

TERRORISM EXCLUSIONS (WITH LIMITED EXCEPTION)

1. The word terrorism, when shown in this endorsement in quotation marks, has the following meaning:

"Terrorism" means activities against persons, organizations, or property of any nature:

- a. that involve the following or preparation for the following:
 - 1) use or threat of force or violence; or
 - 2) commission or threat of a dangerous act; or
 - 3) commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
- b. when one or both of the following applies:
 - 1) the effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
 - 2) it appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social, or economic objectives, or to express (or express opposition to) a philosophy or ideology.

2. The following exclusion is added under the Property Coverages:

TERRORISM EXCLUSION

Subject to the Fire Exception, "we" will not pay for loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.

This exclusion applies only when one or more of the following are attributed to an incident of "terrorism":

- a. the "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation, or radioactive contamination; or
- b. radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
- c. the "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- d. pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or
- e. the total of insured damage to all types of property in the United States, its territories and possessions, Puerto Rico, and Canada exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, "we" will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions. Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in

concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the threshold is exceeded.

Item 2.e. above describes the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Terrorism Exclusion will apply to that incident. When this Terrorism Exclusion applies to an incident of "terrorism", there is no coverage under the Property Coverages of the policy to which this endorsement applies.

Fire Exception -- If "terrorism" results in fire, "we" will pay for the loss or damage caused by that fire, subject to the "limit" and all "terms" that apply to the affected property. This Fire Exception applies only to direct loss or damage by fire to covered property. Therefore, for example, this Fire Exception does not apply to insurance provided under Income, Earnings, Extra Expense, or Legal Liability coverages, endorsements, coverage parts, or policy forms.

3. When the Terrorism Exclusion set forth under item 2. of this endorsement applies due to an incident of "terrorism" described above under items 2.a. or 2.b., that Terrorism Exclusion supersedes the Nuclear Hazard Exclusion in the policy to which this endorsement applies.
4. The following exclusion is added under the Commercial Liability Coverages:

TERRORISM EXCLUSION

"We" will not pay for injury or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". Such injury or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the injury or damage.

This exclusion applies only when one or more of the following are attributed to an incident of "terrorism":

- a. the "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation, or radioactive contamination; or
- b. radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
- c. the "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- d. pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or
- e. the total of insured damage to all types of property in the United States, its territories and possessions, Puerto Rico, and Canada exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, "we" will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
- f. fifty or more persons sustain death or serious physical injury. For the purpose of this provision, serious physical injury means:
 - 1) physical injury that involves a substantial risk of death; or

- 2) protracted and obvious physical disfigurement; or
- 3) protracted loss of or impairment of the function of a bodily member or organ.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds described above under items 4.e. or 4.f. are exceeded.

Items 4.e. and 4.f. above describe the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Terrorism Exclusion will apply to that incident.

When this Terrorism Exclusion applies to an incident of "terrorism", there is no coverage under the Commercial Liability Coverages of the policy to which this endorsement applies.

5. The following provisions are added.

- a. Neither the "terms" of this endorsement nor the "terms" of any other terrorism endorsement attached to the policy to which this endorsement applies provide coverage for any loss or damage that would otherwise be excluded by that policy under:
 - 1) exclusions that address war, military action, or nuclear hazard; or
 - 2) any other exclusion.
- b. The absence of any other terrorism endorsement does not imply coverage for any loss or damage that would otherwise be excluded by the policy to which this endorsement applies under:
 - 1) exclusions that address war, military action, or nuclear hazard; or
 - 2) any other exclusion.