

## WAR, MILITARY ACTION, AND TERRORISM EXCLUSIONS (WITH LIMITED EXCEPTION)

The Businessowners Policy is amended as follows:

1. The following definition is added:

"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. Under Property Coverages, Perils Excluded, the War Exclusion, wherever it appears, is deleted and replaced by the following:

### WAR AND MILITARY ACTION EXCLUSION

- a. "We" will not pay for loss or damage caused directly or indirectly by the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.
  - 1) War, including undeclared or civil war; or
  - 2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
  - 3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

With respect to any action that comes within the "terms" of this exclusion and involves nuclear reaction or radiation, or radioactive contamination, this War And Military Action Exclusion supersedes the Nuclear Hazard Exclusion.

- b. Regardless of the amount of damage and losses, the Terrorism Exclusion applies to any incident of "terrorism":
  - 1) That involves the use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
  - 2) That is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or

- 3) In which pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials.

Except as provided in b.1), b.2) or b.3) above, the Terrorism Exclusion will only apply to an incident of "terrorism" in which 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.

The preceding paragraph 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 the Terrorism Exclusion will apply to that incident. When the Terrorism Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Form.

In the event of any incident of "terrorism" that is not subject to the Terrorism Exclusion, coverage does not apply to any element of loss or damage that is otherwise excluded under this Coverage Form.

3. Under Property Coverages, Perils Excluded, the following exclusion is added:

#### **TERRORISM EXCLUSION**

"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.

But if "terrorism" results in fire, "we" will pay for the loss or damage caused by that fire. However, this exception for fire applies only to direct loss or damage by fire to covered property. Therefore, for example, the exception does not apply to the Earnings and/or Extra Expense coverage provided under Coverage C - Loss of Income Coverages.

But with respect to any such activity that also comes within the "terms" of the War And Military Action Exclusion, that exclusion supersedes this Terrorism Exclusion.

In the event of an incident of "terrorism" that involves nuclear reaction or radiation, or radioactive contamination, this Terrorism Exclusion supersedes the Nuclear Hazard Exclusion.

4. Under Commercial Liability Coverages, Exclusions, the exclusion relating to "bodily injury", "property damage", "personal injury", or "advertising injury" that arises out of war is deleted and replaced by the following:

"We" do not pay for "bodily injury", "property damage", "personal injury" or "advertising injury" arising directly or indirectly out of:

- a. War, including undeclared or civil war; or

- b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these; or
- d. "Terrorism", including any action taken in hindering or defending against an actual or expected incident of "terrorism";

regardless of any other cause or event that contributes concurrently or in any sequence to the injury or damage.

However, with respect to "terrorism", this exclusion only applies if one or more of the following are attributable to an incident of "terrorism":

- (1) The total of insured damage to all types of property 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
- (2) Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:

- (a) Physical injury that involves a substantial risk of death; or

- (b) Protracted and obvious physical disfigurement; or
- (c) Protracted loss of or impairment of the function of a bodily member or organ; or

- (3) The "terrorism" involves the use, release or escape of nuclear materials, or directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
- (4) The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- (5) Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials.

Paragraphs (1) and (2), immediately preceding, describe the thresholds 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 the Terrorism Exclusion will apply to that incident. When the Terrorism Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Form.

In the event of any incident of "terrorism" that is not subject to the Terrorism Exclusion, coverage does not apply to any loss or damage that is otherwise excluded under this Coverage Form.

Multiple incidents of "terrorism" which occur within a seventy-two hour period and appear to be carried out in concert or to have a related purpose or common leadership shall be considered to be one incident.