

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

HABITATIONAL ASSOCIATION DIRECTORS AND OFFICERS LIABILITY ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

A. Under **SECTION I - COVERAGES**, the following coverage is added:

HABITATIONAL ASSOCIATION DIRECTORS AND OFFICERS LIABILITY

1. Insuring Agreement

1. We will pay those sums the insured becomes legally obligated to pay as "damages" because of any negligent act, error, omission or breach of duty directly related to the management of the premises, shown in the Declarations, which occurs during the policy period. We will settle or defend, as we consider appropriate, any claim or "suit" for damages covered by this policy. We will do this at our expense, using attorneys of our choice. This agreement to settle or defend claims or "suits" ends when we have paid the limit of our liability.

2. Exclusions

This coverage does not apply to:

- a. "Bodily injury", "property damage", "personal injury" or "advertising injury".
- b. Any transactions of any insured from which any insured gained any personal profit or advantage not shared equitably by the members of the association.
- c. Any failure to:
 - 1) Procure or maintain any insurance policy or bond; or

- 2) Obtain proper amounts, forms, conditions or provisions of any insurance policy or bond.

- d. Violation of any civil rights law, whether federal, state or local ordinance, including but not limited to discrimination based on race, religion, sex or age.

- e. Any criminal or malicious act.

- f. Liability based upon any intentionally dishonest or fraudulent act, or any judgment based upon any intentionally dishonest or fraudulent act.

- g. To the liability of any insured to return salaries or bonuses received illegally or without the permission of association members.

- h. To any claims for which your officer or director receives indemnity from you or has a right to be indemnified by you.

- i. An actual or alleged error or omission or breach of duty, committed by any insured in the discharge or fiduciary duties, obligations or responsibilities imposed by the Employee Retirement Income Act of 1974 or any similar legislation.

- j. Any insured's failure to comply with any law concerning workers compensation, unemployment insurance, social security, disability benefits or any similar law.

- k. To any claim for "damages" made by you, your officers or your directors.

- l. Any claim or liability arising out of the actual, alleged or threatened discharge,

dispersal, seepage, migration, release or escape of "pollutants":

- 1) At or from any premises, site or location which is or was at anytime owned or occupied by, or rented or loaned to any insured;
 - 2) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
 - 3) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom an insured may be legally responsible;
 - 4) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations:
 - a) If the "pollutants" are brought on or to the premises, site, or location in connection with such operations by such insured, contractor or subcontractor; or
 - b) If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to, or assess the effects of pollutants.
- m.** Any loss, cost or expense arising out of any:
- 1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"; or

- 2) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to or assessing the effects of "pollutants".

- n.** Any claim or liability arising out of any nuclear reaction, nuclear radiation, or radioactive contamination, or to any act or condition relating to any of these.

- B.** As it applies to this endorsement only, **SECTION II - WHO IS AN INSURED**, is deleted and replaced by the following:

SECTION II - WHO IS AN INSURED

Each of the following is an insured with respect to this coverage, but only to the extent set forth below:

1. Your directors and officers, but only while acting within the scope of their duties for you.
2. You with respect to your liability for the negligent act, error, omission or breach of duty committed by an officer or director.

- C.** Under **SECTION III - LIMITS OF INSURANCE**, the following is added:

1. Is the limit of insurance stated in the Declarations for this coverage:
 - a. The total limit of our liability for all "damages" for one or more persons as a result of any one negligent act, error, omission or breach of duty whether committed collectively or individually; and
 - b. Applies regardless of the number of insureds.
2. The coverage provided by this endorsement is subject to a separate aggregate limit which is:
 - a. Stated in the Declarations; and
 - b. The most we will pay for all "damages" covered under this endorsement for any one policy period.

- D.** Under **SECTION V - DEFINITIONS**, the following definition is added:

"Damages" means only actual compensatory damages for loss suffered but does not include fines, taxes or any other cost or expense assessed against any insured.

Specimen