



All Risk Blanket Policy

703 West Tudor Road, Suite 101, Anchorage, AK 99503-6650 907-771-5750

<p>Name of Insured:</p> <p>Alaska Energy Authority--Alaska Intertie 813 W. Northern Lights Blvd Anchorage, AK 99503-2495</p>	<p>POLICY NUMBER: ARB170010310</p> <p>Total Annual Premium: [REDACTED]</p> <p>This policy covers from: 7/1/2017 to 7/1/2018 12:01 a.m. Standard Time at the Address of the Insured Stated Herein</p>
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SECTION I		<i>Physical Damage to Property</i>	
		Limits Of Liability	Annual Premiums
Building/Personal Property Deductible:	N/A	\$0	\$0
Damage to Owned Automobiles			
Comprehensive Deductible:	N/A	Actual Cash Value	N/A
Collision Deductible:	N/A	Actual Cash Value	N/A
Extra Expense		N/A	N/A
Accounts Receivable		N/A	N/A
Valuable Papers:		N/A	N/A
Endorsements:			
Total Premium - Section I:			\$0

SECTION II		<i>Public Liability</i>	
Coverages		Limits Of Liability	Annual Premiums
Personal Injury, Advertising Injury and Property Damage Liability:		\$2,000,000 each occurrence	[REDACTED]
Property Damage Liability Deductible:	\$10,000		
Medical Payments:		\$5,000 each person \$20,000 each occurrence	[REDACTED]
Endorsements: ARB1AIE(6/16) ARB91AK AIE(8/16) ARB98AK AIE(8/16) ARB124AK AIE(8/16) ARB126AK AIE(8/16) ARB182AK AIE(8/16) MISCEND(2)			
Total Premium - Section II:			[REDACTED]


SECTION III		<i>Crime Coverage</i>	
		Limits Of Liability	Annual Premiums
Blanket Coverage			
Employee dishonesty, Money and Securities:		N/A each employee N/A each occurrence	N/A
Endorsements:			
Total Premium - Section III:			N/A

FEES & ASSESSMENTS

[Empty box for fees and assessments]

In consideration of the premium, insurance is provided for the policyholder described in these declarations, subject to all the terms of this policy including forms and endorsements made a part hereof.

Anchorage, AK
Countersigned At

Countersigned By: 

Authorized Representative



ARECA Insurance Exchange

703 West Tudor Road, Suite 101 Anchorage, Alaska 99503 (907) 771-5750

Alaska All-Risk Blanket Policy for Rural Electric and Rural Telephone Systems

*Policy Conditions, Declarations, Forms and Endorsements, if any,
issued to form a part hereof, complete this Policy.*

PLEASE NOTE

**Although this policy has broader coverage than most, like other All-Risk Policies,
there are limitations and exclusions. Please read the policy carefully.**

ARB-1 AIE (06-16)

THIS IS AN ASSESSABLE POLICY

ARECA Insurance Exchange (“AIE”) is a reciprocal insurance company. This Policy is issued by AIE, acting by and through its attorney-in-fact, ARECA Insurance Management, Inc.

The Entity designated in Item 1 of the Declarations is a Subscriber of AIE. Subscribers are bound by the terms and conditions of AIE’s current Subscriber’s Agreement and Power of Attorney, (including AIE’s Bylaws which are incorporated therein) (the “Agreement”), which is on file with ARECA Insurance Management, Inc. and the Alaska Insurance Department. Subscribers are also bound by any modification of the terms of the Agreement which is jointly made by AIE’s Board of Directors and ARECA Insurance Management, Inc., to the extent permitted by law.

Subscribers shall be entitled to distributions as may be declared by the Board of Directors, subject, however to any approval which may be required in accordance with the applicable provisions of the Alaska Statutes as amended.

AIE is an assessable reciprocal insurance company as is required by Alaska law. Thus, AIE Subscribers are personally liable for the payment of AIE’s debts or obligations.

ALL RISK BLANKET

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SECTION I — PROPERTY DAMAGE

INSURING AGREEMENT

This policy, subject to the deductible, insures the policyholder against all risks of direct physical loss or damage to property covered occurring during the policy period, except as excluded or limited. Please see subsection I. Valuation for a determination of how property is valued.

A. Property Covered

This policy covers all tangible property owned by the policyholder as of the inception date of this policy, property of others for which the policyholder had assumed liability prior to loss, and the policyholder's financial interest in property belonging to others. Loss of money and securities is limited to the amount of coverage provided under **SECTION III – CRIME COVERAGE**.

B. Property Not Covered

This policy does not cover:

1. Watercraft more than 25' in length or powered by more than 120 horsepower and any aircraft.
2. Pole mounted transmission and distribution lines and equipment including the supporting structures; pole, platform or pad mounted transformers including the supporting structures; switches and similar devices including the supporting structures; metering systems of any kind once they are installed on the policyholder's system.
3. Pole mounted telephone and fiber optic lines and equipment including the supporting structures.
4. Underground or underwater lines of any kind or purpose.
5. Underground or underwater pipes of any kind or purpose.
6. Real estate values, land restoration, vegetation, land, growing crops, lawns and water.
7. Property which is more specifically covered in whole or in part under another insurance policy.
8. Bridges, tunnels, canals, dams, underground caverns, mines, tanks, wells, piping, mains, sewers and drains, including personal property unless endorsed herein.

C. Losses Not Covered

1. Losses resulting from wear and tear, rust, corrosion, decay, hidden or latent defect, insects, vermin, animals, and smog. Losses resulting from mechanical breakdown, including rupture or bursting by centrifugal force. Losses resulting from construction, design, and installation defects. However, consequential damages resulting from mechanical breakdown, construction, design and installation defects are covered subject to all the other terms and conditions of the policy.
2. Loss, damage, claim, cost, expense, sum or other obligation of any kind or description arising out or directly related to, contributing to, or resulting from the actual or alleged presence or actual, alleged or threatened presence of fungi, including, but not limited to mold, fungus, mycotoxins, mildew, spores, wet or dry rot; unless the mold, fungus, mycotoxins, mildew, spores, wet or dry rot are caused by, contributed to, or results from an insured loss or occurrence.

3. Losses resulting from earth movement:

- a. Any earth movement (other than sinkhole collapse), such as an earthquake, landslide, avalanche, mine subsidence or earth sinking, rising or shifting. But if loss or damage by fire or explosion results, AIE will pay for that resulting loss or damage.
- b. Volcanic eruption, explosion or effusion. But if loss or damage by fire, building glass breakage or volcanic action results, AIE will pay for that resulting loss or damage.

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

- (1) Airborne volcanic blast or airborne shock waves;
- (2) Ash, dust or particulate matter; or
- (3) 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.

However, Item 3. "Losses resulting from earth movement" does not apply to any Automobile or mobile equipment covered by this policy.

4. Losses resulting from water:

- a. Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- b. Mudslide or mudflow;
- c. Water that backs up from a sewer, sump pump or drain in excess of \$25,000 in damages and was not a result of a failure to keep any sewer, sump pump or drain maintained, in good repair and free of obstructions. The deductible indicated on the Declarations page

shall apply; or

d. Water under the ground surface pressing on, or flowing or seeping through:

- (1) Foundations, walls, floors or paved surfaces;
- (2) Basements, whether paved or not; or
- (3) Doors, windows or other openings.

But if loss or damage by fire, explosion or sprinkler leakage results, AIE will pay for that resulting loss or damage.

However, Item 4. "Losses resulting from water" does not apply to any Automobile or mobile equipment covered by this policy.

5. Losses caused by unexplained inventory shortages or disappearance for which no definite time and place of the shortage can be set.
6. Comprehensive and Collision losses to Owned Automobiles and Hired Automobiles unless a premium charge is indicated in the Declarations. If covered, the comprehensive deductible does not apply if the glass is repaired instead of replaced.
7. Mechanical breakdown, including rupture or bursting caused by centrifugal force. Explosion, rupture or bursting of boilers, pipes, engines, turbines or any other integral parts of boilers, whether powered by steam, gas, wind, coal or water, owned or leased by policyholder or operated under its control. But if loss or damage by fire or combustion explosion results, AIE will pay for that resulting loss or damage. AIE 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 or combustion pass.
8. Loss, damage, destruction, distortion, erasure, corruption, interruption, alteration or operation of Electronic Data from any cause whatsoever (including but not limited to Computer Virus), including loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom.

Electronic Data means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programs, software, and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

Computer Virus means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. Computer Virus includes but is not limited to "Trojan Horses", "worms" and "time or logic bombs".

9. Losses resulting from pollution.

Except as provided in F. Additional Coverages 3. Pollutant clean up and removal, the following losses are not covered:

- a. Any loss, damage, cost or expense arising out of or which would not have occurred but for the actual alleged or threatened discharge, dispersal, release or escape of pollutants at any time;
- b. Any loss, damage, cost or expense associated with the enforcement of any law, ordinance, regulation or order by any civil or judicial authority 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;
- c. The term "pollutants" means one or more solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. "Waste" includes (but is not limited to) material to be recycled, reconditioned or reclaimed.

10. Electric Injury or Disturbance Caused by Artificially Generated Currents.

Artificially generated electrical current, including electric arcing, unless fire or explosion ensues.

AIE will pay for physical damage caused by fire or explosion. Electric arcing and flashovers caused by artificially generated current are not considered fires or explosions.

D. Deductible Clause

The deductible indicated in the Declarations shall be taken from the portion of the policyholder's loss that is covered. This deductible shall apply separately to each occurrence.

However, the deductible that shall apply separately to each hired automobile is \$500 per covered direct physical damage loss.

If two or more deductibles apply to the same occurrence, only the largest deductible will apply.

E. Coverage Extensions

1. Newly acquired property - The policyholder may extend the insurance that applies to buildings and personal property to apply to (a) new buildings in the course of construction; (b) buildings the policyholder acquires during the current policy term; (c) personal property at any location the policyholder acquires. The most AIE will pay for loss or damage under this Extension is \$250,000 for new buildings in the course of construction (including personal property located on the premises) and \$1,000,000 for buildings (including personal property located on the premises) the policyholder acquires during the currently policy term. Insurance under this Extension for each newly acquired or constructed building and/or personal property will end when any of the following first occurs: (a) this policy expires, or (b) the policyholder reports values to AIE. AIE will charge additional premium for values reported from the date construction begins or the date the building and/or personal property are acquired by the policyholder.

2. Valuable papers and records - The policyholder may extend the insurance to apply to the policyholder's expenses, due to a covered loss, to research, replace or restore information on lost or damaged valuable papers and records, including accounting books, manuscripts, drawings, card index systems and storage media for electronic data processing owned by the policyholder for which duplicates do not exist. The most AIE will pay under this Extension is \$100,000, unless different limits are shown in the Declarations.
3. Extra expense - Extra Expense means necessary expenses the policyholder incurs, due to a covered loss, during the period of restoration that the policyholder would not have incurred if there had been no direct physical loss or damage to property. AIE will pay any Extra Expense to avoid or minimize the suspension of business and to continue operation of the business at the described premises or at replacement premises or temporary locations. Extra Expense includes relocation expenses and costs to equip and operate the replacement or temporary locations.

Extra Expense for work performed by the policyholder's employees will only include direct labor costs plus 10% overhead.

Extra Expense excludes any expenses for Automobiles.

AIE will pay any Extra Expense to minimize the suspension of business if the policyholder cannot continue operation of the business, due to a covered loss.

AIE will pay any Extra Expense to repair or replace any property or research, replace or restore the lost information on damaged valuable papers and records to the extent it reduces the amount of loss that otherwise would have been payable under this policy.

The most AIE will pay under this Extension is \$100,000 unless different limits are shown in the Declarations.

4. Accounts receivable - The policyholder may extend the insurance to apply to all sums due the policyholder from customers, provided the policyholder is unable to effect collection due to a covered loss to the records of accounts receivable. Coverage is limited to the premises of the policyholder or while the records of the accounts receivable are being conveyed to a place of safety because of imminent danger of loss or damage to the records. The most AIE will pay under this Extension is \$100,000, unless different limits are shown in the Declarations.
5. Personal property of others - The policyholder may extend the insurance that applies to its personal property to personal property of others, excluding Automobiles, in the policyholder's care custody and control.

The most AIE will pay for loss or damage under this Extension is \$50,000. A deductible of \$250 applies to each covered loss occurrence under this Extension. No other deductibles applicable to **SECTION I—PROPERTY DAMAGE** shall apply. AIE's payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

6. Employee-owned Automobiles - The policyholder may extend the insurance to apply to Comprehensive and Collision loss or damage to an employee-owned Automobile but only while such employee-owned automobile is being operated by an employee of the policyholder acting within the scope of their duties as such on behalf of the policyholder, and at the direction of the policyholder. A deductible of \$250 applies to each covered loss occurrence under this Extension. No other deductibles applicable to **SECTION I—PROPERTY DAMAGE** shall apply.

7. Property in transit - The policyholder may extend the insurance policy to cover direct physical loss or damage not otherwise excluded to property insured while in transit within the territorial limits of this policy. This shall include property insured while in transit in the coastal waters of the United States to a distance of twelve (12) miles. This includes any means of conveyance, from the commencement of loading and including the location of any repair, temporary storage, consignment or exhibition, including deviation and delay, until unloaded at the place of final destination. AIE will pay for direct physical loss or damage to property sold and shipped by the policyholder, in which the policyholder retains an interest, under terms terminating the shipper's responsibility short of points of delivery, and shall pay for direct physical loss or damage caused by any unauthorized person(s) representing themselves to be the proper party(ies) to receive goods for shipment or to accept goods for delivery, or resulting from the acceptance by the policyholder of fraudulent documents, This policy excludes property of others. This policy excludes property on waterborne shipments to and from any point in Alaska and Hawaii, except within their 12 miles of coastal waters; but shall not exclude waterborne shipments between the contiguous United States and Alaska while within the coastal waters of the United States or Canada to a distance of twelve (12) miles. The most AIE will pay for loss or damage under this Extension is \$50,000, subject to the policyholder's underlying deductible.

F. Additional Coverages

1. Debris removal – AIE will pay expenses incurred by the policyholder to remove debris of property caused by or resulting from a covered loss that occurs during the policy period. The expenses will be paid only if they are reported to AIE in writing within 180 days of the date of direct physical loss or damage. The most AIE will pay under this Additional Coverage is the lesser of \$5,000,000 or 30% of (a) the amount AIE pays for the direct physical loss of or damage to covered property plus (b) the deductible in this policy applicable to that loss or damage. This Additional Coverage does not apply to costs to extract pollutants from land or water or to monitor, remove, restore, or replace polluted land or water.
2. Fire department service charge - When the fire department is called to save or protect buildings or personal property of the policyholder from damage or loss, AIE will pay up to \$50,000 for the liability of the policyholder for fire department service charges assumed by contract or agreement prior to the loss or required by local ordinance.
3. Pollutant clean up and removal – AIE will pay the policyholder's expense to extract pollutants from land or water at covered property if the release, discharge or dispersal of pollutants is caused by or results from a covered loss that occurs during the policy period. The expenses will be paid only if they are reported to AIE in writing within 180 days of the date of direct physical loss or damage.

The most AIE will pay for each location under this Additional Coverage is \$50,000 for the sum of all such expenses arising out of covered losses occurring during each separate twelve-month period of this policy.

The word "pollutant" as used herein shall mean any solid, liquid, gaseous, or thermal irritant or contaminant, including, but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

4. Demolition and increased cost of construction – AIE will pay up to \$250,000 for demolition costs and increased costs of construction at each insured building subject to the following terms:

a. Coverage

(1) Coverage A - Coverage for loss to the undamaged portion of the building.

If a covered loss occurs to covered building property, AIE will pay for loss to the undamaged portion of the building caused by enforcement of any ordinance or law that:

- (a) Requires the demolition of parts of the same property not damaged by a covered 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.

Coverage A is included within the Limit of Liability applicable to the covered building property shown in the Declarations. This is not additional insurance.

(2) Coverage B - Demolition cost coverage

If a covered loss occurs to covered building property, AIE will pay 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) Coverage C - Increased cost of construction coverage

If a covered loss occurs to covered building property, AIE will pay for the increased cost to repair, rebuild or construct the property caused by enforcement of building, zoning or land use ordinance or law. If the property is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by zoning or land use ordinance or law.

However, AIE will not pay for the increased cost of construction if the building is not repaired or replaced.

b. AIE will not pay under this coverage 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”, as defined in subsection F. Additional Coverages 3 Pollutant clean up and removal above.

G. Limits of Insurance

The most AIE will pay for loss or damage in any one occurrence is the applicable limit of insurance shown in the Declarations. The limits applicable to the Coverage Extensions set forth in subsection E. Coverage Extensions and subsection F. Additional Coverages 1. Debris Removal, 2. Fire

Department Service Charge, 3. Pollutant Clean-Up and Removal, and Coverages B and C under 4. Demolition and Increased Cost of Construction Additional Coverages in Subsection F. are in addition to the limits of insurance.

H. Valuation

1. Accounting books, manuscripts, drawings, card index systems, storage media for electronic data processing systems and other records are insured only for the cost of blank material.
2. The property listed below is insured for its actual cash value or the cost to repair, whichever is less. Actual cash value is the cost to replace the property less the depreciation on the property at the time of loss:
 - a. property which is otherwise known as salvage material;
 - b. Automobiles, except hydraulic equipment attached thereto; mobile equipment, trailers, semi-trailers or any self-propelled vehicles or machines;
 - c. damaged or destroyed property that is not repaired or replaced;
 - d. items requested to be rated as Actual Cash Value and listed in an endorsement to the policy.
3. All other property is insured for its replacement cost if the damaged or destroyed property is actually repaired or replaced by the policyholder within a timeframe negotiated with, and agreed to beforehand, by AIE. AIE's liability for loss on a replacement cost basis shall not exceed the smallest of the following amounts:
 - a. the replacement cost of the property or any part thereof in like kind and quality with such property and intended for the same occupancy and use or as all these conditions may be negotiated with, and agreed to beforehand, by AIE; or
 - b. the amount actually and necessarily expended in repairing or replacing said property or any part thereof. Expense for work performed by the policyholder's employees will only include direct labor costs plus 10% overhead.

I. Mortgagees, Lessees, and Loss Payees

It is agreed that where required by mortgage, lease, or other legal agreement, the interests of mortgagees, lessees, and loss payees are insured under **SECTION I--PROPERTY DAMAGE** of this policy as their interests may appear as additional insured's and/or loss payees.

SECTION II — AUTOMOBILE AND GENERAL LIABILITY INSURANCE

Coverage A. Personal Injury Liability Coverage Property Damage Liability Coverage Advertising Injury Liability Coverage

AIE will pay on behalf of the insured all sums, up to the Limit of Liability in the Declarations, which the insured shall become legally obligated to pay as damages because of personal injury, property damage, or advertising injury, to which this insurance applies, caused by an occurrence during the policy period. AIE shall have the right and duty to defend any suit against the insured to which this policy applies, even though the allegations of the suit may be groundless. AIE may investigate and settle any claims as it deems expedient. AIE's right and duty to defend ends when the per occurrence Limit of Liability stated in the Declarations is exhausted in the payment of judgments or settlements.

Coverage B. Livestock Coverage

AIE agrees with the policyholder to pay for injury to, or death of, livestock occurring during the policy period and resulting from fallen power lines or poles arising out of "ACTS OF GOD". The maximum Limit of Liability under this coverage shall be \$5,000 for any one animal, with a total limit of \$20,000 for any one occurrence. The property damage deductible set forth in the Declarations shall not apply to payments made pursuant to this Coverage B. Loss of two or more animals from exposure to substantially the same general conditions shall be deemed to result from one occurrence and shall be subject to the maximum limits. This coverage is excess over any collectible insurance the livestock owner has.

Coverage C. Medical Payments Coverage

AIE will pay all reasonable medical expenses up to the Limit of Liability in the Declarations, incurred within one year from the date of an accident occurring during the policy period and arising out of the policyholder's operations. AIE will not pay medical expenses for bodily injury to:

1. a person, whether or not an employee of any policyholder, if benefits for the bodily injury are payable or must be provided under workers' compensation or disability benefits law or a similar law.
2. a person injured while taking part in athletics.

Coverage D. Weatherization Program Errors and Omissions Coverage

AIE agrees with the policyholder to pay for all sums which the insured shall become legally obligated to pay as money damages arising out of any negligent act, error or omission occurring during the policy period in the administration of the policyholder's Weatherization Program and caused by the insured or any person for whose acts the policyholder is legally liable. The term "Weatherization Program" shall mean the administration of a weatherization needs survey, an energy audit and materials installation for the weatherization of buildings of cooperative consumers and members of the policyholder.

AIE further agrees to pay all expenses and costs incurred in defending any suit or proceeding against the insured.

AIE shall have the right and duty to defend the insured in any suit or proceeding against the insured alleging money damages which are payable under the terms of the policy, even if any of the allegations of the suit or proceeding are groundless, false or fraudulent, and AIE shall have the right to make such investigation and settlement of any claims, and any suits or proceedings arising in connection therewith as may be deemed expedient by AIE.

AIE shall not be obligated to pay any claims, judgment or award, or undertake to continue defense of any suit or proceeding after the limit of AIE's liability has been exhausted by payment of judgments, awards or settlements.

This coverage shall not apply to any claim, or any suits or proceedings arising in connection therewith, nor the defense thereof or the payment of any amount with respect thereto in the event the claim:

1. arises out of or in connection with any dishonesty, intentional fraud, criminal or malicious act;
2. arises out of or in connection with any bodily injury to or sickness, disease or death of any person, or injury to or destruction of any tangible property including the loss of use thereof;
3. arises out of or is attributable to false arrest, detention or imprisonment, libel, slander or defamation of character, assault or battery, wrongful entry or other invasion of the right of privacy;
4. is for any amount for which the insured is entitled to coverage under any other insurance;
5. arises out of or is attributable to any negligent act, error or omission or related series of such acts the origin of which occurred prior to the effective date of this policy or if other insurance is applicable.

The maximum Limit of Liability under this coverage shall be \$25,000 for each claim, with a total annual aggregate of \$100,000. A deductible of \$100 per claim shall apply.

E. Exclusions

This insurance does not apply:

1. to liability assumed by the insured under an oral contract, but this exclusion does not apply to an implied warranty;
2. to personal injury or property damage arising out of the ownership, maintenance or physical operation in any manner of:
 - a. any aircraft
 - b. any watercraft more than 25' in length or powered by more than 120 horsepower;

“physical operation” does not include hiring, leasing, renting, or being a passenger aboard the aforementioned aircraft or watercraft;
3. to any obligation of which the insured or any insurance carrier may be held liable under workers' compensation, unemployment compensation or disability benefit law or any similar law;
4. to damage to property rented, occupied, or otherwise in the physical control of an insured, except for damage caused by fire;

5. to payment for any loss or payment for any defense, investigation, testing, containment, removal or other cost in connection with any claim made against an insured, which claim arises out of, relates to, or is based upon, the dispersal, discharge, escape, release or saturation of smoke, vapors, soot, solids, fumes, acids, alkalis, toxic chemicals, liquids, gases or any other material, irritant, contaminant or pollutant in or into the atmosphere, or on, onto, in or into surface or sub-surface: (a) soil; (b) water or water courses; (c) objects; (d) any tangible or intangible matter; whether sudden or not.

This exclusion applies to any claim by whomever or whatsoever made, including, but not limited to, any public, private or governmental person, concern, body, entity, agency, office, corporation or association.

However, coverage is provided for: (a) losses arising out of the lawful application of any herbicide for purposes of maintaining rights-of-way or easements for electrical distribution on property not owned by the insured; (b) losses arising out of the immediate and suddenly accidental dispersal of any material on property that is both not owned, controlled or in the care or possession of the insured and not designated as a site in need of removal of hazardous waste or cleanup such that the United States, any state, or any agency or department thereof, can impose environmental response costs, engineering or study costs or any other cost regardless of any actionable negligence on the part of the insured.

The limit of liability for any covered loss under the above paragraph is \$1,000,000. A \$1,000 deductible per occurrence will apply. This is an aggregate limit of liability and in the event of multiple claims during any one annual policy period. AIE's aggregate limit of liability for all claims as a result of this coverage is \$1,000,000.

6. to any loss or any payment for any defense or any other cost arising out of any (a) refusal to employ; (b) termination of employment; (c) coercion, demotion, evaluation, reassignment, discipline, defamation and humiliation of an employee, harassment, discrimination or other employment-related practices, policies, acts or omissions; or any consequential damages as a result of (a) through (c) above. This exclusion applies whether the insured may be held liable as an employer or in any other capacity and to any obligation to share damages with or to repay someone else who must pay damages arising out of the above.
7. to any loss or any payment for any defense, investigation, testing or any other cost in connection with any claim or suit made against an insured that arises from electromagnetic fields or radiation. Electromagnetic fields mean any electric field, magnetic field, electromagnetic field, electromagnetic radiation or pulse generated or emitted by electricity or electrical current.
8. to bodily injury, sickness, disease or death to an employee of the policyholder arising out of and in the course of employment of the employee or the spouse, child, parent, brother or sister of that employee as a consequence of the employment. This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury. This exclusion does not apply to liability assumed by the insured under a written contract.
9. to personal injury or property damage expected or intended from the standpoint of the insured. This exclusion does not apply to personal injury resulting from the use of reasonable force to protect persons or property.

10. to personal injury or advertising injury arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.
11. to advertising injury arising out of breach of contract, other than misappropriation of advertising ideas under an implied contract.
12. except with respect to Personal Injury Liability, Advertising Injury Liability and Property Damage Liability as defined in this policy, to any liability for loss or expense from claims or suits against any person or persons, jointly or severally, who were or now are or may hereinafter be a Director, Officer, Trustee, Employee, or Staff Member of the policyholder for negligent breach of duty, neglect, error, misstatement, misleading statement or omission while acting in their respective capacities as Directors, Officers, Trustees, Employees, or Staff Members of the policyholder.
13. except with respect to Personal Injury Liability, Advertising Injury Liability and Property Damage Liability as defined in this policy, to any liability for loss or expense from claims or suits against any corporation brought by any Director, Officer, Trustee, Employee, or Staff Member of the policyholder for indemnification or to be reimbursed for any damages or costs or expenses incurred in connection with the defense of any action, suit or proceeding or in connection with appeal therein to which any Director, Officer, Trustee, Employee, or Staff Member of the policyholder is or was a party thereto which is or was based on negligent breach of duty, neglect, error, misstatement, misleading statement or omissions while acting in their respective capacities as Directors, Officers, Trustees, Employees, or Staff Members of the policyholder. The fact that the corporation may be liable to the Director, Officer, Trustee, Employee, or Staff Member of the policyholder because of state law, article or certificate of incorporation of the corporation, or by-laws of the corporation or separate contract, shall not alter the conditions of this exclusion.
14. to and shall not cover actual or alleged personal injury or property damage directly arising out of: (a) inhaling, ingesting or prolonged physical exposure to asbestos or goods or products containing asbestos; or (b) the use of asbestos in constructing or manufacturing any good, product or structure; or (c) the removal of asbestos from any good, product or structure; or (d) the manufacture, transportation, storage or disposal of asbestos or goods or products containing asbestos; or (e) any other liability whatsoever resulting from or in consequence of asbestos, in whatever form or quantity. The coverage afforded by this policy does not apply to payment for the investigation or defense of any loss, injury or damage or any cost, fine or penalty or for any expense or claim or suit related to any of the above, including cost or expense related to a request, demand or order that any insured or others test for, monitor, remediate, clean up, remove, contain, treat, detoxify, neutralize or in any way respond to or assess the presence of or the effects of asbestos.
15. to property damage to (a) property owned by the insured, or (b) the insured's products arising out of such products or any part of such products, or (c) work performed by or on behalf of the insured arising out of the work or any portion thereof, or out of materials, parts or equipment furnished in connection therewith.
16. to personal injury or property damage resulting from the failure of the insured's products or work completed by or for the insured to perform the function or serve the purpose intended by the insured, if such failure is due to a mistake or deficiency in any design, formula, plan, specifications, advertising material or printed instructions prepared or developed by any

insured; but this exclusion does not apply to bodily injury or property damage resulting from the active malfunctioning of such products or work.

17. to damages claimed for the withdrawal, inspection, repair, replacement or loss of the use of the insured's products or work completed by or for the insured or of any property of which such products or work form a part, if such products, work or property are withdrawn from the market or from use because of any known or suspected defect or deficiency therein;
18. to any liability arising out of the rendering or failure to render any professional services by the named insured or any engineer, architect or surveyor who is either employed by the named insured or performing work on the named insured's behalf in such capacity.
Professional services include:
 - a. The preparing, approving, or failure to prepare or approve, maps, shop drawings, opinion, reports, surveys, field orders, change orders or drawings and specifications; and
 - b. Supervisory, inspection, architectural or engineering activities.

This exclusion applies even if the claims against any insured allege negligence in the supervision, hiring, training or monitoring of others by that insured.

F. Persons Insured

Each of the following is an insured under this insurance to the extent set forth below:

1. the named insured listed in the Declarations and any executive officer, director, trustee, employee, or volunteer of the policyholder while acting within the scope of their duties as such;
2. any person or organization using an owned automobile or hired automobile with the permission of the policyholder, provided the use is within the scope of the permission; coverage does not apply to the owner or any other person or organization from whom the policyholder hires or borrows the automobile or to anyone in the automobile or automobile delivery business.
3. with respect to the use of a non-owned automobile, those designated in 1. above, but only if there is no other valid and collectible insurance available, either on a primary, contingent or excess basis;
4. any joint venture designated in the policy, provided the policyholder is a member of the joint venture.

G. Automobile Out of State Extension

While an owned automobile is away from the state where it is licensed, AIE will provide the minimum amounts and types of other coverages, such as "No Fault", required of out of state vehicles by the jurisdiction where an owned or hired automobile is being used on a temporary basis.

H. Limits of Liability

Regardless of the number of Insureds under this policy, persons or organizations who sustain personal injury or property damage, or claims made or suits brought on account of personal injury

or property damage, AIE's liability is limited as follows:

1. Personal Injury, Advertising Injury and Property Damage Liability Coverage

The total liability of AIE for all damages, including damage for care and loss of services, as a result of any one occurrence shall not exceed the Limit of Liability stated in the Declarations as applicable to "each occurrence".

2. Medical Payments Coverage

The total liability for medical expenses for bodily injury to any one person as a result of any one occurrence shall not exceed the Limit of Liability stated in the Declarations as applicable to "each person".

The total liability for all medical expenses for bodily injury to all persons as a result of any one occurrence shall not exceed the Limit of Liability stated in the Declarations as applicable to "each occurrence".

I. Hired, Non-Owned, and Employee-Owned Automobiles

With respect to a hired Automobile and an employee-owned Automobile, this insurance shall be primary insurance over any other valid and collectible insurance and shall not be superseded by any other insurance stated to be primary, but only while such employee-owned Automobile is being operated by an employee of the policyholder acting within the scope of their duties as such on behalf of the policyholder, and at the direction of the policyholder.

With respect to any other non-owned Automobile, this insurance shall be excess insurance over any other valid and collectible insurance.

SECTION III — CRIME COVERAGE

AIE agrees with the policyholder, subject to the Limit of Liability indicated on the Declarations page and exclusions, conditions and other terms of this Section, to pay the policyholder under the following insuring agreements for losses occurring within the policy period.

1. INSURING AGREEMENTS

A. Employee Dishonesty Coverage

Loss of money and securities which the policyholder shall sustain through any fraudulent or dishonest act or acts, including unauthorized credit card use, committed by any of the employees, acting alone or in collusion with others.

B. Loss Inside the Premises Coverage

Loss of money and securities by the actual destruction, disappearance or wrongful abstraction thereof within the premises or within any banking premises or similar recognized places of safe deposit, including secured payment drop boxes.

C. Loss Outside the Premises Coverage

Loss of money and securities by the actual destruction, disappearance or wrongful abstraction thereof outside the premises while being conveyed by a messenger, messenger service or any armored motor vehicle company, or while within the living quarters in the home of any messenger. This insurance shall be excess to any and all other insurance and indemnity in force in whatsoever form carried by or for the benefit of users of said messenger service or armored motor vehicle company's services.

D. Money Orders and Counterfeit Paper Currency Coverage

Loss due to the acceptance in good faith, in exchange for merchandise, money or services of any post office or express money order, issued or purporting to have been issued by any post office or express company, if such money order is not paid upon presentation; or due to the acceptance in good faith in the regular course of business of counterfeit United States or Canadian paper currency.

E. Depositors Forgery Coverage

Loss which the policyholder or any bank which is included in the policyholder's proof of loss and in which the policyholder carries a checking or savings account, as their respective interests may appear, shall sustain through forgery or alteration of, on or in any check, draft, promissory note, bill of exchange, or similar written promise, order or direction to pay a sum certain in money, made or drawn by or drawn upon the policyholder, or made or drawn by one acting as agent for the policyholder, or purporting to have been made or drawn as hereinbefore set forth, including (a) any check or draft made or drawn in the name of the policyholder, payable to a fictitious payee and endorsed in the name of such fictitious payee; (b) any check or draft procured in a face to face transaction with the policyholder, or with one acting as agent of the policyholder, by anyone impersonating another and made or drawn payable to the one impersonated and endorsed by anyone other than the one so impersonated; and (c) any payroll check, payroll draft or payroll

order made or drawn by the policyholder, payable to bearer as well as to a named payee and endorsed by anyone other than the named payee without authority from such payee; whether or not any endorsement mentioned in (a), (b) or (c) be a forgery within the law of the place controlling the construction thereof.

Mechanically reproduced facsimile signatures are treated the same as handwritten signatures.

The policyholder shall be entitled to priority of payment over loss sustained by any bank aforesaid. Loss under this insuring agreement, whether sustained by the policyholder or such bank, shall be paid directly to the policyholder in its own name, except in cases where such bank shall have already fully reimbursed the policyholder for such loss. The liability of AIE to such bank for such loss shall be a part of and not in addition to the amount of insurance under this Section applicable to the policyholder's office to which such loss would have been allocated had such loss been sustained by the policyholder.

If the policyholder or such bank shall refuse to pay any of the foregoing instruments made or drawn as hereinbefore set forth, alleging that such instruments are forged or altered, and such refusal shall result in suit being brought against the policyholder of such bank to enforce such payment and AIE shall give its written consent to the defense of such suit, then any reasonable attorneys' fees, court costs or similar legal expenses incurred and paid by the policyholder or such bank in such defense shall be construed to be a loss under this insuring agreement and the liability of AIE for such loss shall be in addition to any other liability under this insuring agreement.

2. GENERAL AGREEMENTS

A. Consolidation - Merger

If through consolidation or merger with, or purchase of assets of, some other concern, any persons shall become employees or if the policyholder shall thereby acquire the use and control of any additional premises, the insurance afforded by this Section shall also apply as respects such employees and premises.

B. Loss Under Prior Bond or Policy

If the coverage of this policy is substituted for any prior bond or policy of insurance carried by the policyholder or by any predecessor in interest of the policyholder, which prior bond or policy is terminated, canceled or allowed to expire as of the time of such substitution, AIE agrees that this policy applies to loss which is discovered as provided in A. Discovery of the conditions and limitations and which would have been recoverable by the policyholder or such predecessor under such prior bond or policy except for the fact that the time within which to discover loss there under had expired; provided:

1. the insurance under this General Agreement B shall be a part of and not in addition to the amount of insurance afforded by this Section;

2. such loss would have been covered under this Section had this Section with its agreements, conditions and limitations as of the time of such substitution been in force when the acts or events causing such loss were committed or occurred; and
3. recovery under this Section on account of such loss shall in no event exceed the amount which would have been recoverable under the coverage of this Section applicable to such loss in the amount for which it is written as of the time of such substitution, had this policy been in force when such acts or events were committed or occurred, except that with respect to such losses discovered after termination of this policy but not later than two years from the time of such termination, recovery under this Section shall not exceed such amount or the amount which would have been recoverable under such prior bond or policy had such prior bond or policy continued in force until the discovery of such loss, if the latter amount is smaller.

3. THE FOREGOING INSURING AGREEMENTS AND GENERAL AGREEMENTS ARE SUBJECT TO THE FOLLOWING CONDITIONS AND LIMITATIONS.

A. Discovery

Loss is covered under Section III only if discovered not later than two years from the end of the policy period; but with respect to a loss under a prior bond or policy, loss is covered only if discovered within two years of the termination, cancellation, expiration, or substitution of the prior bond or policy. However, notwithstanding either of the preceding, in the absence of prejudice against AIE in the settlement of a claim, no discovery time period shall apply.

B. Definitions

The following terms, as used in this policy, shall have the respective meanings stated in Section III:

“Money” means currency, coins and bank notes in current use and having a face value; and traveler’s checks, register checks and money orders held for sale to the public.

“Securities” means all negotiable and nonnegotiable instruments or contracts representing either money or other property and includes revenue and other stamps in current use, tokens and tickets, but does not include money.

“Employee” means any natural person while in the regular service of the policyholder in the ordinary course of the policyholder’s business during the policy period and whom the policyholder compensates by salary, wages or commissions and has the right to govern and direct in the performance of such service, trustees, and the non-salaried officers and collection agents in the services of the policyholder, but does not mean any broker, factor, commission merchant, consignee, contractor or other agent or representative of the same general character. As applied to loss under Insuring Agreement A, the above words “while in the regular service of the policyholder” shall include the first 30 days after termination of service; subject, however, to E. Prior Fraud, Dishonesty or Cancellation as to any Employee and Cancellation of Section III. As applied to loss under Insuring Agreement A, the above words “while in the regular service of the policyholder” shall include employees administering employee welfare or benefit plans.

“Premises” means the interior of that portion of any building which is occupied by the policyholder in conducting its business, provided, that with respect to loss of money and securities under Insuring Agreement B, “Premises” shall include the premises of a collection agent of the policyholder.

“Banking Premises” means the interior of that portion of any building which is occupied by a banking institution in conducting its business.

“Messenger” means any employee who is duly authorized by the policyholder to have the care and custody of the Insured property outside the premises.

“Custodian” means any employee who is duly authorized by the policyholder to have the care and custody of the Insured property within the premises, excluding any person while acting as a watchman, porter, or janitor.

“Wrongful Abstraction” means any act of stealing including theft, burglary and robbery, including via electronic means. Burglary means the taking of property from inside the premises by a person unlawfully entering or leaving the premises as evidenced by marks of forcible entry or exit. Robbery means the taking of Insured property (1) by violence inflicted upon a messenger or a custodian; (2) by putting him in fear of violence; (3) by any other overt felonious act committed in his presence and of which he was actually cognizant; provided such other act is not committed by an employee of the policyholder; (4) from the person or direct care and custody of a messenger or custodian who has been killed or rendered unconscious; or (5) under Insuring Agreement B, from within the premises by means of compelling a messenger or custodian by violence or threat of violence while outside the premises to admit a person into the premises or to furnish him with means of ingress into the premises.

“Discovery by the policyholder” as used herein shall mean, discovery by any officer or employee of the policyholder not in collusion with the employee responsible for the loss discovered.

“Discovery by the Administration” shall mean discovery by an employee, agent or attorney of the Rural Utilities Service of the United States of America (hereinafter called the Administration) not in collusion with the employee responsible for the loss.

C. Exclusions

AIE will not pay for loss as specified below:

1. Loss that is the indirect result of any act or occurrence covered by this Section including, but not limited to, loss resulting from:
 - a. The policyholder’s inability to realize income that the policyholder would have realized had there been no loss of, or loss from damage to, the policyholder’s property.
 - b. Payment of costs, fees or other expenses incurred by the policyholder in establishing either the existence or the amount of loss under this Section.
2. Expenses related to any legal action.
3. Loss resulting from accounting or arithmetical errors or omissions.
4. Loss resulting from the policyholder, or anyone acting on the policyholder’s express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.
5. Loss resulting from the giving or surrendering of property in any exchange or purchase.
6. Loss of use of money and securities.

D. Loss Caused by Unidentified Employees

If a loss is alleged to have been caused by the fraud or dishonesty of one or more of the employees and the policyholder shall be unable to designate the specific employee or employees causing such loss, the policyholder shall nevertheless have the benefit of Insuring Agreement A, of this policy, provided that the evidence submitted reasonably proves that the loss was in fact due to the fraud or dishonesty of one or more of the said employees, and provided, further, that the aggregate liability of AIE for any such loss shall not exceed the amount of AIE's liability for any one employee.

E. Prior Fraud, Dishonesty or Cancellation as to Any Employee

Section III is canceled and shall not apply to any employee (a) immediately upon discovery by the policyholder or any officer thereof not in collusion with the employee, or by the Administration, of any fraudulent or dishonest act committed by that employee, whether before or after becoming employed by the policyholder; or (b) at the date and hour of cancellation as stated in a written notice mailed by AIE to the policyholder and the Administration by registered mail, at the address stated in the Declarations. No notice as aforesaid shall provide a date and time of termination less than 20 days from the date of mailing of said notice. The mailing of notice as aforesaid shall be sufficient proof of notice. Delivery of such written notice by AIE shall be equivalent to such mailing.

If, prior to the issuance of this policy, any fidelity insurance in favor of the policyholder or any predecessor in interest of the policyholder and covering one or more of the policyholder's employees shall have been canceled as to any of such employees by reason of the giving of written notice of cancellation by the insurer issuing such fidelity insurance, whether AIE or not, and if such employees shall not have been reinstated under the coverage of said fidelity insurance or superseding fidelity insurance, AIE shall not be liable on account of such employees unless AIE shall agree in writing to include such employees within the coverage of Section III.

F. Loss — Notice — Proof

After discovery by the policyholder or by the Administration of any loss covered by Section III, the policyholder or the Administration shall give AIE written notice thereof and shall file affirmative proof of loss, itemized and duly sworn to, within four months after such discovery. Prior discovery of such loss by the policyholder shall not affect the right of the Administration to notify AIE of such loss and to file proof of loss, even though such prior discovery by the policyholder may have occurred more than four months prior to the date of discovery of such loss by the Administration. The policyholder shall cooperate with AIE in the investigation and settlement of any claim.

In the event of any loss covered by Insuring Agreement A of Section III, the Administration is empowered to give notice hereof to AIE, to file proof of such loss and to bring suit therefore against AIE within the respective periods limited therefore in this policy.

Settlement of any claim under Insuring Agreement A of Section III shall be made by check payable to the policyholder, but no such settlement shall be made until prior written approval thereof shall have been given by the Administration to AIE.

Proof of loss under Insuring Agreement E shall include the instrument which is the basis of claim for such loss, or if it shall be impossible to file such instrument, the affidavit of the policyholder or the policyholder's bank of deposit setting forth the amount and cause of loss shall be accepted in lieu thereof.

G. Valuation

AIE's maximum liability for loss related to securities shall be limited to the actual cash value thereof at the close of the business day preceding the day on which the loss was discovered.

H. Recoveries

Any recoveries, less the cost of obtaining them, made after settlement of loss covered by Section III will be distributed first to the policyholder, until the policyholder is reimbursed for any loss that the policyholder sustains that exceeds the limit of insurance and the deductible amount, if any; and then to AIE until AIE is reimbursed for the settlement made. Any recoveries remaining will be distributed to the policyholder, until the policyholder is reimbursed for that part of the loss equal to the deductible amount, if any. Recoveries do not include any recovery from insurance, suretyship, reinsurance, security or indemnity taken by or for the benefit of AIE; or any recovery of original securities after duplicates of them have been issued.

The policyholder must transfer to AIE all of the policyholder's rights of recovery against any person or organization for any loss sustained by the policyholder and for which AIE has paid or settled. The policyholder must also do everything necessary to secure those rights and do nothing after the loss to impair them.

I. Limit of Liability

Payment of loss under Section III shall not reduce the limit of AIE's liability under Section III for other losses, provided however:

1. The most AIE will pay for loss by any one employee is the Limit of Liability shown as Each Employee in Section III of the Declarations.
2. The most AIE will pay for loss in any one occurrence is the Limit of Liability shown as Each Occurrence in Section III of the Declarations. "Occurrence" means all loss caused by or involving one or more employees, whether the result of a single act or a series of acts.
3. The total limit of AIE's liability on account of all losses incidental to an actual or attempted fraudulent, dishonest or criminal act or series of related acts, whether committed by one or more persons, in which no employee is concerned or implicated is the Limit of Liability shown as Each Occurrence in Section III of the Declarations.

Regardless of the number of years this policy shall continue in force and the number of premiums which shall be payable or paid, AIE's total limit of liability shall not be cumulative from year to year or period to period.

J. Limit of Liability Under Section III and Prior Insurance

With respect to loss caused by any person (whether one of the employees or not) or in which such person is concerned or implicated or which is chargeable to any employee as provided in D. Loss Caused By Unidentified Employee and which occurs partly during the policy period and partly during the period of other bonds or policies issued by AIE to the policyholder or to any predecessor in interest of the policyholder and terminated or canceled or allowed to expire and in which the period for discovery has not expired at the time any such loss hereunder is discovered, the total liability of AIE under Section III and under such other bonds or policies shall not exceed, in the aggregate, the amount carried under Section III or such loss or the amount available to the policyholder under such other bonds or policies, as limited by the terms and conditions thereof, for any such loss, if the latter amount be the larger.

K. Other Insurance

This insurance is primary insurance, except when stated to apply in excess of, or to be contingent upon, the absence of other insurance. When both this insurance and the other insurance apply to the loss on the same basis, whether primary, excess or contingent, AIE shall not be liable under this policy for a greater proportion of such loss than the applicable Limit of Liability under this policy for such loss bears to the total applicable Limit of Liability of all valid and collectible insurance against such loss.

L. Cancellation of Section III

Section III may be canceled by the policyholder by mailing to AIE and to the Administration written notice stating when thereafter the cancellation shall be effective. If notice of cancellation of Section III be delivered or mailed by the policyholder, the date of such cancellation shall be not less than ten days after the date of the policyholder's written notice unless an earlier date is approved by the Administration and AIE, and if the Administration shall, within ten days after receipt of notice of cancellation of Section III sent by the policyholder advise AIE that it does not consent to such cancellation, such cancellation shall become inoperative and coverage shall continue as if such notice of cancellation by the policyholder had never been sent.

M. Notices, Approvals and Requests

Notices, approvals and requests required by the provisions of Section III shall be sent as follows:

1. To AIE - addressed to it at its home office in the city of Anchorage, Alaska
2. To the Policyholder - addressed to it at the city or town at which its principal office shall be located.
3. To the Administration - addressed to the Rural Utilities Service, Department of Agriculture, South Building, Washington, D.C.

GENERAL CONDITIONS APPLYING TO THIS POLICY

- A. Premium - All premiums for this insurance shall be computed in accordance with AIE's rules, rates, rating plans, premiums and minimum premiums applicable to the insurance afforded herein.

Subject to the consent of AIE and subject to the premiums, rules and forms then in effect, this policy may be continued in force by payment of the required continuation premium for each successive one year period.

B. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to the Company advance written notice of cancellation.
2. We may cancel this policy by mailing to you, and the agent or broker of record written notice of cancellation. Such notice, stating the reason for cancellation, must be sent by first class mail at least:
 - a. 10 days before the effective date of cancellation if we cancel for:
 - (i) Conviction of the insured of a crime having as one of its necessary elements an act increasing a hazard insured against; or
 - (ii) Fraud or material misrepresentation by the insured or a representative of the insured in obtaining the insurance or by the insured in pursuing a claim under this policy; or
 - b. 20 days before the effective date of cancellation if we cancel for:
 - (i) Nonpayment of premium; or
 - (ii) Failure or refusal of the insured to provide the information necessary to confirm exposure or determine the policy premium; or
 - c. 60 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail our notice to the last known addresses of you and the agent or broker of record.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. A post office certificate of mailing or certified mail receipt will be sufficient proof of mailing of notice.
6. If this policy is cancelled, we will return any premium refund due to the first Named Insured. If:
 - a. We cancel, the refund will be the pro rata unearned premium. The refund will be returned or credited before the effective date of cancellation. However, if the cancellation is for:
 - (i) Nonpayment of premium;
 - (ii) Conviction of the insured of a crime having as one of its necessary elements an act increasing a hazard insured against;
 - (iii) Discovery of fraud or material misrepresentation made by the insured

or a representative of the insured in obtaining the insurance or by the insured in pursuing a claim under the policy; or
(iv) Failure or refusal of the insured to provide the information necessary to confirm exposure or necessary to determine the policy premium;

any unearned premium shall be returned or credited within 45 days after the cancellation notice is given.

b. The first Named Insured cancels, the refund will be the pro rata unearned premium minus a cancellation fee of 7.5% of the pro rata unearned premium. However, we will not retain this cancellation fee if this policy is cancelled:

(i) And rewritten with us or in our company group;

(ii) At our request; or

(iii) After the first year for a prepaid policy written for a term of more than one year.

c. Will be returned or credited;

(i) By the effective date of cancellation; or

(ii) Within 45 days of your request to cancel;
whichever is later.

If the policy is selected for audit, we will complete the audit within 45 days of receipt of the request for cancellation. The refund will be returned within 45 days of completion of an audit, or the effective date of cancellation, whichever is later.

C. Nonrenewal

1. If we decide not to renew this policy, we will mail written notice of nonrenewal, by first class mail, to you and the agent or broker of record at least 45 days before:

a. The expiration date; or

b. The anniversary date if this policy has been written for more than one year or with no fixed expiration date.

2. We need not mail notice of nonrenewal if:

a. We have manifested in good faith our willingness to renew; or

b. The First Insured has failed to pay any premium required for this policy; or

c. The First Insured fails to pay the premium required for renewal of this policy.

3. Any notice of nonrenewal will be mailed to the last known addresses of you and the agent or broker of record. A post office certificate of mailing or certified mail receipt will be sufficient proof of mailing of notice.

D. Notice of Premium or Coverage Changes on Renewal - If the premium to renew this policy increases more than 10% for a reason other than an increase in coverage or exposure basis, or if after renewal there will be a material restriction or reduction in coverage not specifically requested by the insured, we will mail written notice by first class mail to your last known address and obtain a certificate of mailing from the United States Postal Service and to the agent or broker of record at least 45 days before:

1. The expiration date; or

2. The anniversary date if this policy has been written for more than one year or with no fixed expiration date.

- E. Policy Period and Time of Inception - This policy shall be effective at 12:01 a.m. (standard time) at the policyholder's address as stated in the Declarations. The policy period is the period from 12:01 a.m. on the inception date to 12:01 a.m. on the expiration date, standard time as to both dates, at the policyholder's address as stated in the Declarations.
- F. Assignment - Assignment of interest under this policy shall not bind AIE until consent is endorsed thereon.
- G. Subrogation - In the event of any payment under this policy, AIE shall be subrogated to all the insured's rights of recovery against any person or organization. An insured shall do nothing after the loss to prejudice such rights. An additional insured shall do nothing before or after the loss to prejudice such rights.
- H. Inspection and Audit - AIE shall be permitted, but not obligated, to inspect the policyholder's property and operations at any time. AIE may examine and audit the policyholder's books and records at any time during the policy period and extension thereof and within three years after the final termination of this policy, as far as they relate to the subject matter of this insurance.
- I. Liberalization Clause - If this insurance form is changed during the policy period so as to afford better coverage for the policyholder, the change will automatically become part of this policy.
 - Other Insurance - This insurance is primary insurance, except when stated to apply in excess of, or to be contingent upon, the absence of other insurance., When both this insurance and the other insurance apply to the loss on the same basis, whether primary, excess or contingent, AIE shall not be liable under this policy for a greater proportion of such loss than the applicable Limit of Liability under this policy for such loss bears to the total applicable Limit of Liability of all valid and collectible insurance against such loss.

This provision does not apply to any medical expense insurance afforded by this policy.
- K. Waiver or Change of Provisions - The terms of this insurance shall not be waived, changed or modified except by endorsement issued to form a part of this policy.
- L. Conformity With Statute - The terms of this policy and forms attached hereto which are in conflict with the statutes of the state wherein this policy is issued are hereby amended to conform to such statutes.
- M. Rural Utilities Service Clause - AIE agrees with the Administration that such insurance as is afforded by the policy applies subject to the following provisions:
 - 1. AIE agrees that it will not use, either in the adjustment of claims or in the defense of suits against the insured, the immunity of the insured from tort liability unless requested by the insured to interpose such defense.
 - 2. The insured agrees that the waiver of the defense of immunity shall not subject AIE to liability for any portion of a claim, verdict or judgment in excess of the limits of liability stated in the policy.
 - 3. AIE agrees that if the insured is relieved of liability because of its immunity, either by interposition of such defense at the request of the insured or by voluntary action of a court, the insurance applicable to the injuries on which suit is based, to the extent to which it would otherwise have been available to the insured, shall apply to officers and employees

of the policyholder in their capacity as such; provided that all defenses, other than immunity from tort liability, which would be available to AIE in suits against the insured or against AIE under the policy, shall be available to AIE with respect to such officers and employees or against AIE under this policy.

- N. Concealment or Fraud - All statements and descriptions in negotiations for the policy, by or in behalf of the policyholder, shall be considered representations and not warranties. Misrepresentations, omissions, concealment of facts, and incorrect statements may not prevent a recovery under the policy unless either:
1. fraudulent;
 2. material either to the acceptance of the risk, or to the hazard assumed by AIE; or
 3. AIE in good faith would either not have issued the policy or would not have issued a policy in as large an amount, or at the same premium, or would not have provided coverage with respect to the hazard resulting in the loss, if the true facts had been made known to AIE.
- O. Territory – AIE will cover Personal Injury, Property Damage, Advertising Liability or losses that occur during the policy period:
1. In the United States of America, its territories or possessions, Puerto Rico or Canada or while covered property is being transported between any of these places.
 2. Anywhere in the world if the Personal Injury, Property Damage or Advertising Injury is caused by the policyholder's products which are sold for use in the United States of America, its territories or possessions, Puerto Rico or Canada. The original suit for damages resulting from such Personal Injury, Property Damages or Advertising Injury must be brought in one of these places.
- P. War Risk, Government Action and Nuclear Exclusions - This policy shall not apply to bodily injury or property damage caused by or due to any act or condition incident to the following:
1. Hostile or warlike action in the time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack by :
 - a. Military ground, naval, or air forces;
 - b. Any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, ground, naval, or air forces; or
 - c. An agent of such government, power, authority, or forces.
 2. Insurrection, rebellion, revolution, civil war, usurp of power or action taken by governmental authority in hindering, combating or defending against any of the actions described in subsection 1 above.
 3. Discharge of a nuclear weapon shall be deemed a warlike act, even if accidental.

Applicable to Sections I and III only:

1. Nuclear clause: This policy is not intended to and does not include nuclear reaction or nuclear radiation or radioactive contamination.
2. Nuclear exclusion: Loss by nuclear reaction, radiation or radioactive contamination is not insured against by this policy.

Section II only - It is agreed that this policy does not apply:

1. under any liability coverage, to bodily injury or property damage resulting from the hazardous properties of nuclear material.
 2. under any medical payments coverage or under any supplementary payments provision relating to first aid, to expenses incurred with respect to bodily injury resulting from the hazardous properties of nuclear material.
- Q. Suit - No suit shall be brought on this policy unless the policyholder has complied with all the policy provisions and has commenced the suit within three years after the Breach of contract is discovered by the policyholder.

CONDITIONS APPLICABLE TO SECTIONS I AND III

- A. Duties of the policyholder after a loss - In case of loss, the policyholder shall:
 - 1. Give immediate notice of such loss to AIE.
 - 2. Protect the property from further damage.
- B. Appraisal - If the policyholder and AIE fail to agree on the amount of a covered first party loss, either can make written demand upon the other to submit the dispute for appraisal. If either makes written demand for appraisal, each shall notify the other of the competent appraiser selected. The two appraisers shall promptly select a competent and impartial umpire. Not later than 15 days after the umpire has been chosen, unless the time period is extended by the umpire, each appraiser will separately state in writing the amount of the loss. If the appraisers submit a written report of agreement on the amount of the loss, the agreed amount shall be binding on the policyholder and AIE. If the appraisers fail to agree, the appraisers will promptly submit their differences to the umpire. A decision agreed to by one of the appraisers and the umpire will be binding upon the policyholder and AIE. All expenses and fees, not including counsel or adjuster fees, incurred because of that appraisal shall be paid as determined by the umpire.
- C. AIE's Options - If AIE gives notice within thirty (30) days after it has received a statement of loss, it shall have the option to take all or any part of the property damaged at an agreed value, or to repair, rebuild or replace it with equivalent property.
- D. Payment of Loss – AIE will pay all adjusted claims within thirty (30) days after acceptance of proof of the loss.
- E. Privilege to Adjust with Owner - In the event a claim is made for damage to property of others held by the policyholder, the right to adjust such loss or damages with the owner or owners of the property is reserved to AIE and receipt of payment by such owner or owners in satisfaction thereof shall be in full satisfaction of any claim of the policyholder.
- F. Recoveries - In the event AIE has made a payment for loss under the policy and a subsequent recovery is made of the lost or damaged property, the policyholder shall be entitled to all recoveries in excess of the amount paid by AIE, less the actual cost of effecting such recoveries.
- G. Loss Clause - Any loss hereunder shall not reduce the amount of this insurance.
- H. No Benefit to Bailee - This insurance shall not inure directly or indirectly to the benefit of any carrier or other bailee.
- I. No Control - This insurance shall not be prejudiced:
 - 1. by any act or neglect of the owner of any building if the policyholder is not the owner thereof, or by any act or neglect of any occupant (other than the policyholder) of any building when such act or neglect of the owner or occupants is not within the control of the policyholder, or
 - 2. by failure of the policyholder to comply with any warranty or condition contained in any endorsement attached to this policy with regard to any portion of the premises over which the policyholder has no control.

CONDITIONS APPLICABLE TO SECTION II

- A. Action Against AIE - No action shall lie against AIE unless there shall have been full compliance with all the terms of this policy. Bankruptcy or insolvency of the policyholder shall not relieve AIE of its obligations under this policy.
- B. Financial Responsibility Laws - When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, such insurance as is afforded by this policy for bodily injury liability or for property damage liability shall comply with the provisions of such law.
- C. An Insured's Duties in the Event of an Occurrence, Claim or Suit:
 - 1. Give AIE notice as soon as practicable.
 - 2. Immediately forward to AIE every demand, notice, summons or other process received by an insured.
 - 3. All insureds shall cooperate with AIE in the investigation, defense and settlement of any claim or lawsuit.
 - 4. An insured shall not, except at its own cost, voluntarily make any payment, assume any obligation or incur any expense other than for first aid to others at the time of accident.

SUPPLEMENTARY PAYMENTS

AIE will pay, in addition to the Limit of Liability stated in the Declarations:

- 1. All expenses incurred by AIE, all costs taxed against the insured in any suit defended by AIE and all interest on any judgment therein which accrues after entry of the judgment but only for that part of the judgment which does not exceed the Limit of Liability in the Declarations.
- 2. Premiums on appeal bonds and bonds to release attachments in any lawsuit defended by AIE for an amount not in excess of the Limit of Liability stated in the Declarations, and the cost of all bonds required of an insured because of an accident or traffic law violation arising out of the use of any vehicle insured under this policy, not to exceed \$500 per bail bond.
- 3. Cost of first aid to others at the time of an accident.
- 4. The insured's reasonable expenses in assisting AIE in the defense of any claims, including an employee's loss of earnings up to \$150 per day.
- 5. Salvage charges for which the insured becomes legally liable.
- 6. If an owned automobile has comprehensive coverage and is stolen, up to \$75 a day for 30 days for rental of a substitute vehicle.

DEFINITIONS APPLYING TO THIS POLICY

Advertising Injury means liability arising out of the named insured's advertising activities for:

- (a) Libel, slander or defamation;
- (b) Infringement of copyright or of title or of slogan;
- (c) Misappropriation of advertising ideas or style of doing business;
- (d) Invasion of right of privacy;
committed or alleged to have been committed in any advertisement, publicity article, broadcast or telecast but such liability shall not include liability arising out of:
 - (1) failure of performance of contract, other than the unauthorized appropriation of ideas based upon alleged breach of an implied contract;
 - (2) personal injury or property damage;
 - (3) infringement of any patent, trademark, service mark or trade name, other than titles or slogans, by use thereof on or in connection with goods or services sold, offered for sale or advertised;
 - (4) incorrect description or mistake in advertised price of goods or products sold, offered for sale or advertised.

AIE - The insurance company issuing this policy, ARECA Insurance Exchange.

Automobile - Any licensed highway vehicle or trailer and equipment attached thereto

Automobile Business - The business of selling, repairing, servicing, storing, or parking automobiles.

Collision - Contact of an Owned Automobile with another object or its overturn.

Comprehensive - Direct physical damage to an Owned Automobile other than a loss by Collision, or as otherwise excluded.

Hired Automobile - An automobile leased to the policyholder for a period of less than one year.

Implied Warranty - That any products sold or used by the policyholder will be fit for the use intended and that any work performed by or on behalf of the policyholder will be done in a workmanlike manner.

Insured - Any person or organization qualifying as an insured under the "Persons Insured" section.

Loss of Income - All income from members, interest charges, collection expenses, and other expenses in excess of normal and reasonable expenses incurred in reestablishing records of account.

Non-Owned Automobile - An Automobile which is neither an Owned Automobile nor a Hired Automobile.

Occurrence - An accident occurring within the policy period, including continuous or repeated exposure to conditions, which results in Personal Injury, Property Damage or Advertising Injury neither expected or intended from the standpoint of an insured.

Owned Automobile - An Automobile owned by the policyholder or leased to them for a term of not less than one year.

Personal Injury means (1) bodily injury, sickness, disease, disability or shock, including death arising therefrom, or, if arising out of the foregoing, mental anguish and mental injury; (2) false arrest, false imprisonment, wrongful entry, wrongful eviction, wrongful detention, or malicious prosecution; (3) libel, slander, defamation of character, humiliation, or invasion of the rights of privacy, unless arising out of advertising activities, however this policy does not cover dissemination of customer and employee confidential credit or confidential financial information whether written, printed, electronic or by any other means; or (4) accident or mistake in the

administration of Employee Benefit Plans to the extent of giving counsel, interpreting, handling records and enrollment, termination or cancellation.

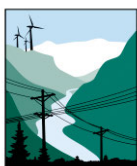
Policyholder - The organization designated in the Declarations.

Property Damage - Physical injury to, or destruction of tangible property including loss of use as a result thereof.

IN WITNESS WHEREOF, ARECA Insurance Exchange has caused this policy to be signed by its Attorney-in-Fact, ARECA Insurance Management, Inc.



EXECUTIVE VICE-PRESIDENT
Crystal Enkvist



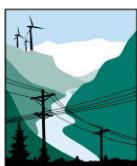
ARECA
INSURANCE
EXCHANGE

*This endorsement changes the policy.
Please read it carefully.*

PROPERTY DAMAGE LIABILITY COVERAGE DEDUCTIBLE

In consideration of the premium charged, AIE and the Insured agree, subject to all provisions of the policy except as modified herein:

It is agreed that a \$10,000 Deductible, per occurrence, applies under **SECTION II, AUTOMOBILE AND GENERAL LIABILITY INSURANCE Coverage A. Property Damage Liability Coverage**. This Deductible does not apply to any allocated Loss Adjustment Expenses resulting per occurrence. This Deductible does not apply to any loss arising out of the ownership or use of an automobile.



ALASKA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the All-Risk Blanket Policy. (ARB-1) **GENERAL CONDITIONS APPLYING TO THIS POLICY. Paragraph B. Cancellation**, is hereby amended and modified as follows and supersedes any provision to the contrary.

A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to the Company advance written notice of cancellation.
2. We may cancel this policy by mailing to you, and the agent or broker of record written notice of cancellation. Such notice, stating the reason for cancellation, must be sent by first class mail at least:
 - (1) 10 days before the effective date of cancellation if we cancel for:
 - (a) Conviction of the insured of a crime having as one of its necessary elements an act increasing a hazard insured against; or
 - (b) Fraud or material misrepresentation by the insured or a representative of the insured in obtaining the insurance or by the insured in pursuing a claim under this policy; or
 - (2) 20 days before the effective date of cancellation if we cancel for:
 - (a) Nonpayment of premium; or
 - (b) Failure or refusal of the insured to provide the information necessary to confirm exposure or determine the policy premium; or
 - (3) 60 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail our notice to the last known addresses of you and the agent or broker of record.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. A post office certificate of mailing or certified mail receipt will be sufficient proof of mailing of notice.
6. If this policy is cancelled, we will return any premium refund due to the first Named Insured. If:

(a) We cancel, the refund will be the pro rata unearned premium. The refund will be returned or credited before the effective date of cancellation. However, if the cancellation is for:

- (1) Nonpayment of premium;
- (2) Conviction of the insured of a crime having as one of its necessary elements an act increasing a hazard insured against;
- (3) Discovery of fraud or material misrepresentation made by the insured or a representative of the insured in obtaining the insurance or by the insured in pursuing a claim under the policy; or
- (4) Failure or refusal of the insured to provide the information necessary to confirm exposure or necessary to determine the policy premium;

any unearned premium shall be returned or credited within 45 days after the cancellation notice is given.

(b) The first Named Insured cancels, the refund:

(1) Will be the pro rata unearned premium minus a cancellation fee of 7.5% of the pro rata unearned premium. However, we will not retain this cancellation fee if this policy is cancelled:

- (i) And rewritten with us or in our company group;
- (ii) At our request; or
- (iii) After the first year for a prepaid policy written for a term of more than one year.

(c) Will be returned or credited;

- (i) By the effective date of cancellation; or
- (ii) Within 45 days of your request to cancel; whichever is later.

If the policy is selected for audit, we will complete the audit within 45 days of receipt of the request for cancellation. The refund will be returned within 45 days of completion of an audit, or the effective date of cancellation, whichever is later.

B. The following is added and supersedes any provision to the contrary:

NONRENEWAL

1. If we decide not to renew this policy, we will mail written notice of nonrenewal, by first class mail, to you and the agent or broker of record at least 45 days before:

- a. The expiration date; or
- b. The anniversary date if this policy has been written for more than one year or with no fixed expiration date.

2. We need not mail notice of nonrenewal if:

- a. We have manifested in good faith our willingness to renew; or
- b. The First Insured has failed to pay any premium required for this policy; or
- c. The First Insured fails to pay the premium required for renewal of this policy.

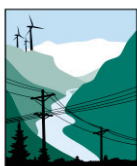
3. Any notice of nonrenewal will be mailed to the last known addresses of you and the agent or broker of record. A post office certificate of mailing or certified mail receipt will be sufficient proof of mailing of notice.

C. The following Condition is added:

NOTICE OF PREMIUM OR COVERAGE CHANGES ON RENEWAL

If the premium to renew this policy increases more than 10% for a reason other than an increase in coverage or exposure basis, or if after renewal there will be a material restriction or reduction in coverage not specifically requested by the insured, we will mail written notice by first class mail to your last known address and obtain a certificate of mailing from the United States Postal Service and to the agent or broker of record at least 45 days before:

- a. The expiration date; or
- b. The anniversary date if this policy has been written for more than one year or with no fixed expiration date.



ALASKA MISCELLANEOUS ENDORSEMENT

In consideration of the premium paid and notwithstanding anything contained in this policy to the contrary, it is agreed as follows:

The following amendments, deletions and additions are hereby added under **SECTION I — PROPERTY DAMAGE. C. Losses Not Covered, 2.** is hereby deleted and replaced with the following:

2. Loss, damage, claim, cost, expense, sum or other obligation of any kind or description arising out or directly or indirectly related to, contributing to, or resulting from the actual or alleged presence or actual, alleged or threatened presence of fungi, including, but not limited to mold, fungus, mycotoxins, mildew, spores, wet or dry rot; unless the mold, fungus, mycotoxins, mildew, spores, wet or dry rot are caused by, contributed to, or results from an insured loss or occurrence.

The following amendments, deletions and additions are hereby added under **GENERAL CONDITIONS APPLYING TO THIS POLICY. Paragraph O.** is hereby deleted and replaced with the following:

- O. Suit - No suit shall be brought on this policy unless the policyholder has complied with all the policy provisions and has commenced the suit within three years after the loss is discovered by the policyholder.

The following amendments, deletions and additions are hereby added under **CONDITIONS APPLICABLE TO SECTIONS I AND III. Paragraph B.** is hereby deleted and replaced with the following:

- B. Appraisal - If the policyholder and AIE fail to agree on the amount of a covered first party loss, either can make written demand upon the other to submit the dispute for appraisal. If either makes written demand for appraisal, each shall notify the other of the competent appraiser selected within twenty (20) days of the receipt of written demand. The two appraisers shall promptly select a competent and impartial umpire. Not later than fifteen (15) days after the umpire has been chosen, unless the time period is extended by the umpire, each appraiser will separately state in writing the amount of the loss. If the appraisers submit a written report of agreement on the amount of the loss, the agreed amount shall be binding on the policyholder and AIE. If the appraisers fail to agree, the appraisers will promptly submit their differences to the umpire. A decision agreed on by one of the appraisers and the umpire will be binding upon the policyholder and AIE. All expenses and fees, not including counsel or adjuster fees, incurred because of that appraisal shall be paid as determined by the umpire.



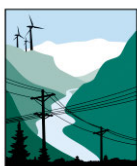
*This endorsement changes the policy.
Please read it carefully.*

In consideration of the premium charged, AIE and the Insured agree, subject to all provisions of the policy except as modified herein, as follows:

**POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM
INSURANCE COVERAGE**

Coverage for acts of terrorism is included in your policy. You are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2007 and reauthorized in 2015, the definition of act of terrorism has changed. As defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury--in concurrence with the Secretary of State, and the Attorney General of the United States--to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted 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 to have 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. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The federal share of insured losses exceeding the statutorily established deductible will decrease 1% per year beginning January 1, 2016 until it reaches 80% on January 1, 2020. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

The portion of your annual premium that is attributable to coverage for acts of terrorism is \$0, and does not include any charges for the portion of losses covered by the United States Government under the Act.



ALASKA RULE 82 COVERAGE LIMITATION NOTICE

**THIS POLICY LIMITS COVERAGE FOR ATTORNEY FEES
UNDER ALASKA RULES OF CIVIL PROCEDURE 82**

In any suit in Alaska in which AIE has a right or duty to defend an insured in addition to the limits of liability, our obligation to pay attorney’s fees taxable as costs against the insured is limited as follows:

Alaska Rule of Civil Procedure 82 provides that if you are held liable, some or all the attorney fees of the person making a claim against you must be paid by you. The amount that must be paid by you is determined by Alaska Rule of Civil Procedure 82. AIE provides coverage for attorney fees for which you are liable under Alaska Rule of Civil Procedure 82 subject to the following limitations:

AIE will not pay that portion of any attorney’s fees that is in excess of fees calculated by applying the schedule for contested cases in Alaska Rule of Civil Procedure 82(b)(1) to the limit of liability of the applicable coverage.

This limitation means the potential costs that may be awarded against you as attorney fees may not be covered in full. You will have to pay any attorney fees not covered directly.

For example, the attorney fees provided by the schedule for contested cases in Alaska Rule of Civil Procedure 82(b)(1) are:

- 20% of the first \$25,000 of a judgment;
- 10% of the amounts over \$25,000 of a judgment.

Therefore, if a court awards a judgment against you in the amount of \$125,000, in addition to that amount you would be liable under Alaska Rule of Civil Procedure 82(b)(1) for attorney fees of \$15,000 calculated as follows:

20% of \$25,000	\$5,000
10% of 100,000	\$10,000
Total Award \$125,000	Total Attorney Fees \$15,000

If the limit of liability of the applicable coverage is \$100,000, we would pay \$100,000 of the \$125,000 award, and \$12,500 for Alaska Rule of Civil Procedure 82(b)(1) attorney fees, calculated as follows:

20% of \$25,000	\$ 5,000
10% of \$75,000	\$ 7,500

Total Limit of Liability \$100,000

Total Attorney Fees Covered \$12,500

You would be liable to pay, directly and without our assistance, the remaining \$25,000 in liability plus the remaining \$2,500 for attorney fees under Alaska Rule of Civil Procedure 82 not covered by this policy.



*This endorsement changes the policy.
Please read it carefully.*

MISCELLANEOUS ENDORSEMENT

Effective **7/1/2017** 12:01 a.m. standard time, this endorsement forms a part of Policy No. **ARB170010310** issued by ARECA Insurance Exchange to **Alaska Energy Authority -Alaska Intertie.**

In consideration of the premium charged, AIE and the Insured agree, subject to all provisions of the policy except as modified herein, as follows:

It is agreed that **SECTION I - Physical Damage to Property** and **SECTION III - Crime Coverage** are excluded from this policy.



*This endorsement changes the policy.
Please read it carefully.*

MISCELLANEOUS ENDORSEMENT

Effective **7/1/2017** 12:01 a.m. standard time, this endorsement forms a part of Policy No. **ARB170010310** issued by ARECA Insurance Exchange to **Alaska Energy Authority -Alaska Intertie.**

In consideration of the premium charged, AIE and the Insured agree, subject to all provisions of the policy except as modified herein, as follows:

It is hereby understood and agreed that notwithstanding any policy provision or subscriber agreement to the contrary, no governments, governmental agencies, state and/or political subdivisions (collectively referred to as "Governmental Entities") shall be personally liable for any debt or obligation of AIE, its successors or assigns, and will not be assessed for such.