

NORTH CAROLINA ENDORSEMENT

This endorsement amends the following policy **terms**. It must be attached to the policy when the premises described on the Declarations are located in North Carolina.

ADDITIONAL COVERAGE

Loss Assessment

1. We pay up to \$1,000 for **your** share of an assessment made by **your** homeowners or condominium association and charged against all of the members of the association. This coverage applies only when:
 - a. the assessment results from direct loss to the property owned collectively by all association members and is caused by a peril, other than earthquake, land shock waves or tremors before or after a volcanic eruption, which applies under this policy;
 - b. the assessment results from an **occurrence** to which the Liability Coverage Section would apply; or
 - c. the assessment is for damages and legal fees the association legally must pay for the acts of a director, officer or trustee which results from the exercise of his or her duties on behalf of the association, provided:
 - 1) the director, officer or trustee is elected by the members of **your** homeowners or condominium association, and
 - 2) the director, officer or trustee serves without deriving any income from the exercise of duties which are solely on behalf of **your** homeowners or condominium association.
2. This coverage applies only to loss assessments charged against **you** as owner or tenant of the **insured premises** at the location described on the Declarations.
3. We do not cover loss assessment charged against **you** or **your** homeowners or condominium association by any governmental body.

4. Regardless of the number of assessments, \$1,000 is the most we pay for:
 - a. one loss;
 - b. one **occurrence**; or
 - c. a covered act of a director, officer or trustee. An act involving more than one director, officer or trustee is considered to be a single act.

WHAT YOU MUST DO IN CASE OF LOSS

Paragraph 4.b., is replaced by the following:

- b. submit to examination under oath in matters that relate to the loss or claim as often as **we** reasonably request. If more than one person is examined, **we** have the right to examine and receive statements separately from each person and not in the presence of the others.

EXCLUSIONS THAT APPLY TO COVERAGES L AND M

The following additional exclusions apply:

This policy does not apply to **bodily injury** arising out of:

- a. sexual molestation, corporal punishment or physical or mental abuse; or
- b. the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance(s) as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled Substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the orders of a licensed physician