

**AMENDMENT NO. 2
TO PROFESSIONAL SERVICES AGREEMENT
BETWEEN COUNTY OF MONTEREY AND
WOOD RODGERS, INC.**

THIS AMENDMENT NO. 2 to the Professional Services Agreement between the County of Monterey, a political subdivision of the State of California (hereinafter, "County"), and WOOD RODGERS, INC. (hereinafter, "CONTRACTOR") which was executed by the County on May 10, 2007 (hereinafter, "Agreement") is hereby entered into between the County and the CONTRACTOR.

WHEREAS, the State Highway 1 Climbing Lane between Carmel Valley Road and Rio Road Project (hereinafter "Project") consists of two phases,

WHEREAS, Phase 1 is identified as Project Report and Environmental Documentation (hereinafter "Phase 1") and Phase 2 is identified as Plans Specifications & Engineers Estimate (hereinafter "Phase 2"),

WHEREAS, the Agreement includes scope and budget for the two phases,

WHEREAS, the County and CONTRACTOR found it more expedient that certain services identified in the scope and budget of Phase 2 of the project instead be completed in Phase 1,

WHEREAS, the circulation of the environmental documents in Phase 1 took longer to complete than planned due to unforeseen delays resulting in higher than budgeted costs for Phase 1,

WHEREAS, additional management time was required to coordinate with the Carmel Hill/Hatton Canyon Bike Trail project, and

WHEREAS, the County and the CONTRACTOR wish to amend the Agreement to internally transfer funds in the amount of \$55,000 from Phase 2 to Phase 1 to clarify the actual expenditures in each phase without any change in the overall funding for the Project.

NOW, THEREFORE, the parties agree to amend the Agreement as follows:

1. Amend Paragraph 4, "Additional Provisions/Exhibits", by adding "Exhibit A-2 Budget Transfer Request".
2. All other terms and conditions of the Agreement remain unchanged and in full force.
3. This Amendment No. 2 shall be attached to the Agreement and incorporated therein as if fully set forth in the Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 2 to the Professional Services Agreement as of the day and year written below:

COUNTY OF MONTEREY

By: [Signature]
Contracts/Purchasing Officer

Date: 4-1-10

Approved as to Form: County Counsel

By: [Signature]
Deputy County Counsel

Date: 3-22-10

Approved as to Fiscal Provisions, Auditor-Controller

By: [Signature]
Date: 3-23-10

Approved as to Indemnity and Insurance Provisions, Risk Management

By: _____

Date: _____

CONTRACTOR

Wood Rodgers, Inc.
Contractor Business Name*

By: [Signature]

Its: Alli A. Hemmati, Vice President
(Signature of Chair, President, or Vice-President)

Date: 3/19/2010

By: [Signature]

Its: Timothy R. Crush, Secretary
(Signature of Secretary, Asst. Secretary, CFO, or Asst. Treasurer)

Date: 3/19/10

ENTERED

MAR 25 2010

D BAYARD

*INSTRUCTIONS: IF CONTRACTOR is a corporation, including limited liability and non-profit corporations, the full legal name of the corporation shall be set forth above together with the signatures of two specified officers. If CONTRACTOR is a partnership, the name of the partnership shall be set forth above together with the signature of a partner who has authority to execute this Agreement on behalf of the partnership. IF CONTRACTOR is contracting in an individual capacity, the individual shall set forth the name of the business, if any, and shall

EXHIBIT A-2 – BUDGET TRANSFER REQUEST

Monterey County Project No. 09-869065
Wood Rodgers, Inc.

24 Feb 2010

Budget Transfer, SR 1 Climbing Lane, Rio Rd to Carmel Valley Rd.

	Existing Budget	Transfer Amount	Revised Budget
Phase 1 - Project Approval & Environmental			
Project Management (PA&ED Phase)	\$32,080	+\$10,000	\$42,080
Environmental Documentation	\$88,595	+\$20,000	\$108,595
Geotechnical Report	0	+\$20,000	\$20,000
Preliminary Drainage Report	\$3,860	+\$2,000	\$5,860
Design Standards Compliance	\$2,070	+\$2,000	\$4,070
R/W Data Sheet & Utility Info	\$3,690	+\$1,000	\$4,690
Other Tasks	\$55,530	No Change	\$55,530
Total for PA&ED Phase	\$185,825	+\$55,000	\$240,825
Phase 2 - Plans, Specifications, & Estimate			
Surveys & Base Mapping	\$27,010	-\$20,000	\$7,010
Geotechnical Report	\$18,670	-\$15,000	\$3,670
Roadway Design	\$65,430	-\$15,000	\$50,430
Signal & Lighting Design	\$32,375	-\$5,000	\$27,375
Other Tasks	\$126,645	No Change	\$126,645
Total for PS&E Phase	\$270,130	-\$55,000	\$215,110

No adjustment to the scope of work for Phase 2 (PS&E) is necessary at this time and all of the tasks in this phase remain as originally proposed. However, as noted above some of the tasks from Phase 2 were advanced in order to obtain Caltrans approval of the PA&ED as part of Phase 1. Contract total remains \$455,934.64.



WOOD RODGERS

February 1, 2010

Monterey County
 Department of Public Works
 Attn: Mr. Richard P. Sauerwein
 168 West Alisal Street, 2nd Floor
 Salinas, California 93901

Re: Request to shift budget in Professional Engineering Services Agreement to Phase 1 - Project Report and Environmental Documentation from Phase 2 - Plans, Specifications, and Engineer's Estimate for State Highway 1 Climbing Lane between Carmel Valley Road and Rio Road, Monterey County Project No. 09-869065

Dear Mr. Sauerwein:

This is in reference to our budget for the Project Report and Environmental Documentation (PA&ED) preparation for the State Highway 1 Climbing Lane between Carmel Valley Road and Rio Road project. Our existing Agreement for Professional Services includes scope and budget for two phases of project development. Phase 1 includes preparation of the PA&ED and Phase 2 provides for completion of the Plans, Specifications and Engineer's Estimate (PS&E) for this project. As you are aware, we have been diligently pursuing the completion of the Project Report for this project since April 2007. We anticipated completing the Project Report and beginning development of the PS&E for this project within a year of starting this work. However, due to circumstances beyond our control it has taken longer than anticipated to complete the PA&ED phase and both Wood Rodgers and our subconsultants have had to expend significant effort beyond our original budget in the PA&ED phase on this project. We believe that we can still complete our scope of work for the project within the overall existing budget, so we are requesting no change to our overall contract amount at this time. However, we are requesting your concurrence to shift some funds from the PS&E phase to PA&ED phase to cover our added effort and some items of work that were advanced from the PS&E phase to reduce the risk of further project delay.

The scope and budget for Parikh Consultants to complete geotechnical investigation and preparation of the Geotechnical Design and Materials Report for the project was included in Phase 2. However, it was advisable to complete the geotechnical work during the first phase in order to have more complete information available during the development of the environmental document, and to prevent delay during the second phase. Therefore, Parikh Consultants completed the geotechnical investigation and final draft Geotechnical Design and Materials Report (GDMR) was resubmitted to Caltrans for their concurrence on 3/6/2009. We believe that the GDMR is now complete.

Parikh Consultant's budget for preparation of the GDMR is \$17,118.96. In addition, Wood Rodgers expended approximately 46 labor hours x \$125/hr = \$5,750 in coordinating the geotechnical effort over the past 18 months. This effort will no longer be required during the Phase 2 (PS&E) effort for this project, so we request that \$20,000.00 be moved from the Phase 2 budget to the Phase 1 budget. We have also expended significant effort in additional management during the PA&ED phase and in the preparation of additional engineering drawings (including cross sections) to respond to various inquiries from Caltrans, the County of Monterey and TAMC related to coordination with the Carmel Hill/Hatton Canyon Bike Trail project in the area. In addition, LSA Associates Inc. (LSA) has also spent significant effort in responding to several rounds of unanticipated Caltrans review comments on the environmental document which were mainly due to staff turnover at Caltrans as noted in their attached letter of October 2, 2009. We request that

EXHIBIT A-2 – BUDGET TRANSFER REQUEST

Mr. Richard P. Sauerwein

February 1, 2010

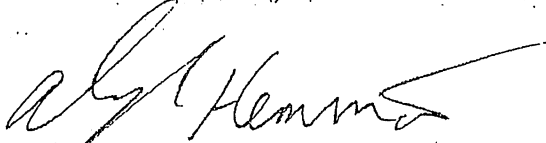
Page 2

an additional \$35,000 be moved from Phase 2 budget to Phase 1 for this effort. Therefore, we request your authorization to move a total of \$55,000.00 from Phase 2 to Phase 1 at this time.

To authorize this request, please return a signed copy of this letter at your earliest convenience. We appreciate your concurrence on this request and look forward to successful completion of this project. Should you require additional information regarding this request, please do not hesitate to contact me at 916-440-9519.

Sincerely,

WOOD RODGERS, INC.



Ali A. Hemmati, P.E.
Principal/Project Manager

Request Granted;

DEPARTMENT OF PUBLIC WORKS
COUNTY OF MONTEREY

Mike Derr
Contract/Purchasing Manager

cc: Arturo Adlawan, Monterey County
Keith Hallsten, Project Engineer, Wood Rodgers
8091.005, 052

EXHIBIT A-2 – BUDGET TRANSFER REQUEST

LSA

LSA ASSOCIATES, INC.
20 EXECUTIVE PARK, SUITE 200
IRVINE, CALIFORNIA 92614

949.553.0666 TEL
949.553.8076 FAX

BERKELEY
CARLSBAD
FORT COLLINS

FRESNO
PALM SPRINGS
POINT RICHMOND

RIVERSIDE
ROCKLIN
SAN LUIS OBISPO
SOUTH SAN FRANCISCO

October 2, 2009

Aji Hemmati, P.E.
Wood Rodgers Incorporated
3301 C Street, Bldg. 100-B
Sacramento, CA 95816

Subject: State Route 1 Improvement Project–Budget Augment Request

Dear Mr. Hemmati:

LSA Associates, Inc. (LSA) is requesting a budget amendment to complete the environmental document for the above-named project.

Currently, LSA is out of budget for the remaining task items related to the environmental document. Remaining task items include revising the environmental document to address both California Department of Transportation (Caltrans) District 5 and Caltrans Quality Assurance/Quality Control (QA/QC) Branch comments on the document (at least two separate rounds of review), distributing the document for public review, responding to public comments on the document, and producing a final environmental document.

LSA has expended the project budget for several reasons; the most notable reason includes several rounds of unanticipated Caltrans review, resulting from Caltrans staff turnover, which in turn has resulted in three environmental leads (reviewers) on this project, each having their own separate review and comment period.

When the environmental document was initiated, LSA was working with Lara Bertaina. Under Ms. Bertaina's oversight, the process went as expected. LSA submitted the environmental document to Ms. Bertaina shortly after final approval of the technical studies. LSA worked closely with Ms. Bertaina, particularly on deciding what type of Caltrans format was the most appropriate choice for this project. LSA and Ms. Bertaina, acting on behalf of Caltrans District 5, agreed the Appendix G format was indeed appropriate, as there are very few impacts associated with this project. The review process went as expected under Ms. Bertaina; two rounds of Caltrans District 5 review, the first for significant issues, the second for minor cleanup. The initial review comments provided by Caltrans District 5 were not significant; however, it did request a Paleontological Investigation Report be prepared since impacts to paleontology is a CEQA threshold, and there was not a Paleontological Investigation Report prepared for this project. Because LSA had wrongly assumed the process was going well and thought there would be enough room in the budget (as a result of minimal Caltrans comments on the environmental document), LSA provided a Paleontological memo in response to the Caltrans comment. At that time, LSA believed this was the most prudent action in order to keep the process moving forward. LSA did not want to bog down the review process by requesting a change order from the County to prepare a relatively simple memo. At that time, LSA believed there was sufficient budget to cover the expenditure. Soon after this expenditure, a new Caltrans reviewer was assigned. If LSA had known this was going to occur, the Paleontological memo would not have been prepared without receiving authorization for this additional work.

EXHIBIT A-2 – BUDGET TRANSFER REQUEST

LSA ASSOCIATES, INC.

In August 2008, the Caltrans QA/QC branch requested that the environmental document described above be revised from the Appendix G format to the Initial Study/Environmental Assessment (IS/EA) format, even though Caltrans District 5 had previously concurred that the Appendix G format was appropriate for this project. Ms. Bertaina claimed to have fought for the Appendix G format to remain valid, but to no avail. When LSA was informed that the IS/EA format was being required, Ms. Bertaina said that this should be a relatively simple format change. LSA was further told by Ms. Bertaina that because the impacts had been fully evaluated already (through the previous review), Caltrans review of the new format would go relatively quickly and easily since she felt the impacts were adequately addressed in the Appendix G format. Shortly thereafter, Ms. Bertaina was removed from the project, and Mr. Samer Momani took over. Unfortunately, Mr. Momani had no previous exposure to this project or the impacts. In fact, it is unknown whether Mr. Momani read the Appendix G format to see what was previously done for this project.

The review process under Mr. Momani was unorganized and disjointed. The document was submitted to Mr. Momani in December 2008. LSA attempted to shorten the review process by working directly with Mr. Momani to address his comments prior to distribution of the document within Caltrans staff. LSA worked closely with Mr. Momani throughout the month of December 2008. Throughout that month, Mr. Momani provided at least eight different sets of email comments. Each of the comments he provided overall were minor comments; however, addressing each round of his separate comments was over and beyond what LSA anticipated, especially since the direction received was that this would be a relatively simple format change.

Once Mr. Momani was satisfied with the changes, the document was distributed internally among Caltrans for review (late December 2008 – Submittal 1). In mid-January 2009, LSA received comments back from Caltrans, mainly focused on biological issues. LSA revised the document based on comments received and resubmitted it to Caltrans on or around January 23, 2009 (Submittal 2). LSA then received additional comments on February 10, 2009, and also learned that Caltrans itself had made revisions to the document. LSA then accepted the changes initiated by Caltrans and also provided further revisions in response to comments. At this point, this would have been the two rounds of review LSA anticipated and would have expected that the document was sent to the Caltrans QA/QC branch for approval to circulate. LSA then revised the document and submitted it back to Caltrans around mid-March 2009 (Submittal 3). LSA then received further comments on or around April 10, 2009, related to visual resources, and again, Caltrans had made additional edits in the document. Each time that Caltrans made edits, LSA needed to compare the document to the previous version. While not a huge effort, it did take time and effort each time to go through the document, merge the changes, and reformat the document appropriately, which is time consuming. Caltrans had also made several changes to the figures themselves. Because they were not working with the original figure files, the changes appeared distorted, and the quality was poor. LSA spent some time modifying the figures based on changes Caltrans had made so that they appeared not so distorted in the resubmitted document. The revised document was submitted back to Caltrans on April 30, 2009 (Submittal 4).

The document would not have been submitted to Caltrans QA/QC branch at this time unless it had not been for the urging by the County and Wood Rogers to the Caltrans Project Manager (Dave Rasmussen) to submit the document for approval to circulate. It was then submitted to Caltrans QA/QC branch on May 19, 2009. LSA then did not hear back regarding this document until late

EXHIBIT A-2 – BUDGET TRANSFER REQUEST

LSA ASSOCIATES, INC.

August, when informed that there was a third environmental reviewer for this project; Jason Wilkinson; and that Caltrans QA/QC branch requested the environmental document be updated based on recent changes to the Standard Environmental Reference (SER) template.

It is important to note that when LSA reformatted the document in December of 2008, the most up-to-date template was used (dated May 15, 2008). As stated previously, the document was submitted to Caltrans QA/QC branch on May 19, 2009. Subsequent to that submittal, Caltrans updated the IS/EA SER template in June 2009. Once changes were received on the document in late August 2009, Caltrans requested that updates to the IS/EA SER template be included, and it also had additional comments on the document. Therefore, LSA was requested to not only respond to additional comments, but also to update the document based on recent changes to the SER template.

LSA then revised the document based on Caltrans comments and SER template updates and resubmitted the document on September 21, 2009 (Submittal 5). LSA received additional minor comments on September 28, 2009, from Caltrans, and LSA revised and resubmitted the document on September 30, 2009 (Submittal 6).

Based on this, LSA has revised the document in response to Caltrans comments on six different occasions for the revised format. This does not include the month of December 2008, when LSA worked closely with Mr. Momani to respond to his eight different sets of comments. Again, while none of these comments separately are significant or required major revisions, it takes time to work through each round of review since there are so many required Caltrans level of internal review (analyst, senior technical review, technical editor review, and Principal review).

In addition, Caltrans reviewers contributed to the inefficiencies on this project. For example, in the first draft document (Appendix G), it was commented that a Paleontological memo was needed to back up discussions in the environmental document. So LSA provided this and included a Paleontological section in the reformatted version. Keep in mind that this came from Lara Bertaina's oversight. Sometime after that, Caltrans decided that this document no longer needed to be included in the environmental document, and the Paleontological and Cultural Resources sections were wholly removed from the document. In the first few rounds of comments from Mr. Momani, many comments focused on revising the impacts to Cultural Resources. To later have it removed from the document made the previous effort worthless.

In addition, one of the main reasons LSA was told that the Appendix G format did not fit for this project was because a total of three impact issues are allowed for that format. For this project, the Caltrans QA/QC branch determined that there were impacts to aesthetics, cultural resources, animal species, and plant species, or one impact too many. Considering that Caltrans later removed Paleontological and Cultural Resources from the document entirely, LSA's original assumption that Appendix G was appropriate for this project is clearly supported. Caltrans has been inconsistent with its comments internally and subject to providing inconsistent direction that resulted in time and expenditures that were clearly unnecessary. For the reasons described above, LSA is requesting a budget amendment, as we cannot be held responsible for Caltrans inefficiencies and lack of consistent direction.

EXHIBIT A-2 – BUDGET TRANSFER REQUEST

LSA ASSOCIATES, INC.

LSA estimates that the project could be finished for a not-to-exceed amount of \$20,010. This would allow for four additional rounds of review (two for Caltrans District 5 [which has already been completed] and two for the QA/QC branch) and the remaining task items described earlier (public review, response to comments, and the final environmental document).

In the current budget, LSA was allocated \$11,000 for preparation of the Coastal Development Permit (CDP) for this project during the Plans, Specifications, and Estimates (PS&E) phase of the project. LSA is requesting your authorization to allow it to utilize the previously approved budget for the CDP now in order to take the document through the public review phase and then authorize the amendment request above during the PS&E phase of the project. This authorization allows LSA to collect at least half of the fees from the remaining portions of this environmental document phase over the next coming months.

In order to keep the environmental process moving forward, LSA has initiated the revisions to the document. LSA will continue to work expeditiously to complete this project in the timeliest manner possible.


Thank you for your consideration.

Sincerely,

LSA ASSOCIATES, INC.



Laura Rocha
Project Manager



Michael Amling
Principal

EXHIBIT A-2 – BUDGET TRANSFER REQUEST

Budget Augment 2 for State Route 1 Climbing Lane in Monterey County (IS-MND)
 LSA Staffing Allocations for Environmental Services

Task		LSA Labor Classifications				Total Hours		Total Costs
No.	Task Description	Principal	PM/Analyst	WP/Prod	by Task	Direct Costs	by Task	
1	Update/Revise IS-MND	4	30	12	46		\$4,930	
2	Caltrans Review 1 and 2 (District 5)	4	10	10	24		\$2,660	
3	Caltrans Review 3 and 4 (QA/QC Branch)	4	20	10	34		\$3,710	
4	Public Review	1	20	4	25	\$2,000	\$4,630	
5	RTC	1	20	2	23		\$2,460	
6	Final MND	1	12	2	15		\$1,620	
	TOTAL HOURS	15	112	40	167		\$18,010	
	TOTAL COST						\$20,010	
	Billing Rate by Classification	\$190	\$105	\$85				

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED (ARCHITECTS, ENGINEERS AND SURVEYORS)

This endorsement modifies insurance provided under the following:
COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

NAME OF PERSON(S) OR ORGANIZATION(S):

The County of Monterey, its agents, officers and Employees

PROJECT/LOCATION OF COVERED OPERATIONS: All Operations of the Named Insured

PROVISIONS

A. The following is added to WHO IS AN INSURED (Section II):

The person or organization shown in the Schedule above is an additional insured on this Coverage Part, but only with respect to liability for bodily injury, 'property damage' or 'personal injury' caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

- a. In the performance of your ongoing operations;
- b. In connection with premises owned by or rented to you; or
- c. In connection with your work and included within the "products-completed operations hazard."

Such person or organization does not qualify as an additional insured for "bodily injury", "property damage" or "personal injury" for which that person or organization has assumed liability in a contract or agreement.

The insurance provided to such additional insured is limited as follows:

- d. This insurance does not apply to the rendering of or failure to render any "professional services".
- e. The limits of insurance afforded to the additional insured shall be the limits which you agreed in that 'contract or agreement requiring insurance' to provide for that additional insured, or the limits shown in the Declarations for this Coverage Part, whichever are less. This endorsement does not increase the limits of insurance stated in the LIMITS OF INSURANCE (Section III) for this Coverage Part.

B. The following is added to Paragraph a. of 4. Other Insurance in COMMERCIAL GENERAL LIABILITY CONDITIONS (Section IV):

However, if you specifically agree in a contract or agreement requiring insurance that, for the additional insured shown in the Schedule, the insurance provided to that additional insured under this

COMMERICAL GENERAL LIABILITY

Coverage Part must apply on a primary basis, or a primary and non-contributory basis, this insurance is primary to other insurance that is available to such additional insured which covers such additional insured as a named insured, and we will not share with the other insurance, provided that:

- (1) The "bodily injury" or "property damage" for which coverage is sought occurs; and
- (2) The "personal injury" for which coverage is sought arises out of an offense committed;

after you have entered into that "contract or agreement requiring insurance" for such additional insured. But this insurance still is excess over valid and collectible other insurance, whether primary, excess, contingent or on any other basis, that is available to the additional insured when the additional insured is also an additional insured under any other insurance.

- C. The following is added to Paragraph 8. Transfer Of Rights Of Recovery Against Others To Us in COMMERCIAL GENERAL LIABILITY CONDITIONS (Section IV):

We waive any rights of recovery we may have against the additional insured shown in the Schedule above because of payments we make for "bodily injury", "property damage" or "personal

injury" arising out of "your work" on or for the project, or at the location, shown in the Schedule above, performed by you, or on your behalf, under a "contract or agreement requiring insurance" with that additional insured. We waive these rights only where you have agreed to do so as part of the "contract or agreement requiring insurance" with that additional insured entered into by you before, and in effect when, the "bodily injury" or "property damage" occurs, or the "personal injury" offense is committed.

- D. The following definition is added to DEFINITIONS (Section V):

"Contract or agreement requiring insurance" means that part of any contract or agreement under which you are required to include the person or organization shown in the Schedule as an additional insured on this Coverage Part, provided that the "bodily injury" and "property damage" occurs, and the "personal injury" is caused by an offense committed:

- a. After you have entered into that contract or agreement;
- b. While that part of the contract or agreement is in effect; and
- c. Before the end of the policy period.

POLICY NUMBER: BA5367L055

BUSINESS AUTOMOBILE LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

DESIGNATED INSURED ENDORSEMENT (CA 20 48)

Name of Person(s) or Organization(s)

County of Monterey
Resource Management Agency
Attn: Dalia M. Mariscal
168 West Alisal Street, 2nd Floor
Salinas, CA 93901

BUSINESS AUTO COVERAGE

Each person or organization indicated above is an "insured" for Liability Coverage, but only to the extent that person or organization qualifies as an "insured" under the Who Is An Insured provision contained in SECTION II of the Coverage Form.

Schedule continued: The County of Monterey, its agents, officers and employees

TRAVELERS CORP. TEL: 1-800-328-2189
 ARCHITECTS PLAN
 COMMON POLICY DECLARATIONS
 ISSUE DATE: 10/01/09
 POLICY NUMBER: BA-5367L055-09-GRP

INSURING COMPANY:
 TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA

1. NAMED INSURED AND MAILING ADDRESS:
 WOOD RODGERS INC.
 3301 C ST BLDG 100B
 SACRAMENTO, CA 95816

2. POLICY PERIOD: From 10/01/09 to 10/01/10 12:01 A.M. Standard Time at
 your mailing address.

3. LOCATIONS

Loc. No.	Premises No.	Bldg. No.	Occupancy	Address

4. COVERAGE PARTS FORMING PART OF THIS POLICY AND INSURING COMPANIES:
 COMMERCIAL AUTOMOBILE COV PART DECLARATIONS CA TO 01 02 07 TIL

5. NUMBERS OF FORMS AND ENDORSEMENTS
 FORMING A PART OF THIS POLICY: SEE IL T8 01 10 93

6. SUPPLEMENTAL POLICIES: Each of the following is a separate policy
 containing its complete provisions:

Policy	Policy No.	Insuring Company

DIRECT BILL
 7. PREMIUM SUMMARY:

Provisional Premium	\$
Due at Inception	\$
Due at Each	\$

NAME AND ADDRESS OF AGENT OR BROKER:
 DEALEY RENTON & ASSOC (CGW76)
 P O BOX 12675
 OAKLAND, CA 946042675

COUNTERSIGNED BY:


 Authorized Representative

DATE: 10/2/09

POLICY NUMBER: BA-5367L055-09-GRP

EFFECTIVE DATE: 10-01-09

ISSUE DATE: 10-01-09

LISTING OF FORMS, ENDORSEMENTS AND SCHEDULE NUMBERS

THIS LISTING SHOWS THE NUMBER OF FORMS, SCHEDULES AND ENDORSEMENTS BY LINE OF BUSINESS.

IL T0 02 11 89	COMMON POLICY DECLARATIONS
IL T8 01 10 93	FORMS, ENDORSEMENTS AND SCHEDULE NUMBERS
IL T0 01 01 07	COMMON POLICY CONDITIONS

COMMERCIAL AUTOMOBILE

CA T0 01 02 07	BUSINESS AUTO COV PART ITEMS 1, 2
CA T0 02 11 06	BUSINESS AUTO COV PART DEC- ITEM 3
CA T0 03 02 07	BUSINESS AUTO COV PART ITEMS 4, 5
CA T0 30 11 06	BUSINESS AUTO/TRUCK COV PART-SUPPL SCHD
CA T0 31 11 07	TABLE OF CONTENTS-BUSINESS AUTO COV FORM
CA 00 01 03 06	BUSINESS AUTO POLICY
CA T4 00 01 04	AMENDATORY ENDORSEMENT
CA 01 36 10 01	NEVADA CHANGES
CA 01 43 05 07	CALIFORNIA CHANGES
CA 03 05 02 97	CA CHANGES-WAIVER OF COLLISION DED
CA 04 24 04 06	CALIFORNIA AUTO MED PAY COV
CA 20 48 02 99	DESIGNATED INSURED
CA 21 27 06 08	NEVADA UM COVERAGE
CA 21 54 03 06	CALIFORNIA UM COVERAGE-BI
CA 99 03 03 06	AUTO MED PAY COVERAGE
CA 99 16 12 93	HIRED AUTOS SPECIF AS COV AUTOS YOU OWN
CA T3 40 08 08	BLANKET WAIVER OF SUBROGATION
CA T3 04 01 87	AMENDED TITLE-AUTO COVERAGE PARTS

INTERLINE ENDORSEMENTS

IL 00 21 09 08	NUCLEAR ENERGY LIAB EXCL END-BROAD FORM
IL 01 10 09 07	NV CHANGES-CONCEALMENT, MISREP OR FRAUD
IL 02 51 09 07	NV CHANGES-CANCELLATION & NONRENEWAL
IL 02 70 09 08	CA CHANGES-CANCELLATION & NON-RENEWAL

POLICYHOLDER NOTICES

PN CA 36 09 05	CA AUTO BODY REPAIR CONS BILL OF RIGHTS
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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BLANKET WAIVER OF SUBROGATION

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
GARAGE COVERAGE FORM
MOTOR CARRIER COVERAGE FORM
TRUCKERS COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

Paragraph 5. **Transfer of Rights Of Recovery Against Others To Us** of the CONDITIONS section is replaced by the following:

5. Transfer Of Rights Of Recovery Against Others To Us

We waive any right of recovery we may have against any person or organization to the extent

required of you by a written contract executed prior to any "accident" or "loss", provided that the "accident" or "loss" arises out of the operations contemplated by such contract. The waiver applies only to the person or organization designated in such contract.



BUSINESS AUTO COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

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

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V - Definitions.

SECTION I - COVERED AUTOS

Item Two of the Declarations shows the "autos" that are covered "autos" for each of your coverages. The following numerical symbols describe the "autos" that may be covered "autos". The symbols entered next to a coverage on the Declarations designate the only "autos" that are covered "autos".

A. Description Of Covered Auto Designation Symbols

Symbol	Description Of Covered Auto Designation Symbols
1	Any "Auto"
2	Owned "Autos" Only Only those "autos" you own (and for Liability Coverage any "trailers" you don't own while attached to power units you own). This includes those "autos" you acquire ownership of after the policy begins.
3	Owned Private Passenger "Autos" Only Only the private passenger "autos" you own. This includes those private passenger "autos" you acquire ownership of after the policy begins.
4	Owned "Autos" Other Than Private Passenger "Autos" Only Only those "autos" you own that are not of the private passenger type (and for Liability Coverage any "trailers" you don't own while attached to power units you own). This includes those "autos" not of the private passenger type you acquire ownership of after the policy begins.
5	Owned "Autos" Subject To No-Fault Only those "autos" you own that are required to have No-Fault benefits in the state where they are licensed or principally garaged. This includes those "autos" you acquire ownership of after the policy begins provided they are required to have No-Fault benefits in the state where they are licensed or principally garaged.
6	Owned "Autos" Subject To A Compulsory Uninsured Motorists Law Only those "autos" you own that because of the law in the state where they are licensed or principally garaged are required to have and cannot reject Uninsured Motorists Coverage. This includes those "autos" you acquire ownership of after the policy begins provided they are subject to the same state uninsured motorists requirement.
7	Specifically Described "Autos" Only those "autos" described in Item Three of the Declarations for which a premium charge is shown (and for Liability Coverage any "trailers" you don't own while attached to any power unit described in Item Three).
8	Hired "Autos" Only Only those "autos" you lease, hire, rent or borrow. This does not include any "auto" you lease, hire, rent, or borrow from any of your "employees", partners (if you are a partnership), members (if you are a limited liability company) or members of their households.
9	Nonowned "Autos" Only Only those "autos" you do not own, lease, hire, rent or borrow that are used in connection with your business. This includes "autos" owned by your "employees", partners (if you are a partnership), members (if you are a limited liability company), or members of their households but only while used in your business or your personal affairs.
19	Mobile Equipment Subject To Compulsory Or Financial Responsibility Or Other Motor Vehicle Insurance Law Only Only those "autos" that are land vehicles and that would qualify under the definition of "mobile equipment" under this policy if they were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where they are licensed or principally garaged.

B. Owned Autos You Acquire After The Policy Begins

1. If Symbols 1, 2, 3, 4, 5, 6 or 19 are entered next to a coverage in Item Two of the Declarations, then you have coverage for "autos" that you acquire of the type described for the remainder of the policy period.
2. But, if Symbol 7 is entered next to a coverage in Item Two of the Declarations, an "auto" you acquire will be a covered "auto" for that coverage only if:
 - a. We already cover all "autos" that you own for that coverage or it replaces an "auto" you previously owned that had that coverage; and
 - b. You tell us within 30 days after you acquire it that you want us to cover it for that coverage.

C. Certain Trailers, Mobile Equipment And Temporary Substitute Autos

If Liability Coverage is provided by this Coverage Form, the following types of vehicles are also covered "autos" for Liability Coverage:

1. "Trailers" with a load capacity of 2,000 pounds or less designed primarily for travel on public roads.
2. "Mobile equipment" while being carried or towed by a covered "auto".
3. Any "auto" you do not own while used with the permission of its owner as a temporary substitute for a covered "auto" you own that is out of service because of its:
 - a. Breakdown;
 - b. Repair;
 - c. Servicing;
 - d. "Loss"; or
 - e. Destruction.

SECTION II - LIABILITY COVERAGE**A. Coverage**

We will pay all sums an "insured" legally must pay as damages because of "bodily injury" or "property damage" to which this insurance applies, caused by an "accident" and resulting from the ownership, maintenance or use of a covered "auto".

We will also pay all sums an "insured" legally must pay as a "covered pollution cost or expense" to which this insurance applies, caused by an "accident" and resulting from the ownership, maintenance or use of covered "autos". However,

we will only pay for the "covered pollution cost or expense" if there is either "bodily injury" or "property damage" to which this insurance applies that is caused by the same "accident".

We have the right and duty to defend any "insured" against a "suit" asking for such damages or a "covered pollution cost or expense". However, we have no duty to defend any "insured" against a "suit" seeking damages for "bodily injury" or "property damage" or a "covered pollution cost or expense" to which this insurance does not apply. We may investigate and settle any claim or "suit" as we consider appropriate. Our duty to defend or settle ends when the Liability Coverage Limit of Insurance has been exhausted by payment of judgments or settlements.

1. Who Is An Insured

The following are "insureds":

- a. You for any covered "auto".
- b. Anyone else while using with your permission a covered "auto" you own, hire or borrow except:
 - (1) The owner or anyone else from whom you hire or borrow a covered "auto". This exception does not apply if the covered "auto" is a "trailer" connected to a covered "auto" you own.
 - (2) Your "employee" if the covered "auto" is owned by that "employee" or a member of his or her household.
 - (3) Someone using a covered "auto" while he or she is working in a business of selling, servicing, repairing, parking or storing "autos" unless that business is yours.
 - (4) Anyone other than your "employees", partners (if you are a partnership), members (if you are a limited liability company), or a lessee or borrower or any of their "employees", while moving property to or from a covered "auto".
 - (5) A partner (if you are a partnership), or a member (if you are a limited liability company) for a covered "auto" owned by him or her or a member of his or her household.
- c. Anyone liable for the conduct of an "insured" described above but only to the extent of that liability.

2. Coverage Extensions

a. Supplementary Payments

We will pay for the "insured":

- (1) All expenses we incur.
- (2) Up to \$2,000 for cost of bail bonds (including bonds for related traffic law violations) required because of an "accident" we cover. We do not have to furnish these bonds.
- (3) The cost of bonds to release attachments in any "suit" against the "insured" we defend, but only for bond amounts within our Limit of Insurance.
- (4) All reasonable expenses incurred by the "insured" at our request, including actual loss of earnings up to \$250 a day because of time off from work.
- (5) All costs taxed against the "insured" in any "suit" against the "insured" we defend.
- (6) All interest on the full amount of any judgment that accrues after entry of the judgment in any "suit" against the "insured" we defend, but our duty to pay interest ends when we have paid, offered to pay or deposited in court the part of the judgment that is within our Limit of Insurance.

These payments will not reduce the Limit of Insurance.

b. Out-Of-State Coverage Extensions

While a covered "auto" is away from the state where it is licensed we will:

- (1) Increase the Limit of Insurance for Liability Coverage to meet the limits specified by a compulsory or financial responsibility law of the jurisdiction where the covered "auto" is being used. This extension does not apply to the limit or limits specified by any law governing motor carriers of passengers or property.
- (2) Provide the minimum amounts and types of other coverages, such as no-fault, required of out-of-state vehicles by the jurisdiction where the covered "auto" is being used.

We will not pay anyone more than once for the same elements of loss because of these extensions.

B. Exclusions

This insurance does not apply to any of the following:

1. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the "insured".

2. Contractual

Liability assumed under any contract or agreement.

But this exclusion does not apply to liability for damages:

- a. Assumed in a contract or agreement that is an "insured contract" provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement; or
- b. That the "insured" would have in the absence of the contract or agreement.

3. Workers' Compensation

Any obligation for which the "insured" or the "insured's" insurer may be held liable under any workers' compensation, disability benefits or unemployment compensation law or any similar law.

4. Employee Indemnification And Employer's Liability

"Bodily injury" to:

- a. An "employee" of the "insured" arising out of and in the course of:
 - (1) Employment by the "insured"; or
 - (2) Performing the duties related to the conduct of the "insured's" business; or
- b. The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph a. above.

This exclusion applies:

- (1) Whether the "insured" may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

But this exclusion does not apply to "bodily injury" to domestic "employees" not entitled to workers' compensation benefits or to liability assumed by the "insured" under an "insured

contract". For the purposes of the Coverage Form, a domestic "employee" is a person engaged in household or domestic work performed principally in connection with a residence premises.

5. Fellow Employee

"Bodily injury" to any fellow "employee" of the "insured" arising out of and in the course of the fellow "employee's" employment or while performing duties related to the conduct of your business.

6. Care, Custody Or Control

"Property damage" to or "covered pollution cost or expense" involving property owned or transported by the "insured" or in the "insured's" care, custody or control. But this exclusion does not apply to liability assumed under a sidetrack agreement.

7. Handling Of Property

"Bodily injury" or "property damage" resulting from the handling of property:

- a. Before it is moved from the place where it is accepted by the "insured" for movement into or onto the covered "auto"; or
- b. After it is moved from the covered "auto" to the place where it is finally delivered by the "insured".

8. Movement Of Property By Mechanical Device

"Bodily injury" or "property damage" resulting from the movement of property by a mechanical device (other than a hand truck) unless the device is attached to the covered "auto".

9. Operations

"Bodily injury" or "property damage" arising out of the operation of:

- a. Any equipment listed in Paragraphs 6.b. and 6.c. of the definition of "mobile equipment"; or
- b. Machinery or equipment that is on, attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

10. Completed Operations

"Bodily injury" or "property damage" arising out of your work after that work has been completed or abandoned.

In this exclusion, your work means:

- a. Work or operations performed by you or on your behalf; and
- b. Materials, parts or equipment furnished in connection with such work or operations.

Your work includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in Paragraph a. or b. above.

Your work will be deemed completed at the earliest of the following times:

- (1) When all of the work called for in your contract has been completed.
- (2) When all of the work to be done at the site has been completed if your contract calls for work at more than one site.
- (3) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

11. Pollution

"Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

- a. That are, or that are contained in any property that is:
 - (1) Being transported or towed by, handled, or handled for movement into, onto or from, the covered "auto";
 - (2) Otherwise in the course of transit by or on behalf of the "insured"; or
 - (3) Being stored, disposed of, treated or processed in or upon the covered "auto";
- b. Before the "pollutants" or any property in which the "pollutants" are contained are moved from the place where they are ac-

cepted by the "insured" for movement into or onto the covered "auto"; or

- c. After the "pollutants" or any property in which the "pollutants" are contained are moved from the covered "auto" to the place where they are finally delivered, disposed of or abandoned by the "insured".

Paragraph a. above does not apply to fuels, lubricants, fluids, exhaust gases or other similar "pollutants" that are needed for or result from the normal electrical, hydraulic or mechanical functioning of the covered "auto" or its parts, if:

- (1) The "pollutants" escape, seep, migrate, or are discharged, dispersed or released directly from an "auto" part designed by its manufacturer to hold, store, receive or dispose of such "pollutants"; and
- (2) The "bodily injury", "property damage" or "covered pollution cost or expense" does not arise out of the operation of any equipment listed in Paragraphs 6.b. and 6.c. of the definition of "mobile equipment".

Paragraphs b. and c. above of this exclusion do not apply to "accidents" that occur away from premises owned by or rented to an "insured" with respect to "pollutants" not in or upon a covered "auto" if:

- (1) The "pollutants" or any property in which the "pollutants" are contained are upset, overturned or damaged as a result of the maintenance or use of a covered "auto"; and
- (2) The discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused directly by such upset, overturn or damage.

12. War

"Bodily injury" or "property damage" arising directly or indirectly out of:

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

ernmental authority in hindering or defending against any of these.

13. Racing

Covered "autos" while used in any professional or organized racing or demolition contest or stunting activity, or while practicing for such contest or activity. This insurance also does not apply while that covered "auto" is being prepared for such a contest or activity.

C. Limit Of Insurance

Regardless of the number of covered "autos", "insureds", premiums paid, claims made or vehicles involved in the "accident", the most we will pay for the total of all damages and "covered pollution cost or expense" combined, resulting from any one "accident" is the Limit of Insurance for Liability Coverage shown in the Declarations.

All "bodily injury", "property damage" and "covered pollution cost or expense" resulting from continuous or repeated exposure to substantially the same conditions will be considered as resulting from one "accident".

No one will be entitled to receive duplicate payments for the same elements of "loss" under this Coverage Form and any Medical Payments Coverage Endorsement, Uninsured Motorists Coverage Endorsement or Underinsured Motorists Coverage Endorsement attached to this Coverage Part.

SECTION III - PHYSICAL DAMAGE COVERAGE

A. Coverage

1. We will pay for "loss" to a covered "auto" or its equipment under:

a. Comprehensive Coverage

From any cause except:

- (1) The covered "auto's" collision with another object; or
- (2) The covered "auto's" overturn.

b. Specified Causes Of Loss Coverage

Caused by:

- (1) Fire, lightning or explosion;
- (2) Theft;
- (3) Windstorm, hail or earthquake;
- (4) Flood;
- (5) Mischief or vandalism; or
- (6) The sinking, burning, collision or derailment of any conveyance transporting the covered "auto".

c. Collision Coverage

Caused by:

- (1) The covered "auto's" collision with another object; or
- (2) The covered "auto's" overturn.

2. Towing

We will pay up to the limit shown in the Declarations for towing and labor costs incurred each time a covered "auto" of the private passenger type is disabled. However, the labor must be performed at the place of disablement.

3. Glass Breakage – Hitting A Bird Or Animal – Falling Objects Or Missiles

If you carry Comprehensive Coverage for the damaged covered "auto", we will pay for the following under Comprehensive Coverage:

- a. Glass breakage;
- b. "Loss" caused by hitting a bird or animal; and
- c. "Loss" caused by falling objects or missiles.

However, you have the option of having glass breakage caused by a covered "auto's" collision or overturn considered a "loss" under Collision Coverage.

4. Coverage Extensions

a. Transportation Expenses

We will pay up to \$20 per day to a maximum of \$600 for temporary transportation expense incurred by you because of the total theft of a covered "auto" of the private passenger type. We will pay only for those covered "autos" for which you carry either Comprehensive or Specified Causes of Loss Coverage. We will pay for temporary transportation expenses incurred during the period beginning 48 hours after the theft and ending, regardless of the policy's expiration, when the covered "auto" is returned to use or we pay for its "loss".

b. Loss Of Use Expenses

For Hired Auto Physical Damage, we will pay expenses for which an "insured" becomes legally responsible to pay for loss of use of a vehicle rented or hired without a driver, under a written rental contract or agreement. We will pay for loss of use expenses if caused by:

- (1) Other than collision only if the Declarations indicate that Comprehensive Coverage is provided for any covered "auto";
- (2) Specified Causes Of Loss only if the Declarations indicate that Specified Causes Of Loss Coverage is provided for any covered "auto"; or
- (3) Collision only if the Declarations indicate that Collision Coverage is provided for any covered "auto".

However, the most we will pay for any expenses for loss of use is \$20 per day, to a maximum of \$600.

B. Exclusions

- 1. We will not pay for "loss" caused by or resulting from any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss".

a. Nuclear Hazard

- (1) The explosion of any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination, however caused.

b. War Or Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

- 2. We will not pay for "loss" to any covered "auto" while used in any professional or organized racing or demolition contest or stunting activity, or while practicing for such contest or activity. We will also not pay for "loss" to any covered "auto" while that covered "auto" is being prepared for such a contest or activity.
- 3. We will not pay for "loss" caused by or resulting from any of the following unless caused by other "loss" that is covered by this insurance:

- a. Wear and tear, freezing, mechanical or electrical breakdown.
 - b. Blowouts, punctures or other road damage to tires.
4. We will not pay for "loss" to any of the following:
- a. Tapes, records, discs or other similar audio, visual or data electronic devices designed for use with audio, visual or data electronic equipment.
 - b. Any device designed or used to detect speed measuring equipment such as radar or laser detectors and any jamming apparatus intended to elude or disrupt speed measurement equipment.
 - c. Any electronic equipment, without regard to whether this equipment is permanently installed, that receives or transmits audio, visual or data signals and that is not designed solely for the reproduction of sound.
 - d. Any accessories used with the electronic equipment described in Paragraph c. above.

Exclusions 4.c. and 4.d. do not apply to:

- a. Equipment designed solely for the reproduction of sound and accessories used with such equipment, provided such equipment is permanently installed in the covered "auto" at the time of the "loss" or such equipment is removable from a housing unit which is permanently installed in the covered "auto" at the time of the "loss", and such equipment is designed to be solely operated by use of the power from the "auto's" electrical system, in or upon the covered "auto"; or
 - b. Any other electronic equipment that is:
 - (1) Necessary for the normal operation of the covered "auto" or the monitoring of the covered "auto's" operating system; or
 - (2) An integral part of the same unit housing any sound reproducing equipment described in Paragraph a. above and permanently installed in the opening of the dash or console of the covered "auto" normally used by the manufacturer for installation of a radio.
5. We will not pay for "loss" to a covered "auto" due to "diminution in value".

C. Limit Of Insurance

1. The most we will pay for "loss" in any one "accident" is the lesser of:
 - a. The actual cash value of the damaged or stolen property as of the time of the "loss"; or
 - b. The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality.
2. An adjustment for depreciation and physical condition will be made in determining actual cash value in the event of a total "loss".
3. If a repair or replacement results in better than like kind or quality, we will not pay for the amount of the betterment.

D. Deductible

For each covered "auto", our obligation to pay for, repair, return or replace damaged or stolen property will be reduced by the applicable deductible shown in the Declarations. Any Comprehensive Coverage deductible shown in the Declarations does not apply to "loss" caused by fire or lightning.

SECTION IV - BUSINESS AUTO CONDITIONS

The following conditions apply in addition to the Common Policy Conditions:

A. Loss Conditions

1. Appraisal For Physical Damage Loss

If you and we disagree on the amount of "loss", either may demand an appraisal of the "loss". In this event, each party will select a competent appraiser. The two appraisers will select a competent and impartial umpire. The appraisers will state separately the actual cash value and amount of "loss". If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If we submit to an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Accident, Claim, Suit Or Loss

We have no duty to provide coverage under this policy unless there has been full compliance with the following duties:

- a. In the event of "accident", claim, "suit" or "loss", you must give us or our authorized

representative prompt notice of the "accident" or "loss". Include:

- (1) How, when and where the "accident" or "loss" occurred;
- (2) The "insured's" name and address; and
- (3) To the extent possible, the names and addresses of any injured persons and witnesses.

b. Additionally, you and any other involved "insured" must:

- (1) Assume no obligation, make no payment or incur no expense without our consent, except at the "insured's" own cost.
- (2) Immediately send us copies of any request, demand, order, notice, summons or legal paper received concerning the claim or "suit".
- (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit".
- (4) Authorize us to obtain medical records or other pertinent information.
- (5) Submit to examination, at our expense, by physicians of our choice, as often as we reasonably require.

c. If there is "loss" to a covered "auto" or its equipment you must also do the following:

- (1) Promptly notify the police if the covered "auto" or any of its equipment is stolen.
- (2) Take all reasonable steps to protect the covered "auto" from further damage. Also keep a record of your expenses for consideration in the settlement of the claim.
- (3) Permit us to inspect the covered "auto" and records proving the "loss" before its repair or disposition.
- (4) Agree to examinations under oath at our request and give us a signed statement of your answers.

3. Legal Action Against Us

No one may bring a legal action against us under this Coverage Form until:

- a. There has been full compliance with all the terms of this Coverage Form; and

b. Under Liability Coverage, we agree in writing that the "insured" has an obligation to pay or until the amount of that obligation has finally been determined by judgment after trial. No one has the right under this policy to bring us into an action to determine the "insured's" liability.

4. Loss Payment - Physical Damage Coverages

At our option we may:

- a. Pay for, repair or replace damaged or stolen property;
- b. Return the stolen property, at our expense. We will pay for any damage that results to the "auto" from the theft; or
- c. Take all or any part of the damaged or stolen property at an agreed or appraised value.

If we pay for the "loss", our payment will include the applicable sales tax for the damaged or stolen property.

5. Transfer Of Rights Of Recovery Against Others To Us

If any person or organization to or for whom we make payment under this Coverage Form has rights to recover damages from another, those rights are transferred to us. That person or organization must do everything necessary to secure our rights and must do nothing after "accident" or "loss" to impair them.

B. General Conditions

1. Bankruptcy

Bankruptcy or insolvency of the "insured" or the "insured's" estate will not relieve us of any obligations under this Coverage Form.

2. Concealment, Misrepresentation Or Fraud

This Coverage Form is void in any case of fraud by you at any time as it relates to this Coverage Form. It is also void if you or any other "insured", at any time, intentionally conceal or misrepresent a material fact concerning:

- a. This Coverage Form;
- b. The covered "auto";
- c. Your interest in the covered "auto"; or
- d. A claim under this Coverage Form.

3. Liberalization

If we revise this Coverage Form to provide more coverage without additional premium

charge, your policy will automatically provide the additional coverage as of the day the revision is effective in your state.

4. No Benefit To Bailee – Physical Damage Coverages

We will not recognize any assignment or grant any coverage for the benefit of any person or organization holding, storing or transporting property for a fee regardless of any other provision of this Coverage Form.

5. Other Insurance

a. For any covered "auto" you own, this Coverage Form provides primary insurance. For any covered "auto" you don't own, the insurance provided by this Coverage Form is excess over any other collectible insurance. However, while a covered "auto" which is a "trailer" is connected to another vehicle, the Liability Coverage this Coverage Form provides for the "trailer" is:

- (1) Excess while it is connected to a motor vehicle you do not own.
- (2) Primary while it is connected to a covered "auto" you own.

b. For Hired Auto Physical Damage Coverage, any covered "auto" you lease, hire, rent or borrow is deemed to be a covered "auto" you own. However, any "auto" that is leased, hired, rented or borrowed with a driver is not a covered "auto".

c. Regardless of the provisions of Paragraph a. above, this Coverage Form's Liability Coverage is primary for any liability assumed under an "insured contract".

d. When this Coverage Form and any other Coverage Form or policy covers on the same basis, either excess or primary, we will pay only our share. Our share is the proportion that the Limit of Insurance of our Coverage Form bears to the total of the limits of all the Coverage Forms and policies covering on the same basis.

6. Premium Audit

a. The estimated premium for this Coverage Form is based on the exposures you told us you would have when this policy began. We will compute the final premium due when we determine your actual exposures. The estimated total premium will be credited against the final premium due and the first Named Insured will be billed

for the balance, if any. The due date for the final premium or retrospective premium is the date shown as the due date on the bill. If the estimated total premium exceeds the final premium due, the first Named Insured will get a refund.

b. If this policy is issued for more than one year, the premium for this Coverage Form will be computed annually based on our rates or premiums in effect at the beginning of each year of the policy.

7. Policy Period, Coverage Territory

Under this Coverage Form, we cover "accidents" and "losses" occurring:

- a. During the policy period shown in the Declarations; and
- b. Within the coverage territory.

The coverage territory is:

- a. The United States of America;
- b. The territories and possessions of the United States of America;
- c. Puerto Rico;
- d. Canada; and
- e. Anywhere in the world if:

(1) A covered "auto" of the private passenger type is leased, hired, rented or borrowed without a driver for a period of 30 days or less; and

(2) The "insured's" responsibility to pay damages is determined in a "suit" on the merits, in the United States of America, the territories and possessions of the United States of America, Puerto Rico, or Canada or in a settlement we agree to.

We also cover "loss" to, or "accidents" involving, a covered "auto" while being transported between any of these places.

8. Two Or More Coverage Forms Or Policies Issued By Us

If this Coverage Form and any other Coverage Form or policy issued to you by us or any company affiliated with us apply to the same "accident", the aggregate maximum Limit of Insurance under all the Coverage Forms or policies shall not exceed the highest applicable Limit of Insurance under any one Coverage Form or policy. This condition does not apply to any Coverage Form or policy issued by us or an affiliated company specifically to

apply as excess insurance over this Coverage Form.

SECTION V - DEFINITIONS

- A. "Accident" includes continuous or repeated exposure to the same conditions resulting in "bodily injury" or "property damage".
- B. "Auto" means:
 1. A land motor vehicle, "trailer" or semitrailer designed for travel on public roads; or
 2. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

- C. "Bodily injury" means bodily injury, sickness or disease sustained by a person including death resulting from any of these.
- D. "Covered pollution cost or expense" means any cost or expense arising out of:
 1. Any 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. Any 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".

"Covered pollution cost or expense" does not include any cost or expense arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

- a. That are, or that are contained in any property that is:
 - (1) Being transported or towed by, handled, or handled for movement into, onto or from the covered "auto";
 - (2) Otherwise in the course of transit by or on behalf of the "insured";
 - (3) Being stored, disposed of, treated or processed in or upon the covered "auto";
- b. Before the "pollutants" or any property in which the "pollutants" are contained are moved from the place where they are ac-

cepted by the "insured" for movement into or onto the covered "auto"; or

- c. After the "pollutants" or any property in which the "pollutants" are contained are moved from the covered "auto" to the place where they are finally delivered, disposed of or abandoned by the "insured".

Paragraph a. above does not apply to fuels, lubricants, fluids, exhaust gases or other similar "pollutants" that are needed for or result from the normal electrical, hydraulic or mechanical functioning of the covered "auto" or its parts, if:

- (1) The "pollutants" escape, seep, migrate, or are discharged, dispersed or released directly from an "auto" part designed by its manufacturer to hold, store, receive or dispose of such "pollutants"; and
- (2) The "bodily injury", "property damage" or "covered pollution cost or expense" does not arise out of the operation of any equipment listed in Paragraph 6.b. or 6.c. of the definition of "mobile equipment".

Paragraphs b. and c. above do not apply to "accidents" that occur away from premises owned by or rented to an "insured" with respect to "pollutants" not in or upon a covered "auto" if:

- (1) The "pollutants" or any property in which the "pollutants" are contained are upset, overturned or damaged as a result of the maintenance or use of a covered "auto"; and
- (2) The discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused directly by such upset, overturn or damage.

- E. "Diminution in value" means the actual or perceived loss in market value or resale value which results from a direct and accidental "loss".
- F. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
- G. "Insured" means any person or organization qualifying as an insured in the Who Is An Insured provision of the applicable coverage. Except with respect to the Limit of Insurance, the coverage afforded applies separately to each insured who is seeking coverage or against whom a claim or "suit" is brought.

H. "Insured contract" means:

1. A lease of premises;
2. A sidetrack agreement;
3. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
4. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
5. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another to pay for "bodily injury" or "property damage" to a third party or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement;
6. That part of any contract or agreement entered into, as part of your business, pertaining to the rental or lease, by you or any of your "employees", of any "auto". However, such contract or agreement shall not be considered an "insured contract" to the extent that it obligates you or any of your "employees" to pay for "property damage" to any "auto" rented or leased by you or any of your "employees".

An "insured contract" does not include that part of any contract or agreement:

- a. That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing; or
- b. That pertains to the loan, lease or rental of an "auto" to you or any of your "employees", if the "auto" is loaned, leased or rented with a driver; or
- c. That holds a person or organization engaged in the business of transporting property by "auto" for hire harmless for your use of a covered "auto" over a route or territory that person or organization is authorized to serve by public authority.

- I. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business.

"Leased worker" does not include a "temporary worker".

- J. "Loss" means direct and accidental loss or damage.

- K. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

1. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
2. Vehicles maintained for use solely on or next to premises you own or rent;
3. Vehicles that travel on crawler treads;
4. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - a. Power cranes, shovels, loaders, diggers or drills; or
 - b. Road construction or resurfacing equipment such as graders, scrapers or rollers.
5. Vehicles not described in Paragraph 1., 2., 3., or 4. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - a. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - b. Cherry pickers and similar devices used to raise or lower workers.
6. Vehicles not described in Paragraph 1., 2., 3. or 4. above maintained primarily for purposes other than the transportation of persons or cargo. However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":
 - a. Equipment designed primarily for:
 - (1) Snow removal;
 - (2) Road maintenance, but not construction or resurfacing; or
 - (3) Street cleaning;
 - b. Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - c. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting or well servicing equipment.

However, "mobile equipment" does not include land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

- L. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- M. "Property damage" means damage to or loss of use of tangible property.
- N. "Suit" means a civil proceeding in which:
 - 1. Damages because of "bodily injury" or "property damage"; or
 - 2. A "covered pollution cost or expense",

to which this insurance applies, are alleged.

"Suit" includes:

- a. An arbitration proceeding in which such damages or "covered pollution costs or expenses" are claimed and to which the "insured" must submit or does submit with our consent; or
 - b. Any other alternative dispute resolution proceeding in which such damages or "covered pollution costs or expenses" are claimed and to which the insured submits with our consent.
- O. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.
 - P. "Trailer" includes semitrailer.