

AMENDATORY ENDORSEMENT SOUTH DAKOTA

This endorsement modifies insurance under the following:

DWELLING LIABILITY COVERAGE FORM (NS-800)

COMMERCIAL LIABILITY COVERAGE (FARM PREMISES AND OPERATIONS) FORM (NS-810)

A. Under Definitions, "Insured" is revised to include:

if "you" die while insured under this policy, any beneficiary who, immediately upon "your" death, receives title to a residence insured by "us" shall be an "insured" for 30 days following "your" death, but only with respect to Coverage L – Bodily Injury Liability and Property Damage Liability or Coverage M – Medical Payments to Others for which coverage on that residence is provided by this policy.

B. Under Incidental Liability Coverages, item e. under 3. Claims And Defense Costs is deleted and replaced by the following:

3. Claims And Defense Costs

e. prejudgment interest awarded against an "insured" on that part of the judgment "we" pay. If "we" pay the "limit" or offer to pay the "limit" to the court, "we" will not pay any prejudgment interest based on that period of time after the payment of the "limit" or the offer.

C. If form NS-800 is shown in the policy declarations, the following apply:

Under Exclusions That Apply To Liability Coverages, 1. Exclusions That Apply To Coverages L and M, the following changes apply:

1. Item a. is deleted and replaced by the following:

a. "bodily injury" or "property damage" that is:

- 1) expected by, directed by, or intended by an "insured";
- 2) the result of a criminal act of an "insured"; or
- 3) the result of an intentional and malicious act by or at the direction of an "insured".

This exclusion applies even if the "bodily injury" or "property damage":

- 1) that occurs is different than what was expected, directed, or intended; or
- 2) is suffered by persons, entities, or property not expected, directed, or intended.

However, this exclusion does not apply to "bodily injury" or "property damage" that arises out of the use of reasonable force by an "insured" to protect people or property.

2. The following exclusions are added.

a. "bodily injury" or "property damage" that arises out of any:

- 1) refusal to employ;
- 2) termination of employment;
- 3) coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination, sexual misconduct, or other employment-related practices, policies, acts, or omissions; or
- 4) consequential "bodily injury" or "property damage" as a result of 1), 2), or 3) above.

This exclusion applies where:

- 1) the "insured" is liable either as an employer or in any other capacity; or
- 2) there is an obligation to fully or partially reimburse a third party for damages arising out of paragraph a.1), a.2), a.3), or a.4) above.

b. "bodily injury" or "property damage" that arises directly or indirectly, in whole or in part, from the actual, alleged, or threatened ingestion of, inhalation of, contact with, exposure to, existence of, presence of, or any activity of bacteria, "fungi", wet rot, or dry rot.

c. "Bodily injury" or "property damage" that results from providing intoxicating beverages to or knowingly or recklessly permitting the consumption of intoxicating beverages by an underage person.

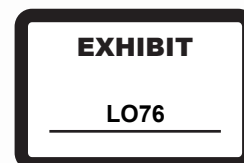
D. If form NS-810 is shown in the policy declarations, the following apply:

Under Exclusions That Apply To Liability Coverages, Exclusions That Apply To Bodily Injury and/or Property Damage, the following changes apply:

1. Item 1. is deleted and replaced by the following:

1. "bodily injury" or "property damage" that is:

- a) expected by, directed by, or intended by an "insured";
- b) the result of a criminal act of an "insured"; or
- c) the result of an intentional and malicious act by or at the direction of an "insured".



This exclusion applies even if the "bodily injury" or "property damage":

- a) that occurs is different than what was expected, directed, or intended; or
- b) is suffered by persons, entities, or property not expected, directed, or intended.

However, this exclusion does not apply to "bodily injury" or "property damage" that arises out of the use of reasonable force by an "insured" to protect people or property.

2. Item 23 is deleted and replaced by the following:

23. "property damage" to property that is rented to, occupied by, used by, or in the care, custody, or control of an "insured", except for "property damage" caused by fire, smoke, or explosion;

3. The following exclusions are added.

29. "bodily injury" or "property damage" that arises out of any:

- a) refusal to employ;
- b) termination of employment;
- c) coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination, sexual misconduct, or other employment-related practices, policies, acts, or omissions; or
- d) consequential "bodily injury" or "property damage" as a result of 1), 2), or 3) above.

This exclusion applies where:

- a) the "insured" is liable either as an employer or in any other capacity; or
 - b) there is an obligation to fully or partially reimburse a third party for damages arising out of paragraph a.1), a.2), a.3), or a.4) above.
30. "bodily injury" or "property damage" that arises directly or indirectly, in whole or in part, from the actual, alleged, or threatened ingestion of, inhalation of, contact with, exposure to, existence of, presence of, or any activity of bacteria, "fungi", wet rot, or dry rot.
31. "Bodily injury" or "property damage" that results from providing intoxicating beverages to or knowingly or recklessly permitting the consumption of intoxicating beverages by an underage person.
32. This policy does not apply to "bodily injury" or "property damage" arising out of violations of the Migrant and Seasonal Agricultural Worker Protection Act (29 USC sections 1801 et seq.) or any law or regulation pertaining to that Act.

E. Under Conditions, condition 3. Cancellation and Nonrenewal is deleted and replaced by:

3. **Cancellation and Nonrenewal** - "You" may cancel this policy by returning the policy to "us" or by giving "us" written notice and stating at what future date coverage is to stop.

"We" may cancel or not renew this policy by written notice to "you" at the address shown in the policy. A notice of cancellation will include a written explanation of the specific reasons for cancellation.

If this policy has been in effect less than 60 days, "we" may cancel for any reason.

If this policy has been in effect 60 days or more, or if it is a renewal of a policy issued by "us", "we" may cancel or not renew only at the anniversary date unless at least one of the following reasons apply:

- a. the premium has not been paid when due;
- b. discovery of fraud or material misrepresentation made by or with "your" knowledge in obtaining the policy, continuing the policy, or in presenting a claim under the policy;
- c. discovery of acts or omissions on "your" part which increase any hazard insured against;
- d. the occurrence of a change in the risk which substantially increases any hazard insured against after insurance coverage has been issued;
- e. a violation of any local fire, health, safety, building, or construction regulation or ordinance with respect to any insured property or the occupancy thereof which substantially increases any hazard insured against;
- f. a determination by the Director of the Division of Insurance that the continuation of the policy would jeopardize "our" solvency or would place "us" in violation of the insurance laws of this state;
- g. violation or breach by "you" of any policy "terms" or conditions; or
- h. such other reasons as are approved by the Director of the Division of Insurance.

If "we" cancel this policy, "we" will give "you" notice at least 20 days before cancellation is effective.

If "we" do not renew this policy, "we" will give "you" notice at least 60 days before nonrenewal is effective. A notice of nonrenewal is not required if the policyholder is transferred to another insurer that is a member of "our" insurance group and "we" have given "you" notice of such transfer as required by the South Dakota Division of Insurance.

"Your" return premium, if any, will be calculated according to "our" rules. It will be refunded to "you" with the cancellation notice or within 20 days after "we" receive "your" request for cancellation or, if "we" cancel, within 20 days after the effective date of cancellation.

F. Under Conditions, Condition 14. Suit Against Us is deleted and replaced by the following:

14. **Suit Against Us** - No person has a right under this policy to join "us" or implead "us" in actions that are brought to fix the liability of an "insured".

**CERTIFIED TERRORISM LOSS COVERAGE
NON-CERTIFIED TERRORISM LOSS EXCLUSION
NUCLEAR, BIOLOGICAL, CHEMICAL AND RADIOLOGICAL EXCLUSION
WAR AND MILITARY ACTION EXCLUSION**

This endorsement applies to the policy except for the following coverage parts:

CRIME
PROFESSIONAL LIABILITY (OTHER THAN DIRECTORS & OFFICERS PROFESSIONAL LIABILITY)

A. Definitions

1. The reference to words that have special meaning is deleted and replaced by the following:
Refer to Definitions for words and phrases that have special meaning. These words and phrases are shown in quotation marks.
2. The following definitions are added. If this policy has more than one coverage form, the following definitions are added to the Definitions section of each coverage form.
 - a. "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:
 - 1) To be an act of terrorism;
 - 2) To be a violent act or an act that is dangerous to human life, property, or infrastructure;
 - 3) To have resulted in damage:
 - a) Within the United States; or
 - b) To an air carrier (as defined in section 40102 of title 49, United States Code); to a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs; or at the premises of any United States mission;
 - 4) To have been committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion; and
 - 5) To have resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act.
 - b. "Certified terrorism loss" means loss that results from a "certified act of terrorism".
 - c. "Non-certified act of terrorism" means a violent act or an act that is dangerous to human life, property, or infrastructure that:
 - 1) Is committed by an individual or individuals; and
 - 2) Appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion; and
 - 3) Is not certified as a terrorist act pursuant to the federal Terrorism Risk Insurance Act.
 - d. "Non-certified terrorism loss" means any loss that results from a "non-certified act of terrorism".
 - e. "Terms" means all provisions, limitations, exclusions, conditions, declarations, and definitions used in this policy.
 - f. For the purpose of this endorsement, "any injury or damage" means any injury or damage covered under this policy, and includes but is not limited to "bodily injury", "property damage", "personal injury", "advertising injury", "injury" or "personal and advertising injury" as may be defined in this policy.

B. Certified Terrorism Loss Coverage; Cap On Losses

1. The "terms" of any terrorism exclusion that is part of or that is attached to this policy are amended by the following provision:
This exclusion does not apply to a "certified act of terrorism".
2. The following provision is added:
If aggregate insured "certified terrorism loss" has exceeded \$100 billion in a calendar year and "we" have met "our" insurer deductible under the Terrorism Risk Insurance Act, "we" will not pay for any portion of "certified terrorism loss" that exceeds \$100 billion, and in such case insured "certified terrorism losses" are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

C. Non-Certified Terrorism Loss Exclusion

1. If this policy includes Property Coverage "terms", those "terms" are amended by the following provisions:

a. The following Non-certified Act of Terrorism Exclusion is added with respect to all property coverages provided by this policy.

- 1) The Non-certified Act of Terrorism Exclusion does not apply to any loss that results from an act that is not certified by the Secretary of the Treasury to be an act of terrorism solely because the property and casualty insurance losses resulting from that act do not exceed \$5,000,000 in the aggregate.
- 2) The Non-certified Act of Terrorism Exclusion will only apply to an incident of "non-certified terrorism loss" 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 exclusion. Multiple incidents of "non-certified terrorism loss" 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.

Paragraph C.1.a.2) describes the threshold used to measure the magnitude of an incident of "non-certified terrorism loss" and the circumstances in which the threshold will apply, for the purpose of determining whether the Non-certified Act of Terrorism Exclusion will apply to that incident. When the Non-certified Act of Terrorism Exclusion applies to an incident of terrorism, there is no coverage under this policy.

b. NON-CERTIFIED ACT OF TERRORISM EXCLUSION

"We" will not pay for loss or damage arising, directly or indirectly, out of a "non-certified act of terrorism", including action in hindering or defending against an actual or expected "non-certified act 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.

2. If this policy includes Liability Coverage "terms", those "terms" are amended by the following provisions:

a. The following Non-certified Act of Terrorism Exclusion is added with respect to all liability coverages provided by this policy:

- 1) The Non-certified Act of Terrorism Exclusion does not apply to any loss that results from an act that is not certified by the Secretary of Treasury to be an act of terrorism solely because the property and casualty insurance losses resulting from that act do not exceed \$5,000,000 in the aggregate.
- 2) The Non-certified Act of Terrorism Exclusion will only apply to an incident of "non-certified terrorism loss" in which:

- a) 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 "non-certified terrorism loss" 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; or

- b) 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.

Paragraphs C.2.a.2)a) and C.2.a.2)b) describe the thresholds used to measure the magnitude of an incident of "non-certified terrorism loss" and the circumstances in which the threshold will apply, for the purpose of determining whether the Non-certified Act of Terrorism Exclusion will apply to that incident. When the Non-certified Act of Terrorism Exclusion applies to an incident of terrorism, there is no coverage under this policy.

b. NON-CERTIFIED ACT OF TERRORISM EXCLUSION

"We" will not pay for "any injury or damage" arising, directly or indirectly, out of a "non-certified act of terrorism", including action in hindering or defending against an actual or expected "non-certified act of terrorism". "Any injury or damage" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to "any injury or damage".

D. Nuclear, Biological, Chemical And Radiological Exclusion

The following Nuclear, Biological, Chemical and Radiological Exclusion is added:

NUCLEAR, BIOLOGICAL, CHEMICAL AND RADIOLOGICAL EXCLUSION

"We" will not pay for loss or damage or "any injury or damage" caused directly or indirectly by any act:

1. That involves the use, release, or escape of nuclear or radioactive materials, or 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 the purpose was to release such materials.

Such loss or damage or "any injury or damage" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

E. War And Military Action Exclusion

Exclusions relating to loss or "any injury or damage" caused by or resulting from war, wherever they appear in this policy, are deleted and replaced by the War And Military Action Exclusion that follows:

WAR AND MILITARY ACTION EXCLUSION

"We" will not pay for loss or damage or "any injury or damage" caused directly or indirectly by:

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.

Such loss or damage or "any injury or damage" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

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.

F. The following provision is added:

In the event of any incident of a "non-certified terrorism loss" that is not subject to the Non-certified Act of Terrorism Exclusion, coverage does not apply to "any injury or damage" that is otherwise excluded under this policy.

G. The following provisions are added. If this policy has more than one coverage form, the following are added to each coverage form:

1. The "terms" of this endorsement do not provide coverage for any loss that would otherwise be excluded by a Coverage Form under:
 - a. Exclusions that address war, military action, or nuclear hazard; or
 - b. Any other exclusion; and
2. The absence of any other terrorism endorsement does not imply coverage for any loss that would otherwise be excluded by a Coverage Form under:
 - a. Exclusions that address war, military action, or nuclear hazard; or
 - b. Any other exclusion.

NOTICE TO POLICYHOLDERS NOTICE OF TERRORISM INSURANCE

Dear Policyholder:

This Notice is **not** a part of your insurance policy. No coverage is provided by this Notice nor does it replace any provision of your policy. You should read your policy and review your declarations page for complete information on the coverages provided. If there are any discrepancies between the policy and this Notice, **THE PROVISIONS OF THE POLICY GOVERN.**

A. Background

On November 26, 2002 the Terrorism Risk Insurance Act of 2002 was signed into law. This Act established a Program (Terrorism Risk Insurance Program) within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks. The Program remains in effect until December 31, 2027.

B. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium currently attributable to such coverage is \$0.

C. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 80% of that portion of the amount of such insured losses that exceeds the applicable insurer deductible. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

D. Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we will not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

E. CF-1736 Certified Terrorism Loss Coverage; Non-Certified Terrorism Loss Exclusion; Nuclear, Biological, Chemical And Radiological Exclusion; War And Military Action Exclusion

Endorsement CF-1736 makes a distinction between "certified acts of terrorism" and "non-certified acts of terrorism". The endorsement provides coverage for "certified acts of terrorism", which is more fully defined in the endorsement. This coverage is subject to a limit pursuant to the federal Terrorism Risk Insurance Act.

The endorsement excludes coverage for "non-certified acts of terrorism".

THE NORTH STAR MUTUAL COMMITMENT TO PRIVACY

The business practice at North Star Mutual is that personal information is private. Now the Gramm – Leach – Bliley Act of 1999 has legislated this practice into law and requires that we notify you annually of our policy about privacy.

The North Star Mutual does not buy, sell, lease or rent customer lists. All business is generated through independent agents and there is no plan to change this. Your business is highly valued and there is no intent to sell your name or any information about you.

To provide the most expedient service to you it is necessary at times to secure additional underwriting or acceptance information. This information is received from insurance applications and consumer reporting agencies to make the process of doing business with you both timely and accurate.

To obtain complete underwriting and acceptance criteria from consumer reporting agencies, it is necessary to provide information to the consumer reporting agencies from insurance applications and claim files. This is also the case with respect to underwriting and claim audits which are done by our reinsurers. Agents who represent the North Star Mutual may also provide and receive this information. Rest assured, however, that the sharing of your personal information happens only when there is an appropriate purpose.

To make sure that information about you is secure, all company personnel are trained and reminded annually in the importance of maintaining the security of your information. As new technology is implemented measures will be taken to keep your information secure.

The trust you have placed in the North Star Mutual is taken very seriously and every reasonable precaution is taken to maintain that trust now and in the future. Your business is very much appreciated.

CF-1694 (Ed. 10-02)