state of the United States of America and the District of Columbia.
6. The coverage afforded by this Extension does not cover fines or penalties imposed on the Named Member for failure to comply with the requirements of any Workers' Compensation Law.
7. All of the provisions of this Agreement, insofar as such provisions are not inconsistent herewith, are applicable to the coverage afforded by the Agreement by virtue of this Extension.

All other terms, conditions, agreements and stipulations remain unchanged.

D. Voluntary Compensation Coverage

In consideration of the payment of contribution and adherence by both parties to the terms of this Agreement, it is hereby understood and agreed that this Extension adds voluntary compensation coverage to this Agreement as follows:

Coverage

It is the intent of this Extension to extend the coverage provided by this Agreement to non-compensated municipal volunteer employees, operating at the direction of the Named Member while performing duties for or on behalf of the Named Member, as if the municipal volunteer employees were subject to the Workers' Compensation and Employers' Liability Laws stipulated in the Schedule below, even though these laws may not require payment of benefits to such volunteer employees.

This coverage applies to benefits required of the Named Member because of bodily injury by accident or bodily injury by occupational disease, including death resulting there from, due to bodily injury occurring within the Coverage Period of this Agreement.

1. The bodily injury or occupational disease must be sustained by a municipal volunteer employee included in the group of municipal volunteer employees described in the below Schedule.
2. The bodily injury or occupational disease must occur in the course of employment necessary or incidental to work for or on behalf of the Named Member in a state listed in the Schedule.
3. The bodily injury or occupational disease must occur in the United States of America, its territories or possessions or Canada and may occur elsewhere if the employee is an American or Canadian citizen temporarily away from their home country.

Indemnification

The Fund will indemnify the Named Member for bodily injury or occupational disease in satisfaction of statutory benefits that would be imposed if the Named Member and municipal volunteer employees described in the Schedule were subject to the Workers' Compensation Law shown in the Schedule. Indemnification for any such Loss is subject to the Coverage Limit(s) shown in the Declarations.

Exclusions

This coverage does not cover:

1. Any obligation imposed by a workers' compensation or occupational disease law, or any similar law.
2. Bodily injury or occupational disease intentionally caused or aggravated by the Named Member.

Before Indemnification

Before the Fund indemnifies the Named Member, the injured municipal volunteer employee, or his legal representative in the case of his incapacity or death, must:

1. Release the Named Member and the Fund, in writing, of all responsibility for the injury, disease or death.
2. Transfer to the Named Member and the Fund their right to recover from others who may be responsible for the injury, disease or death.
3. Cooperate and do everything necessary to enable the Named Member and the Fund to enforce the right to recover from others.
4. If the injured municipal volunteer employee, or his legal representative(s), fails to perform as required above, or if they claim damages from the Named Member or the Fund for the injury or disease, the Fund's duty to indemnify the Named Member is immediately terminated.

Recovery From Others

If the Fund makes a recovery from others, the Fund will keep an amount equal to its expenses of recovery and the bodily injury and occupational disease paid by the Fund. The Fund will pay the balance to the parties entitled to payment. If the parties entitled to the benefits of this coverage make a recovery from others, they must reimburse the Fund for the bodily injury or occupational disease and expenses previously paid by the Fund to such parties.

Contribution

It is agreed that all persons who donate their services to the Named Member will be reported for purposes of contribution computation at an hourly wage of \$9.15 per hour minimum, unless the work they do is similar to the work being done by a paid employee who is receiving more than a \$9.15 per hour wage, in which event the wage reported for the unpaid municipal volunteer employee will be the same as the wage reported for the paid employee.

SCHEDULE

Employees	State of Employment	Designated Workers' Compensation Law
Only those municipal volunteer Employees with prior express Written approval of the Fund while not subject to any Workers' Compensation Law	VERMONT	State of VERMONT

All other terms, conditions, agreements and stipulations remain unchanged.

E. Foreign Voluntary Workers' Compensation and Employers' Liability Coverage

SECTION 1. SCOPE OF COVERAGE

1. The coverage afforded by this Agreement also applies to employees, as defined in Section 2 of this Extension, who are employed to work at locations anywhere in the world, outside the United States or United States possessions and territories.
2. Benefits payable under this Extension are the same as those that would be payable if the employees in question were subject to the Workers' Compensation Law of the following State or States: VERMONT
3. Benefits payable under this Extension shall include repatriation expense in an amount up to \$25,000 with respect to any one employee and as otherwise subject to the Fund's Foreign Voluntary Extension Limit of Liability for Coverage B – Employers' Liability.
4. The Fund's Foreign Voluntary Extension Limit of Liability for Coverage B – Employers' Liability is limited to \$500,000.

SECTION 2. EMPLOYEES COVERED

1. It is agreed that the coverage provided by this Agreement also applies to those employees of the Named Member who are hired or assigned by the Named Member to work at locations within the country or countries stated in this Extension.
2. This coverage, with respect to any such employee, shall attach from the moment such employee is hired or assigned for such work and shall cease from the moment the employment or assignment for such work is terminated. If the employee has been hired in the United States of America, coverage continues after termination of employment until the employee returns to the United States of America or for a reasonable period of time for the opportunity to return to the United States of America, unless termination of employment is due to the employee's resignation.
3. This coverage shall not apply to persons other than citizens or residents of the United States of America anywhere in the world outside of the United States possessions and territories except as stated herein: NONE
4. The benefits payable hereunder shall also be deemed payable to or for an employee who contracts an endemic disease, providing that such disease shall have manifested itself within thirty (30) days from the moment such employee's employment or assignment for such work is terminated.

F. Policyholder Disclosure Notice of Terrorism Coverage

In consideration of the payment of contribution and adherence by both parties to the terms of this Agreement, it is hereby understood and agreed as follows:

Coverage for workers' compensation losses caused by certified acts of terrorism is included in this Agreement as set forth under the Terrorism Risk Insurance Act of 2002 as last amended ("the Act").

For purposes of this Extension, a "certified act of terrorism" is defined as any act:

- a. That is certified by the Secretary of the Treasury in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism; and,
- b. That is violent or dangerous to human life, property or infrastructure; and,
- c. That results in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and,
- d. That has been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Coverage for such losses is still subject to all terms, definitions, exclusions, and conditions in this Agreement, and any applicable federal and/or state laws, rules, or regulations. Under the Act, terrorism losses would be partially reimbursed by the U.S. Government under a formula established by the Act. Under this formula, the U.S. Government would generally reimburse 85% of covered terrorism losses exceeding a deductible paid by the Fund. The Act contains a \$100 billion cap that limits the reimbursement from the U.S. Government as well as from all insurers. If aggregate insured losses for all insurers exceed \$100 billion, the Named Member's coverage may be reduced.

All other terms, conditions, agreements and stipulations remain unchanged.