

**State Farm Fire and Casualty Company**  
A Stock Company With Home Offices in Bloomington, Illinois

3 Ravinia Drive  
Atlanta GA 30346-2117

**Named Insured**

9L-07-1735-FA8B F M

**MALLARD LAKES ASSOCIATION**  
PO BOX 45  
BETHANIA NC 27010-0045

**DECLARATIONS**

**Policy Number 93-EQ-Y891-8**

Policy Period	Effective Date	Expiration Date
12 Months	FEB 6 2020	FEB 6 2021
The policy period begins and ends at 12:01 am standard time at your mailing address as shown.		

Entity: Corporation

**COMMERCIAL LIABILITY UMBRELLA POLICY**

**Automatic Renewal** - If the **policy period** is shown as **12 months**, this policy will be renewed automatically upon payment of the renewal premium when due subject to the premiums, rules and forms in effect for each succeeding policy period. If this policy is terminated we will give you written notice in compliance with the policy provisions or as required by law.

Coverage(s)	Limits of Insurance
Coverage L - Business Liability (Each Occurrence)	\$ 2,000,000
Coverage L - Business Liability (Annual Aggregate)	\$ 2,000,000
<b>Self-Insured Retention</b>	\$ 10,000

**Required Underlying Insurance Schedule**

Coverage	Required Underlying Insurance Schedule	Minimum Underlying Limits	
<b>Business Liability</b>	Bodily Injury (Per Occurrence)	\$ 500,000	
	Bodily Injury (Annual Aggregate)	\$ 1,000,000	
	Property Damage (Per Occurrence and Annual Aggregate)	\$ 100,000	
	--or--		
	Bodily Injury and Property Damage (Per Occurrence)	\$ 500,000	
	Bodily Injury and Property Damage (Annual Aggregate)	\$ 1,000,000	
<b>Employers Non-Owned Auto Liability</b>	Bodily Injury and Property Damage (Each Occurrence)	\$ 500,000	
	Bodily Injury and Property Damage (Annual Aggregate)	\$ 1,000,000	
		--or--	
	Bodily Injury (Each Person/Each Accident)	\$ 500,000 / \$ 500,000	
	Property Damage (Each Accident)	\$ 100,000	
	--or--		
	Bodily Injury and Property Damage (Each Accident)	\$ 500,000	

**Forms & Endorsements**

Commercial Liab Umb Policy	CU-2100
Policy Endorsement	CU-2474.1
Exclusion - Lead Poisoning	CU-2339
Amendatory Endorsement	CU-2233
Terrorism Insurance Cov Notice	FE-6999.2
Amendment of Who Is an Insured	CU-2384

**Policy Premium \$ 621.00**

Other limits and exclusions may apply - refer to your policy

**Continued on Reverse**

CU-2000 Prepared  
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**JOHN NELMS**  
(336) 773-0850

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## Continued from Front

Coverage	Required Underlying Insurance Schedule	Minimum Underlying Limits
Hired Auto Liability	Bodily Injury and Property Damage (Each Occurrence)	\$ 500,000
	Bodily Injury and Property Damage (Annual Aggregate)	\$ 1,000,000
	--or--	
	Bodily Injury (Each Person/Each Accident)	\$ 500,000 / \$ 500,000
	Property Damage (Each Accident)	\$ 100,000
	--or--	
	Bodily Injury and Property Damage (Each Accident)	\$ 500,000

Your policy consists of these Declarations, the Commercial Liability Umbrella Coverage Form, and any other forms and endorsements that apply.

This policy is issued by the State Farm Fire and Casualty Company.

#### Participating Policy

You are entitled to participate in a distribution of the earnings of the company as determined by our Board of Directors in accordance with the Company's Articles of Incorporation, as amended.

In Witness Whereof, the State Farm Fire and Casualty Company has caused this policy to be signed by its President and Secretary at Bloomington, Illinois.

*Lynne M. Youell*  
Secretary

*Michael F. Tignor*  
President

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## CU-2474.1 POLICY ENDORSEMENT

This endorsement modifies insurance provided under the following:

### COMMERCIAL LIABILITY UMBRELLA COVERAGE FORM

**COMMERCIAL LIABILITY UMBRELLA COVERAGE FORM TABLE OF CONTENTS** is amended as follows:

1. The title **Electronic Data** is changed to **Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability**.
2. The title **Recording And Distribution Of Material Or Information In Violation Of Law** is changed to **Recording And Distribution Of Material**.

**BUSINESS LIABILITY** is amended as follows:

#### 1. Business Liability Exclusions

- a. The following is added to Paragraph 3. **Liquor Liability**:

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, or providing or failing to provide transportation with respect to any person that may be under the influence of alcohol if the "occurrence" which caused the "bodily injury" or "property damage" involved that which is described in Paragraph 3.a.

- b. Paragraph 19. **Electronic Data** is replaced by the following:

#### 19. Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability

- a. Damages arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information, or any other type of nonpublic information; or
- b. Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses,

public relations expenses, or any other loss, cost, or expense incurred by you or others arising out of that which is described in Paragraph a. or b. above.

As used in this exclusion, electronic data means information, facts, or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices, or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve, or send data.

- c. Paragraphs 20.b. and 20.c. under **Personal And Advertising Injury** are replaced by the following:
  - b. Arising out of oral or written publication of material, in any manner, if done by or at the direction of the insured with knowledge of its falsity.
  - c. Arising out of oral or written publication of material, in any manner, whose first publication took place before the beginning of the policy period.
- d. The last paragraph of 20.h. under **Personal And Advertising Injury** is replaced by the following:
 

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing, or telecasting;
- e. Paragraph 21. **Recording And Distribution Of Material Or Information In Violation Of Law** is replaced by the following:



**21. Recording and Distribution of Material**

Damages arising directly or indirectly out of any communication, by or on behalf of any insured, that violates or is alleged to violate:

- a. The Telephone Consumer Protection Act (TCPA), CAN-SPAM Act of 2003, Fair Credit Reporting Act (FCRA), or Fair and Accurate Credit Transaction Act (FACTA); including any regulations and any amendment of or addition to such statutes;
- b. Any federal, state or local law, statute, ordinance, or regulation, in addition to Paragraph a. above, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating, or distribution of material or information; or
- c. Any other federal, state or local law, statute, ordinance, or regulation that may provide a basis for a separate claim or cause of action arising out of any communication referenced in Paragraphs a. or b. above.

**2. WHO IS AN INSURED**

- a. Paragraph 1.c. is deleted.
- b. Paragraphs 2.b.(1) and (6) are replaced by the following:
  - (1) The owner or anyone else from whom you hire or borrow a "covered auto", including any person or entity employed by such owner or person or entity from whom you hire or borrow such "covered auto". This exception does not apply if the "covered auto" is a trailer or semi-trailer connected to a "covered auto" you own.
  - (6) "Employees" with respect to "bodily injury" to:
    - (a) Any co-"employee" arising out of and in the course of the co-"employee's" employment or while performing duties related to the conduct of your business; or
    - (b) The spouse, child, parent, brother, or sister of that co-"employee" as a

consequence of Paragraph (a) above.

- c. Paragraph 3. is replaced by the following:
  3. Any other person or organization who is insured under any policy of "underlying insurance" will automatically be an insured under this insurance.
    - a. Subject to Limits Of Insurance, if coverage provided to such insured is required by a contract or agreement, the most we will pay on behalf of that insured is the amount of insurance:
      - (1) Required by the contract or agreement, less any amounts payable by any "underlying insurance", or
      - (2) Available under the applicable limits of insurance shown in the Declarations;
 whichever is less.
    - b. The coverage provided by this insurance for such insureds:
      - (1) Will not be broader than coverage provided by the "underlying insurance"; and
      - (2) Is subject to all the coverage limitations found in the "underlying insurance" other than the Limits Of Insurance.

**3. LIABILITY CONDITIONS**

- a. Paragraph 1. is replaced by the following:
  1. **Appeals**

If the "underlying insurer" or insured elects not to appeal a judgment in excess of the "retained limit", we may do so at our own expense. We will be liable for taxable costs, prejudgment and postjudgment interest and disbursements. In no event will this provision increase our liability beyond the applicable Limits of Insurance shown in the Declarations.
- b. Paragraph 6. is replaced by the following:
  6. **Other Insurance**
    - a. This insurance is excess over, and will not contribute with any of the other insurance or "self-insured retentions", whether primary, excess,

contingent, or any other basis. This condition will not apply to insurance specifically written as excess over this policy.

When this insurance is excess over other insurance or "self-insured retention", we will have no duty to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

- b. When this insurance is excess over other insurance or "self-insured retention", we will pay only our share of the "ultimate net loss" that exceeds the sum of:
- (1) The total amount that all such other insurance or "self-insured retention" would pay for the loss in the absence of this insurance; and
  - (2) The total of all deductible and self-insured amounts under all that other insurance.
- c. Paragraph 19.c. under **Premiums** is replaced by the following:
- c. Unless otherwise provided by an alternative payment plan in effect with "State Farm Companies", you may continue this policy in force by paying a continuation premium for each successive one-year period. The premium must be:
- (1) Paid to us prior to the anniversary date; and
  - (2) Determined in accordance with Paragraph b.

Our forms then in effect will apply.

- d. The following are added:

#### **Our Rights Regarding Claim Information**

- a. We will collect, receive, obtain, use, and retain all the items described in Paragraph b.(1) below and use and retain the information described in Paragraph b.(3)(b) below, in accordance with applicable federal and state laws

and regulations and consistent with the performance of our business functions.

- b. Subject to Paragraph a. above, we will not be restricted in or prohibited from:
- (1) Collecting, receiving, or obtaining records, receipts, invoices, medical bills, medical records, wage information, salary information, employment information, data, and any other information;
  - (2) Using any of the items described in Paragraph b.(1) above; or
  - (3) Retaining:
    - (a) Any of the items in Paragraph b.(1) above; or
    - (b) Any other information we have in our possession as a result of our processing, handling, or otherwise resolving claims submitted under this policy.
- c. We may disclose any of the items in Paragraph b.(1) above and any of the information described in Paragraph b.(3)(b) above:
- (1) To enable performance of our business functions;
  - (2) To meet our reporting obligations to insurance regulators;
  - (3) To meet our reporting obligations to insurance data consolidators;
  - (4) To meet other obligations required by law; and
  - (5) As otherwise permitted by law.
- d. Our rights under Paragraphs a., b., and c. above shall not be impaired by any:
- (1) Authorization related to any claim submitted under this policy; or
  - (2) Act or omission of an insured or a legal representative acting on an insured's behalf.

#### **Electronic Delivery**

With your consent, we may electronically deliver any document or notice, including a notice to renew, nonrenew, or cancel, instead of mailing it or delivering it by other means. Proof of transmission will be sufficient proof of notice.

**4. LIABILITY DEFINITIONS**

a. Paragraph 2. is replaced by the following:

2. "Auto" means:

- a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or
- b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged.

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

b. The following is added to Paragraph 16. "mobile equipment":

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

c. Paragraphs 18.f. and g. of "personal and advertising injury" are replaced by the following:

- f. The use of another's advertising idea in your "advertisement";
- g. Infringing upon another's trade dress or slogan in your "advertisement"; or
- h. Infringement of another's copyright, patent, trademark, or trade secret.

All other policy provisions apply.

CU-2474.1

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CU-2339 EXCLUSION — LEAD POISONING**

This endorsement modifies insurance provided under the following:

COMMERCIAL LIABILITY UMBRELLA POLICY

The following is added under **Business Liability Exclusions**:

This insurance does not apply to "bodily injury", caused in whole or in part, either directly or indirectly, by lead paint or lead contamination, or arising out of or incidental to the inhalation, ingestion, use, handling or contact with lead paint, lead compounds or lead contamination.

All other policy provisions apply.

CU-2339

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## CU-2233 AMENDATORY ENDORSEMENT (North Carolina)

This endorsement modifies insurance provided under the following:  
COMMERCIAL LIABILITY UMBRELLA COVERAGE FORM

The following paragraphs are added to **LIABILITY CONDITIONS**:

### Cancellation

a. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.

#### b. Cancellation Of Policies In Effect For:

##### (1) Less Than 60 Days:

If this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

(a) 15 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.

##### (2) 60 Days Or More:

(a) If this policy has been in effect for 60 days or more or is a renewal with us, we may cancel this policy prior to the expiration of the policy term or anniversary date stated in the policy only for one or more of the following reasons:

- i. Nonpayment of premium;
- ii. An act or omission by the insured or his or her representative that constitutes material misrepresentation or nondisclosure of a material fact in obtaining this policy, continuing this policy or presenting a claim under this policy;
- iii. Increased hazard or material change in the risk assumed that could not have been reasonably contemplated by the parties at the time of assumption of the risk;

iv. Substantial breach of contractual duties, conditions or warranties that materially affects the insurability of the risk;

v. A fraudulent act against us by the insured or his or her representative that materially affects the insurability of the risk;

vi. Willful failure by the insured or his or her representative to institute reasonable loss control measures that materially affect the insurability of the risk after written notice by us;

vii. Loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance as provided in G.S. 58-41-30;

viii. Conviction of the insured of a crime arising out of acts that materially affect the insurability of the risk;

ix. A determination by the Commissioner of Insurance that the continuation of the policy would place us in violation of the laws of North Carolina; or

x. You fail to meet the requirements contained in our corporate charter, articles of incorporation or by-laws when we are a company organized for the sole purpose of providing members of an organization with insurance coverage in North Carolina.

We may also cancel this policy for any reason not stated above provided we obtain your prior written consent.

(b) If we cancel, we will mail or deliver to the first Named Insured written notice of cancellation at least:

- i. 15 days before the effective date of cancellation if we cancel for non-payment of premium; or
  - ii. 30 days before the effective date of cancellation if we cancel for any other allowable reason.
- c. Cancellation for nonpayment of premium will not become effective if you pay the premium amount due before the effective date of cancellation.
  - d. Notice of cancellation will state the precise reason for effective date of cancellation. The policy period will end on that date.
  - e. We will mail or deliver our notice to the first Named Insured at the address shown in the policy or, if not indicated in the policy, at the last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.
  - f. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
  - g. If this policy insured more than one Named Insured:
    - (1) The first Named Insured may affect cancellation for the account of all insureds; and

- (2) Our notice of cancellation to the first Named Insured is notice to all insureds. Payment of unearned premium to the first Named Insured is for the account of all interests therein.

#### When We Do Not Renew

- a. If we decide not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal at least 45 days before the:
  - (1) Expiration of the policy if this policy has been written for one year or less; or
  - (2) Anniversary date of the policy if this policy has been written for more than one year of for an indefinite term.
- b. We will mail or deliver our notice to the first Named Insured at the address shown in the policy or, if not indicated in the policy, at the last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.
- c. We need not mail or deliver the notice of nonrenewal if you have:
  - (1) Insured property covered under this policy elsewhere under any other insurance policy;
  - (2) Accepted replacement coverage; or
  - (3) Requested or agreed to nonrenewal of this policy.

All other policy provisions apply.

CU-2233

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In accordance with the Terrorism Risk Insurance Act of 2002 as amended and extended by the Terrorism Risk Insurance Program Reauthorization Act of 2015, this disclosure is part of your policy.

## **FE-6999.2 POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE**

Coverage for acts of terrorism is not excluded from your current policy. However your policy does contain other exclusions which may be applicable, such as an exclusion for nuclear hazard. You are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2015, the definition of act of terrorism has changed. As defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and 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. Under this policy, any covered losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. Under the formula, the United States Government generally reimburses 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on

January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019; and 80% beginning on January 1, 2020 of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

There is no separate premium charged to cover insured losses caused by terrorism. Your insurance policy establishes the coverage that exists for insured losses. This notice does not expand coverage beyond that described in your policy.

**THIS IS YOUR NOTIFICATION THAT UNDER THE TERRORISM RISK INSURANCE ACT, AS AMENDED, ANY LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM UNDER YOUR POLICY MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT AND MAY BE SUBJECT TO A \$100 BILLION CAP THAT MAY REDUCE YOUR COVERAGE.**

FE-6999.2

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CU-2384 AMENDMENT OF WHO IS AN INSURED**

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This endorsement modifies insurance provided under the following:

COMMERCIAL LIABILITY UMBRELLA POLICY

The following applies to **WHO IS AN INSURED**:

No person or organization is an insured with respect to acts, errors or omissions:

1. For which that person or organization may be liable in their capacity as a:

- a. declarant;
- b. builder;
- c. sponsor;
- d. developer;
- e. promoter;

- f. engineer; or
  - g. architect; or
2. While acting within the scope of their duties for a:
- a. declarant;
  - b. builder;
  - c. sponsor;
  - d. developer;
  - e. promoter;
  - f. engineer; or
  - g. architect.

CU-2384

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