

**AMERICAN FAMILY MUTUAL INSURANCE COMPANY**  
 MADISON, WISCONSIN 53783-0001  
**NON-PROFIT DIRECTORS AND OFFICERS LIABILITY POLICY**  
**DECLARATIONS**

**POLICY NUMBER**  
 05XE827703

**CUSTOMER BILLING ACCOUNT**  
 012-330-340 24

**NOTICE** THIS IS A CLAIMS-MADE POLICY. PLEASE READ THE ENTIRE POLICY CAREFULLY.

**NAMED ORGANIZATION** LIFTSIDE VILLAS HOMEOWNERS ASSOCIATION

**MAILING ADDRESS** PO BOX 3071  
 TELLURIDE, CO 81435-3071

**POLICY PERIOD** FROM 04-28-2015 TO 04-28-2016  
 12:01 A.M. Standard Time at your mailing address shown above.

**FORM OF BUSINESS** UNINCORPORATED CONDOMINIUM ASSOCIATION  
**BUSINESS DESCRIPTION** Condominium Association - Residential

**LIMIT OF LIABILITY**  
 Aggregate for Coverage A, B and C, including "claims expenses" \$1,000,000

**RETENTION AMOUNTS**  
 Coverage A (each claim) NONE  
 Coverage B (each claim) NONE  
 Coverage C (each claim) NONE

**RETROACTIVE DATE**  
 THIS INSURANCE DOES NOT APPLY TO A "CLAIM" ARISING OUT OF A "WRONGFUL ACT" WHICH OCCURS BEFORE THE RETROACTIVE DATE, IF ANY, SHOWN BELOW.  
 RETROACTIVE DATE (Coverages A and B): 04-28-2007  
 RETROACTIVE DATE (Coverages C): 04-28-2007

**PENDING OR PRIOR LITIGATION DATE**  
 PENDING OR PRIOR DATE (Coverages A and B): 04-28-2007  
 PENDING OR PRIOR DATE (Coverages C): 04-28-2007

**EXTENDED REPORTING PERIOD**  
 ADDITIONAL PERIOD (Number of Months) None unless added by endorsement to the policy.

**TOTAL DIRECTORS AND OFFICERS PREMIUM** \$450.00  
**TOTAL ADVANCE PREMIUM** \$450.00

Forms and endorsements applying to and made part of this policy at time of issue:

IL 09 85 01 08	IL 09 99 01 07	IL 75 26 12 05
NP 00 00 12 05	NP 00 01 12 05	NP 00 03 10 06
NP 02 28 10 06	NP 21 10 04 03	NP 21 12 04 03
NP 21 15 06 08	NP 21 20 01 07	NP 28 02 04 03
NP 28 05 04 03	NP 28 13 01 07	NP 71 02 12 05
NP 71 03 12 05	NP 71 04 12 05	NP 71 07 12 05

AUTHORIZED REPRESENTATIVE



President



Secretary

COUNTERSIGNED  
 LICENSED RESIDENT AGENT

**AGENT** 142-307  
**DANIEL K SHAW AGENCY, INC.**  
 315 S 12TH ST UNIT B  
 MONTROSE, CO 81401-5061

**PHONE**  
 970-240-2155

**PAGE** 01  
**BRANCH** UNATRE RENW  
**ENTRY DATE** 01-29-2015

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POLICY NUMBER: 05XE827703

IL 09 99 01 07

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

DISCLOSURE OF PREMIUM AND ESTIMATED PREMIUM FOR CERTIFIED ACTS OF TERRORISM COVERAGE (PURSUANT TO TERRORISM RISK INSURANCE ACT)

SCHEDULE

SCHEDULE - PART I

Terrorism Premium (Certified Acts)

(A) Premium through end of year (12/31 ) \$

(B) Estimated Premium beyond the date specified above \$

(Refer to Paragraph C. in this endorsement.)

This premium is the total Certified Acts premium attributable to the following Coverage Part(s), Coverage Form(s) and/or Policy(s):

Additional information, if any, concerning the terrorism premium:

IF THIS POLICY PROVIDES COVERAGE FOR CERTIFIED ACTS OF TERRORISM, THE PREMIUM FOR CERTIFIED ACTS OF TERRORISM IS SHOWN ON THE POLICY DECLARATIONS. THIS PREMIUM IS AN ANNUAL PREMIUM AND IS SUBJECT TO CHANGE DEPENDING ON MODIFICATION TO OR TERMINATION OF THE FEDERAL PROGRAM.

SCHEDULE - PART II

Federal share of terrorism losses % Year: 20 \_\_\_\_\_

(Refer to Paragraph B. in this endorsement.)

Federal share of terrorism losses % Year: 20 \_\_\_\_\_

(Refer to Paragraph B. in this endorsement.)

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. 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 that Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

B. 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. For losses occurring in 2006, the federal share equals 90% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. For losses occurring in 2007, the federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. If the federal program is extended beyond 2007, the applicable percentage is shown in Part II of the Schedule of this endorsement or in the policy Declarations.

C. Possibility Of Additional Or Return Premium

The premium for certified acts of terrorism coverage is calculated based in part on the federal participation in payment of terrorism losses as set forth in the Terrorism Risk Insurance Act. The federal program established by the Act is scheduled to terminate at the end of the year specified in Part I of the Schedule of this endorsement, unless extended by the federal government. If the federal program terminates or if the level or terms of federal participation change, the estimated premium shown in (B) in Part I of the Schedule may not be appropriate.

If this policy contains a Conditional Exclusion, continuation of coverage for certified acts of terrorism, or termination of such coverage, will be determined upon disposition of the federal program, subject to the terms and conditions of the Conditional Exclusion. If this policy does not contain a Conditional Exclusion, coverage for certified acts of terrorism will continue. In either case, when disposition of the federal program is determined, we will recalculate the premium shown in (B) in Part I of the Schedule and will charge additional premium or refund excess premium, if indicated.

If we notify you of an additional premium charge, the additional premium will be due as specified in such notice.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CONDITIONAL EXCLUSION OF TERRORISM  
(RELATING TO DISPOSITION OF FEDERAL TERRORISM  
RISK INSURANCE ACT)**

This endorsement modifies insurance provided under the NON-PROFIT DIRECTORS & OFFICERS LIABILITY POLICY:

**A. Applicability Of The Provisions Of This Endorsement**

1. The provisions of this endorsement become applicable commencing on the date when any one or more of the following first occurs. However, if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.

a. The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this Coverage Part; or

b. A renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:

(1) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or

(2) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or

(3) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this Coverage Part.

2. If the provisions of this endorsement become applicable, such provisions:

a. Supersede any terrorism endorsement already endorsed to this Coverage Part that addresses "certified acts of terrorism" and/or "other acts of terrorism", but only with respect to an incident(s) of terrorism (however defined) which results in a "claim" first being made against an "insured person" or the "company" on or after the date when the provisions of this endorsement become applicable; and

b. Remain applicable unless we notify you of changes in these provisions, in response to federal law.

3. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this Coverage Part, that addresses "certified acts of terrorism" and/or "other acts of terrorism", will continue in effect unless we notify you of changes to that endorsement in response to federal law.

B. The following definition is added to the **Definitions** Section and applies under this endorsement wherever the term terrorism is enclosed in quotation marks:

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

a. That involve the following or preparation for the following:

(1) Use or threat of force or violence; or

(2) Commission or threat of a dangerous act; or

(3) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and

b. When one or both of the following applies:

(1) The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or

(2) It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

C. The following exclusion is added to the **Exclusions** Section:

**EXCLUSION OF TERRORISM**

We will not pay for any "loss" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". Any "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such "loss". **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

1. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or

2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or

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NON-PROFIT DIRECTORS & OFFICERS LIABILITY  
NP 28 13 01 07**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.  
EXTENDED REPORTING PERIOD FOR TERRORISM COVERAGE**

This endorsement modifies insurance provided under the NON-PROFIT DIRECTORS & OFFICERS LIABILITY POLICY:

The following provision is added and supersedes any provision to the contrary when an exclusion of terrorism contained in a Conditional Exclusion of Terrorism endorsement attached to this Policy goes into effect.

- If:
- a. An incident of "terrorism" occurred before the conditional exclusion went into effect, but not before November 26, 2002;
  - b. A "loss" resulting from a "claim" arising out of that incident would have been covered under the provisions of this insurance had the "claim" been made and reported to us prior to the conditional exclusion taking effect; and
  - c. That "claim" is arising out of the incident of "terrorism" and it is made within 5 years after the date the conditional exclusion went into effect;

that "claim" will be considered to have been first made prior to the time that the conditional exclusion went into effect.

This provision does not apply to claims covered by subsequent insurance you purchase, or that would have been covered but for the exhaustion of the amount of insurance applicable to such claims.

The phrase, incident of "terrorism", means any incident of "terrorism" as defined in the Conditional Exclusion of Terrorism endorsement.

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NON-PROFIT DIRECTORS & OFFICERS LIABILITY  
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### COMMON POLICY CONDITIONS

All Coverage Parts in this policy are subject to the following conditions:

#### A. Cancellation

1. The Named Organization shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the Named Organization written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the Named Organization's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the Named Organization any premium refund due. If we cancel, the refund will be pro rata. If the Named Organization cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

#### B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

#### C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

This Condition only applies to the Employment-Related Practices Liability Coverage Part, Crime And Fidelity Coverage Part and Kidnap/Ransom And Extortion Coverage Part.

#### D. Inspections And Surveys

1. We have the right to:
  - a. Make inspections and surveys at any time;
  - b. Give you reports on the conditions we find; and
  - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this Condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this Condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

This Condition only applies to the Employment-Related Practices Liability Coverage Part, Crime And Fidelity Coverage Part and Kidnap/Ransom And Extortion Coverage Part.

#### E. Premiums

The Named Organization shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

#### F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representatives but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

This Condition only applies to the Employment-Related Practices Liability Coverage Part, Crime And Fidelity Coverage Part and Kidnap/Ransom And Extortion Coverage Part.

#### G. Loss Covered Under More Than One Coverage Form Of This Policy

If the same loss is covered under two or more coverages contained in this policy, we will pay the lesser of:

1. The actual amount of loss; or
2. The sum of the applicable limits of liability.

#### H. Other Coverage Parts

For the purposes of this Common Policy Conditions form, any reference to the Named Organization shall be deemed to mean the first Named Insured with respect to the following coverage parts:

1. Employment-Related Practices Liability Coverage Part;
2. Crime And Fidelity Coverage Part; and
3. Kidnap/Ransom And Extortion Coverage Part;

when any of them is included in the Management Protection Policy.

3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or
5. The total of insured damage to all types of property exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
6. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
  - a. Physical injury that involves a substantial risk of death; or

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

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds in Paragraph **C.5.** or **C.6.** are exceeded.

With respect to this Exclusion, Paragraphs **C.5.** and **C.6.** describe the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Part.

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