

UNDERGROUND UTILITIES COVERAGE

Various provisions in this policy restrict coverage. Please read this policy carefully to determine rights, duties and to determine what is and what is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown on the Declarations. The words "we", "us", and "ours" refer to the Company providing the insurance.

Other words and phrases used in this Coverage Form have special meanings. These words or phrases will be shown within quotation marks. Refer to Section H. Definitions to determine these special meanings.

A. COVERAGE

1. **Leak Coverage** – We will pay for your "customer" excess water charges that are incurred as a result of a "loss" to any "customer" property by a Covered Cause of Loss. Excess water charges, as used here, means those which are in excess to the "customer" average water use. However, we will not pay for your "customer" excess water charges that are incurred due to "loss" to any property stated in 2. Property Not Covered f., g., i., or j., below.

We will pay for only one occurrence in any one twelve month policy period for any one "customer", and is subject to a maximum of \$2,500.

The "loss" to "customer" property must occur after the effective date of the "customer's" coverage.

2. **Line Coverage** - We will pay for damage consisting of cracking or breaking of Covered Property from any Covered Cause of Loss.

Covered Property, means "Customer" waterlines consisting of underground waterlines used for the distribution of potable water, beginning at the point where your customer's waterline connects to your main public or municipal waterline and ending at the main shut off valve

The most that we will pay for "Customer" waterlines for any one "customer" in any one occurrence is \$10,000; and/or

We only provide coverage for one or more of the above options when the "customer" is shown on the applicable monthly report(s) provided in accordance with Section E. Reporting Conditions and Provisions.

2. Property Not Covered

- a. Water meters, water meter pit or water meter vault;
- b. Non-leaking shut off valves or waterlines;
- c. Any building or structure or personal property, other than Covered Property described above;
- d. Any water line that is not connected to your water service;
- e. Any waterline(s) or pipe(s) beyond the "customer's" main shut off valve.
- f. Irrigation systems, pressure-reducing valves or back flow preventers;

- g. Waterlines located underneath the foundation or slab of any building or structure;
- h. Waterlines providing service to any home that is unoccupied or vacant, regardless of whether or not the home is in the course of construction, renovation or remediation;
- i. Water or land.

3. Coverage Extensions

This Coverage Form includes the following Coverage Extensions. The limits for the Coverage Extensions are included within and are not in addition to the Limits of Insurance. The Coverage Extensions provided below do not apply to Coverage A.2, Leak Coverage.

a. Coverage Extension—Re-seeding and Landscaping Expense

We will pay to re-seed a lawn or re-landscape a “customer” yard following excavation to uncover a customer’s water line due to a Covered Cause of Loss, we will pay the reasonable and necessary amount you spend to restore the “customer” yard to its condition immediately before “loss”.

This is the only coverage that applies to Re-Seeding and Landscaping Expense.

b. Coverage Extension—Restoration of “Paved Surfaces”

If it is necessary to remove “paved surfaces” or a portion thereof to repair or replace Covered Property as a result of a Covered “loss”, we will pay to restore those “paved surfaces” at a “customer” premises. We will pay the reasonable and necessary amount you spend to restore the “customer’s” “paved surfaces” with material of like kind and quality.

This coverage does not apply to any foundation or slab of any building or structure, or any deck or patio of any building or structure that must be broken or removed in order to gain access to any waterline.

This is the only coverage that applies to Restoration of “Paved Surfaces”.

4. Covered Causes of Loss

Covered Cause of Loss means risk of direct physical “loss” unless excluded by causes of “loss” listed in the B. Exclusions section.

B. EXCLUSIONS

- 1. We will not pay for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.
 - a. Seizure or destruction by order of any governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if that fire would be covered under this Coverage Form.

b. Nuclear Hazard

Nuclear Hazard 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.

c. 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 by governmental authority in hindering or defending against any of these.

d. Earthquake

1. Earthquake, including tremors or aftershocks and any earth sinking, rising or shifting relating to such event;
2. Landslide, including any earth sinking, rising or shifting related to such event;
3. Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
4. 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 physical 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.

With respect to Volcanic Action as set forth in 4.a, 4.b, and 4.c, 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.

This exclusion applies regardless of whether any of the above, in Paragraphs 1 through 4 is caused by an act of nature or is otherwise caused.

This exclusion does not apply to "sinkhole collapse."

e. Flood and Related Water

1. Flood, surface water, wave (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
2. Mudslide or mudflow;
3. Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
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; or
 - d). Waterborne material carried or otherwise moved by any of the water referred to in Paragraph 1., 3., or 4., or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs 1. through 4. is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs 1. through 4. results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

f. "Fungus", wet rot, dry rot, or bacteria.

g. Ordinance or Law.

The enforcement of any code, ordinance or law that regulates the construction, repair, replacement or use of Covered Property. This exclusion applies to:

1. Property which was not in compliance with any code, law or ordinance at the time of its installation or any subsequent code, ordinance or law; or
2. Undamaged Covered Property which must be moved or replaced solely to comply with such code, ordinance or law.

2. We will not pay for "loss" caused by or resulting from any of the following:

- a. Delay, loss of use, loss of market or any other consequential loss or expense.
- b. Dishonest or intentional acts by:
 1. You or any of your partners;
 2. Your directors or trustees;

3. Your authorized representatives or employees; or

4. Your "customer":

- a) Whether acting alone or in collusion with others; and
- b) Regardless of the time when such act occurs.
- c. Artificially generated electrical current, including electrical arcing, that disturbs electrical devices, appliances or wires; mechanical or electrical breakdown of any machinery, including rupturing or bursting caused by centrifugal force.
- d. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control.
- e. Discharge, dispersal, seepage, migration, release or escape of "pollutants";
- f. Any cost to move or remove personal property in order to gain access to Covered Property.
- g. Loss or damage to any water line, or any component of any waterline, that is caused by or results from any work completed by the "customer" or any contractor hired by any "customer".

This provision does not apply to any loss caused by any independent contractor approved by us; or when the "customer", his contractor, or you, has called the federally mandated national call-before-you-dig number, Digsafe 811, or the state specific call-before-you-dig number prior to any loss or damage and the waterline location has been marked and a ticket has been documented.

h. Costs to remove plugs or clogs from Covered Property.

i. Contamination, or alleged contamination, of water by "pollutants", substances or organisms.

C. Limits of Insurance

The most we pay for "loss" in any one occurrence, for any one "customer" is the Total Limit of Insurance shown on the Underground Utilities Coverage Schedule of Coverages.

D. Valuation

The Provisions applicable to Valuation found in the Inland Marine General Conditions are replaced by the following:

1. The value of Covered Property will be Replacement Cost. We will not deduct depreciation. We will not pay more than the Limit of Insurance shown on the Underground Utilities Coverage Form Schedule of Coverages.

E. Reporting Conditions and Provisions

When Reporting is shown on the Underground Utilities Coverage Schedule of Coverages, you must report the details of "customers" to us in accordance with the reporting provisions and the time periods shown. The premium shown for this policy is a deposit premium. This deposit is the amount of premium you must pay at the inception of the policy period based on what you and we agree, or what you and we estimate the cost of insurance applicable to this coverage will be for the policy term indicated.

As used by this policy, reporting period means the period of time, beginning with the inception of the policy, when you must tell us, in writing, of the Covered Property covered by this policy.

The written notices that you give us must include:

a. Underground Utilities—

The report that you provide must include all of the following:

- (i) "customer" name and address; and
- (ii) The type of protection in accordance with the provisions of A. Coverage, 1. Covered Property.

1. Provisions applicable to Cancellation or Non-Renewal.

If you or we cancel or do not renew this policy for any reason, any reports that you owe at time of cancellation or non-renewal are still due. We will adjust the policy in accordance with the policy provisions. You must pay any premium that is due us for the period up to and including the date of cancellation or non-renewal. We will return any unearned deposit premium in excess of the applicable minimum premium to you.

- 2. If you fail to report any "customer", no coverage will apply to any property applicable to that unreported customer.

F. Final Premium Computation and Adjustment --

We will adjust the policy in the following manner.

We will multiply the number of enrolled "customers" shown on the periodic report that you provide by the reporting rate that you and we agree upon and which is shown on the Underground Utilities Schedule of Coverage. We will compare the result of this calculation to the deposit premium shown on the Declarations. If the amount is less than the deposit premium, you will not pay any additional premium until the deposit premium is used up. If the result of the calculation is more than the deposit premium, you will owe us the amount of premium in excess of the deposit premium. Such additional premiums are due immediately.

If the final premium calculated does not use up the entire deposit premium, we will return the portion of the unearned deposit premium to you. We will retain the minimum premium shown on the Underground Utilities Schedule.

G. Additional Conditions

1. Coverage Territory

We only insure Covered Property located in:

- a. The United States of America.

2. Legal Action Against Us

The provisions applicable to Legal Action Against Us found in the Commercial Inland Marine Conditions are replaced by the following:

C. 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 1 year after you first have knowledge of the direct loss or damage.

H. Definitions

1. "Customer" means a utility customer who has paid a fee for coverage under this Coverage Form.
2. "Fungus" means any type or form of fungus; mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungus; any type or form of algae or lichens.
3. "Loss" means accidental loss or damage.
4. "Paved surface" means sidewalks, driveways or roads that are composed of any paved or asphalt surface or another type of commonly used materials including crushed stone or brick.

"Paved surface" does not mean and does not include any foundation or slab; patio or deck whether or not such structures are composed of a material included above.

5. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes acids, alkalis, and chemicals, asbestos and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
6. "Sinkhole Collapse" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite and similar rock formations. This cause of loss does not include the cost of filling sinkholes (except to the extent that such filling is required to repair Covered Property following a Covered Cause of Loss); or sinking or collapse of land into manmade underground cavities.