

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## KEY EMPLOYEE REPLACEMENT EXPENSE COVERAGE

This endorsement modifies insurance provided under the following:

### BUILDING AND PERSONAL PROPERTY COVERAGE FORM

#### SCHEDULE

Key Employee	Employment Position	Employment Location	Limit of Insurance
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The following is added to the Coverage Extensions:

#### KEY EMPLOYEE REPLACEMENT EXPENSE COVERAGE

1. You may extend the insurance provided by this Coverage Form to apply to the actual and necessary Key Employee Replacement Expense you incur due to your permanent loss of the services of a Key Employee named in the Schedule caused by a Covered Accident.

- a. Key Employee Replacement Expense, as used in this Extension means the necessary expenses you incur that you would not have incurred if you had not lost the services of the Key Employee.

- (1) To continue the performance of the Key Employee's normal job responsibilities, with comparable quality, while a permanent replacement for the Key Employee is being sought, appointed or hired, and trained.

Insurance under this Extension for these expenses will apply for the period of time beginning on the date of your permanent loss of the services of the Key Employee caused by a Covered Accident,

and ending 60 days after the date a permanent replacement for the Key Employee is appointed or hired, subject to a maximum period of 180 days.

- (2) To find a qualified permanent replacement to fill the Key Employee's position described in the Schedule, meaning the normal and reasonable:

- (a) Costs of advertising the employment position opening;

- (b) Travel, lodging, meal and entertainment expenses incurred in interviewing job applicants for the employment position opening; and

- (c) Miscellaneous extra expenses incurred in finding, interviewing and negotiating with the job applicants, including, but not limited to, overtime pay, costs to verify the background and references of the job applicants and legal expenses incurred to draw up employment contracts.

Insurance under this Extension for these expenses will apply for the period of time beginning on the date of your permanent loss of the services of the Key Employee caused by a Covered Accident, and ending on the date a permanent replacement for the Key Employee is appointed or hired, subject to a maximum period of 180 days.

- (3) To appoint or hire and to train a permanent replacement for the Key Employee, meaning the normal and reasonable:

(a) Expenses you incur to relocate the replacement employee to an area within a reasonable commute from the applicable employment location described in the Schedule:

(b) First year amounts of the replacement employee's:

(i) Annual base starting salary;

(ii) Employee perquisite costs; and

(iii) Employee benefit costs;

in excess of the amounts which would have been incurred for the Key Employee if you had not lost the services of the Key Employee. But we will not pay more for these expenses than 10% of the amounts which would have been incurred for the Key Employee.

(c) First year costs of the replacement employee's training and education if the training and education is necessary for the replacement employee to perform the duties of the applicable position described in the Schedule with the same quality of service as the Key Employee.

Insurance under this Extension for these expenses will apply only if the permanent replacement for the Key Employee is appointed or hired within 180 days after the date of your permanent loss of the services of the Key Employee caused by a covered Accident.

- b. Covered Accident, as used in this Extension, means a sudden occurrence, not otherwise excluded in this Extension, which solely and independently of any other cause results in the Key Employee's:

(1) Death; or

(2) Permanent disability, meaning the permanent physical inability of the Key Employee to perform the normal duties of the applicable position described in the Schedule:

within one year after the date of the sudden occurrence.

2. Insurance under this Extension applies only if the Covered Accident occurs while your policy is in effect. But the period of time for which we will pay expenses covered under this Extension will not be limited by the expiration of your policy.

3. Insurance under this Extension does not apply to:

a. The death or permanent disability of a Key Employee caused by or resulting from:

(1) War or Military Action, meaning:

(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 governmental authority in defending against any of these;
  - (2) Nuclear reaction or radiation or radioactive contamination, however caused;
  - (3) Sickness or disease;
  - (4) Pregnancy, childbirth, miscarriage or abortion; or
  - (5) Suicide, attempted suicide or self inflicted bodily injury, while sane or insane.
- b. Any expenses you incur which you would not have incurred if you had used all reasonable means to:
- (1) Find a permanent replacement for the Key Employee; and
  - (2) Reduce or discontinue the Key Employee Replacement Expense:
- as soon as possible after your permanent loss of the services of the Key Employee caused by a Covered Accident.
- Insurance under this Extension includes the reasonable extra expense you incur to minimize the amount of Key Employee Replacement Expense, but only to the extent that amount of Key Employee Replacement Expense otherwise payable under this Extension is reduced.
- c. Any additional expenses incurred due to your loss of the services of a permanent replacement employee appointed or hired to replace a Key Employee, however caused. But this exclusion does not apply if the replacement employee is added to the Schedule as a Key Employee and your loss of the services of the replacement employee is caused by a Covered Accident.

4. The amount of Key Employee Replacement Expense will be determined based on:
- a. The actual and necessary expenses covered under this Extension which you incur to find, to appoint or hire and to train a permanent replacement for the Key Employee and to continue the performance of the Key Employee's normal job responsibilities while a permanent replacement is being sought, appointed or hired, and trained. We will deduct from the total of such expenses:
    - (1) Any expenses which would have been incurred by you for the Key Employee if you had not lost the services of the Key Employee; and
    - (2) Any Key Employee Replacement Expense that is paid for by any other insurance:

and
  - b. All necessary expenses that reduce the Key Employee Replacement Expense that otherwise would have been incurred.
5. The most we will pay for Key Employee Replacement Expense due to your loss of the services of any one Key Employee is the applicable Limit of Insurance shown in the Schedule for the Key Employee. The amount payable under this Extension is additional insurance.
- No deductible applies to this Extension.