



IDAHO LOTTERY

RETAILER CONTRACT

SECTION I- DEFINITIONS

Central Gaming System – The computer system, both hardware and software necessary to implement, conduct and provide draw game related products and services for Lottery games. This system enables all draw and scratch games to be sold, validated, redeemed and accounted for by Retailers.

Commission – The Idaho State Lottery Commission.

Director – The Director of the Lottery, appointed by the Governor.

Draw Ticket – A Lottery Terminal generated ticket issued to a player as a receipt for the play(s) and combination(s) and number of draws a player selected.

Electronic Funds Transfer (EFT) – The electronic bank sweep initiated by the Lottery to pay Retailers for credit due to them, and to collect money owed to the Lottery.

Equipment – All machines, Terminals, devices and hardware used to transport, process and display Lottery products and information.

Game Station (also called MP or MPSG) – Free-standing machine capable of self-operation by players and which sells and checks Draw and InstaPlay games.

Genion/Check-a-Ticket – A small 7 inch monitor and scanner which is connected to the Photon and serves as both a Check-a-Ticket (CAT) for scanning tickets for winners and also serves as a Customer Display Unit (CDU) which displays purchases for customers view and approval along with validation results for the player. The CDU is required by Lottery Contract to accompany all Photon installations to ensure customers are able to view purchases as well as validations.

InstaPlay Ticket - Pool-based instant Tickets generated by the Terminal with pre-determined odds and outcomes where there is no drawing and prizes are won instantly.

Inventory – Lottery Scratch Tickets in Retailer possession.

Lottery – Idaho State Lottery

Lottery Terminal or Terminal – On counter gaming device used to sell and validate Tickets as well as produce financial statements. The “terminal” can also be called the Photon.

Non-Sufficient Funds (NSF) – NSF is the status of a bank account that does not have enough money to cover transactions. Retailers will be debited NSF fees as assessed by the bank.

Photon – Lottery Terminal with a 15 inch full color touch screen display, printer, hand-held scanner, Ticket scanning tray and fully modular design and construction. The Photon kit includes the Terminal printer and Genion/Check-a-Ticket checker, which also functions as a Customer Display Unit (CDU). The CDU is required by Lottery Contract to accompany all Photon installations to ensure customers are able to view purchases as well as validations. The Photon Terminal sells Tickets, checks Tickets, validates Tickets, shows training videos and produces accounting/financial reports.

Playslip – Paper form containing sets of numbers which give players the ability to select individual numbers or a quick pick for a game that can be scanned to produce a Ticket for a current draw or multiple draws.

Point-of-Sale (POS) – Signage, stickers, banners, posters, buttons, etc., all provided by the Lottery and used to enhance sales at checkout and other places within a retail location.

PullTab – Also known as break-open tickets, have one or more perforated tabs that can be opened to reveal whether the player has winning numbers or symbols. This includes the electronic version dispensed through TouchTab machines.

Retailer – A business entity that is authorized by the Lottery to sell Lottery products.

Retailer Certificate – The signed document issued by the Director authorizing a retailer to sell Lottery products.

Scratch Ticket – Instant paper game with a concealed play area covered by latex (or another material) that is scratched off in accordance with the game instructions to reveal immediate results of the ticket.

Ticket or Lottery Tickets – Any tangible evidence issued by the Lottery to provide participation in a game conducted by the State Lottery. Includes Scratch Tickets, Draw Tickets, InstaPlay Tickets, and PullTabs.

SECTION II - GENERAL GUIDELINES FOR RETAILER CONTRACT

2.1 TERMS

2.1.1 Incorporated Documents

The Idaho Lottery's Administrative Rules ("Rules" or "Lottery Rules") are hereby incorporated by reference and made a part of this Contract. Detailed Lottery Rules, IDAPA 52.01.03, can be found at <https://adminrules.idaho.gov/rules/current/52/0103.pdf>.

2.1.2 Agreement Period

This Contract shall begin when the Contract is signed and when the Retailer Certificate is issued by the Director. The Retailer Certificate shall remain in effect as long as the Retailer complies with the provisions herein. The Agreement may be terminated by either party in accordance with the terms of this agreement.

2.1.3 Non-Assignability of Contract

The authority to act as a Retailer is not assignable or transferable. Furthermore, the Retailer may not transfer or assign any claim arising under this Contract.

2.1.4 Indemnification

The Retailer shall defend, protect, and hold harmless the State of Idaho, the Lottery, and its officers, agents, and employees thereof, from and against all claims, suits, or actions arising from any willful or negligent act or omission of the Retailer or its employees and agents while performing under the terms of this Contract.

2.1.5 Attorney's Fees

In the event a lawsuit of any kind is instituted on behalf of the State to collect monies due under this Contract, the Retailer agrees to pay such additional sums for reasonable attorney fees and court costs, plus all costs and disbursements incurred therein at trial or on appeal.

2.2 BUSINESS CONDUCT FOR LOTTERY RETAILERS

2.2.1 Sales Hours

The Retailer agrees to sell and validate Lottery Tickets during the Retailer's normal business hours or up to 23 ½ hours per day.

2.2.2 Sales Promotions

The Retailer agrees to actively promote the sale of Lottery Tickets, and to utilize Point-of-Sale materials and displays.

2.2.3 Sale of Tickets

The Retailer agrees to sell Tickets in accordance with the terms of the Idaho Lottery Act, (Idaho Code §§ 67-7401 et. Seq.), Idaho Rules, (IDAPA 52.01.03) and the terms of this Contract.

2.2.4 Sale of Lottery Tickets to Minors Prohibited

In accordance with applicable state law, the sale of Lottery Tickets to persons under the age of eighteen (18) years is strictly prohibited. Violation of this section shall subject this Contract to termination and is also subject to criminal prosecution. See Idaho Code §§ 67-7413, 67-7415, and 67-7448(1).

2.2.5 Notification of Criminal Record

If, at any time during the term of this Contract, a Retailer becomes aware that a Retailer employee or agent is convicted through court or administrative action, of a gambling-related offense or any other crime, or have a withheld judgment for the same, the Retailer shall, within 14 days, notify the Director, in writing, of such offense or crime. Failure to notify the Director may be grounds for termination. Crime, as used herein, means the violation of any gaming law, state, federal or local, or any other crime other than traffic infractions.

2.2.6 Access to Records

The Lottery, the Idaho State Controller, or the Idaho State Legislative Auditor, and their duly authorized representatives or agents, shall have access to the books, documents, papers, and records of the Retailer which are directly pertinent to this contract for the purpose of making audits, examinations, excerpts, and transcripts.

2.2.7 Administrative Rules

The Retailer agrees to comply with all the Administrative Rules of the Idaho Lottery. Further, by submitting an application and having been granted a Retailer Certificate from the Lottery Director, the Retailer agrees to be bound by all terms and conditions of this agreement.

2.2.8 Report of Change of Ownership or Location

The Retailer will notify the Director, in writing, at least 30 days prior to any change in ownership or location of the Retailer's business or organization. The Retailer is financially responsible for all Lottery charges until the Retailer properly reports a change of ownership or status. The Lottery or its agent may remove the Lottery Terminal, Inventory and Equipment from the premises. Change of ownership or location will not be released to the public by the Lottery except by request.

2.2.9 Transfer of Ownership

Under no circumstances shall the Retailer Certificate be included in the description of property offered for sale by the Retailer. The right to possess any property, Equipment or Inventory and/or operate the Lottery Terminal, rests solely with the approved Retailer and shall not be transferable nor capable of being pledged, sold, mortgaged, encumbered or passed in any manner to subsequent business owner(s). All new owners must reapply to the Lottery for certification.

2.2.10 Weekly Communication Charges

The Retailer agrees to pay a weekly communication fee of \$12.50. This fee shall be paid weekly via Electronic Funds Transfer and will appear on the Retailer's weekly statement.

2.2.11 Installation Charge

The Retailer agrees to pay a one-time \$200 fee for installation charge.

2.2.12 Game Rules

The Retailer shall comply with the specific rules of each Lottery game offered by the Lottery and/or the MUSL (Multi-State Lottery Association).

2.2.13 Retailer Employee Training

The Retailer shall insure that all sales personnel with operational access are properly trained in the sales of all Lottery games sold by the Retailer.

2.2.14 Deceptive Advertising

The Retailer shall not promote the sale of Tickets in a manner contrary to the principle that every Lottery Ticket has an equal and random chance of winning a prize.

2.2.15 Lottery Ticket Purchase Price

The purchase price for a Lottery ticket sold by the Retailer shall be set by the Director. No Retailer or person can directly or indirectly charge more than the price set by the Lottery Director.

2.2.16 Treatment of Assets

- a. Retailer shall have no ownership interest in any Lottery property, Terminals, Equipment, or Inventory. Retailer financial responsibility for Inventory in its possession is detailed in Section III of the contract.

- b. Any Lottery property furnished to the Retailer shall, unless otherwise provided herein or approved by the Director in writing, be used only for the performance of the Contract.
- c. The Retailer shall take any and all steps necessary to ensure that all Lottery products, Equipment and Inventory are: (1) operated only by authorized personnel; (2) protected from hazard or physical damage; (3) maintained properly; (4) safeguarded from tampering, abuse, or unauthorized use; and (5) that the Lottery will be promptly notified of damage, mechanical defects or problems. The Customer Display Unit (CDU) is required by Lottery Contract to accompany every Photon installation.
- d. The Retailer shall be responsible for any loss or damage to property of the Lottery which results from a negligent or willful act or omission of the Retailer or which results from the failure on the part of the Retailer to maintain and administer that property in accordance with sound management practices. The Retailer shall maintain insurance coverage as set forth in Section 3.5 of this Contract.

2.3 PAYMENT TO THE LOTTERY

2.3.1 Form of Payment

The Retailer shall make payments to the Lottery by an EFT or other method approved in advance, in writing, by the Director. All accounts shall be kept current. It is the sole responsibility of the Retailer to provide the correct bank account information. The Lottery shall specify the form(s) and frequency by which the Retailer shall make each payment. The Lottery will not accept any cash payments.

2.3.2 Non-Sufficient Funds (NSF) Notices

All NSF fees will be posted to a Retailer's account upon receipt of a NSF notice from the Retailer's bank. An outstanding amount due must be paid by cashier's check and posted to account. Retailer will be subject to a service charge for each NSF.

2.3.3 Withholding of Funds

In accordance with Idaho Code § 67-7448(1), willfully withholding of funds is a violation of Idaho law and the violating Retailer may be fined up to \$5,000 or imprisoned up to six (6) months or be both fined and imprisoned.

2.3.4 NSF Payment Plan

Upon the discretion of the Lottery, if a Retailer has a past-due account balance, the Retailer may only be allowed to sell Lottery Tickets upon

establishment of an approved payment plan. A payment plan must be arranged in advance and approved by the Director.

2.3.5 Disconnection of Lottery Terminal Due to NSF

If past due accounts are not paid, the Lottery may disconnect the Lottery Terminal(s) from the Central Gaming System permanently or, at the discretion of the Director, until the NSF amount is paid to the Lottery.

2.3.6 Removal of All Lottery Inventory Due to NSF

At the discretion of the Lottery, the Retailer License may be revoked for an NSF or rejection of payment due to incorrect bank account information. The Lottery may immediately retrieve all Lottery product and Inventory.

2.4 RETAILER WITHDRAWAL / TERMINATION

2.4.1 Advance Notice

Voluntary withdrawal may be made by the Retailer at any time, but must be requested in writing to the Director at least 14 days in advance of the effective set date of the withdrawal.

2.4.2 Contract Life

Upon withdrawal, the Retailer shall surrender the Retailer Certificate, at which time the Contract shall terminate and all Lottery products, Equipment and Inventory shall be returned to the Lottery.

2.4.3 The Lottery may suspend or revoke a Retailer Certificate for any reason, including, but not limited to:

- a. Failure to meet or maintain the eligibility criteria for Retailer Certificate application and issuance established by Chapter 74, Title 67, Idaho Code or Idaho Lottery Administrative Rules;
- b. Violation of any of the provisions of Chapter 74, Title 67, Idaho Code, Idaho Lottery Administrative Rules, this contract, or the Retailer Certificate terms and conditions;
- c. Failure to file any return or report or to keep records required by the Lottery;
- d. Failure to maintain an acceptable level of financial responsibility as evidenced by the financial condition of the business, incidents of failure to pay taxes or other debts, or by the tendering of financial instruments which are dishonored;
- e. Payment to the Lottery is returned due to Non-Sufficient Funds in

the account or due to incorrect bank account information.

- f. Fraud, deceit, misrepresentation, or other conduct prejudicial to the public confidence in the Lottery, as determined in the sole and reasonable discretion of the Lottery;
- g. The Lottery expects each Retailer to reach and maintain a weekly sales minimum of \$500 for combined sales of Scratch, Draw and PullTab Tickets. Game Station-only Retailers are expected to reach and maintain a weekly sales minimum of \$250. Failure to reach and maintain this minimum sales volume may be grounds for replacing the Lottery Terminal or any other Equipment with an alternative Terminal or Equipment (if available) or suspend or revoke the Retailer Certificate, at the Lottery's discretion. These minimum sales amounts may be modified throughout the life of the contract, at the Lottery's discretion;
- h. A history of thefts or other forms of losses of Lottery Tickets or revenue from the business;
- i. Violation any federal, state or local criminal law other than traffic infractions by Retailer, Retailer employee, agent, . or by any person over whom the Retailer has substantial control;
- j. Selling Lottery Tickets for more than face value;
- k. Offering sale of Lottery Tickets or actually selling or otherwise transporting Lottery Tickets via mail to out-of-state locations in violation of applicable federal law. See 18 United States Code §1301.
- l. Obtaining a Retailer Certificate by fraud, misrepresentation, concealment or through inadvertence or mistake;
- m. Making a misrepresentation of fact to the Commission or the Lottery on any report, record, application form, or questionnaire required to be submitted to the Commission or the Lottery;
- n. Denying the Lottery or its authorized representative, including authorized local law enforcement agencies, access to any place where a Retailer Certificate activity is conducted;
- o. Failure to promptly produce for inspection or audit any book, record, document, or other item required to be produced by law, Lottery Rules, this contract, or the terms of the Retailer Certificate;
- p. Systematically pursuing economic gain in a manner or context which is in violation of the criminal or civil public policy of the state if such pursuit creates cause to believe that the participation of such person in these activities is contrary to the proper operation

of the authorized Lottery, as determined by the sole and reasonable discretion of the Lottery;

- q. Failure to follow the instructions from the Lottery for the conduct of any particular game or special event;
- r. Failure to follow security procedures of the Lottery for the management of personnel, handling of Tickets, or for the conduct or any particular game or special event;
- s. Making a misrepresentation of fact to a purchaser, or prospective purchaser, regarding a Lottery Ticket, or to the general public with respect to the conduct of a particular Lottery game or special event;
- t. Allowing activities on the licensed premises which could compromise the dignity of the Lottery or State of Idaho, as determined in the sole and reasonable discretion of the Lottery.
- u. Failure to keep equipment required by Lottery Contract installed and functional at all times.

2.4.4 Surrender of Certificate Upon Revocation

Upon revocation or suspension of a Retailer's Certificate, the Retailer shall return to the Lottery, by a date designated by the Lottery, the Retailer Certificate, all Equipment, Inventory, supplies, and any other property owned or leased by the Lottery.

2.5 APPLICABILITY, GOVERNING LAW AND VENUE:

This Contract shall be binding on the Retailer and Retailer's commencement of operation or continued operation as a Retailer represents Retailer's acknowledgment and agreement to the terms of this contract notwithstanding any lack of Retailer's execution and return of the contract to the Lottery. This contract shall supersede any and all prior agreements. This contract shall be interpreted pursuant to the law of the State of Idaho. Venue for all legal actions brought relating to this Contract shall be exclusively in the District Court of the Fourth Judicial District of the State of Idaho, in and for the County of Ada.

FOR TRIBAL RETAILERS OPERATING WITHIN TRIBAL RESERVATION:

Tribal Retailers hereby agree to waive tribal sovereign immunity from suit in Idaho State Courts for the sole and limited purpose of enforcement of the terms of this Contract, provided, however, that liability is limited to the recovery of no more than the amount of money owed under this Contract.

FEDERAL AMERICANS WITH DISABILITIES ACT:

"Under Title II of the Federal Americans with Disabilities Act, the Lottery must

ensure that all Lottery products be accessible to individuals with disabilities. With this in mind, the Lottery has developed a plan, which partners it with our Retailers to accomplish the goal of ADA Compliance with respect to offering and sale of all Lottery products.. By signing this contract, you understand and agree Retailer locations must be ADA compliant, at Retailer expense, with respect to access to Lottery products and will allow the Lottery ADA Surveyor to perform a survey, including but not limited to, photographic documentation at Retailer location for verification. Failure to establish and maintain ADA compliant premises with respect to sale of Lottery products may result in termination of the contract.

SECTION III. RULES AND GUIDELINES

3.1 SCRATCH TICKETS

3.1.1 Ticket Storage

The Retailer shall store its unsold Scratch Tickets in a safe and secure place so as to minimize the risk of theft, loss, damage, or destruction.

3.1.2 Tickets as Assets

, Financial responsibility to the Lottery for Scratch Tickets shall pass to the Retailer from the Lottery upon activation or settlement of said Tickets.

3.1.3 Tickets Billed

Scratch Ticket packs shall be billed to the Retailer account upon any of the following:

- 1). Upon settlement of a pack of Tickets,
- 2). Within sixty (60) days of activation,
- 3). When 75% of the low tier winning Tickets in the pack have been validated,
- 4). Other specific settlement terms per agreement between the Retailer and the Lottery.

3.1.4 Credit for Unsold Tickets

Upon withdrawal or termination, the Lottery will credit the Retailer's account for unsold Scratch Tickets.

3.1.5 Credit for Defective, Damaged or Destroyed Scratch Tickets May Be Given Under the Following Conditions, at the sole and reasonable discretion of the Lottery:

- a. The defect is a result of a manufacturing error.
- b. The damage is due to circumstances beyond the control of the Retailer, such as a structural fire, flood, or other

natural disaster.

- c. The Scratch Ticket damage or destruction is accidentally caused by a Retailer or his/her employee or agent, but is not due to a continued pattern of neglect in the handling of Scratch Tickets.
- d. Scratch Tickets are destroyed by Lottery Equipment, with no negligence of Retailer or Retailer employee or agent in operation of such Equipment.
- e. All such damaged or defective Scratch Tickets are returned to the Lottery. Where Scratch Tickets are completely destroyed or a substantial portion of the Scratch Tickets are destroyed, an investigation will be conducted by the Lottery Security Director to verify that the circumstances surrounding the incident are consistent with the reported manner of destruction.
- f. Credit for accidentally destroyed, damaged or defective Scratch Tickets will be made upon receipt and accounting of such Scratch Tickets upon approval of the Director.

3.1.6 Credit Amount

If given, credit for destroyed, damaged or defective Scratch Tickets will be based on the purchase price per Ticket, less commission.

3.2 DRAW TICKETS

3.2.1 Voids and Cancellations

The Retailer understands and agrees that no Draw Tickets may be voided or canceled, including Tickets printed in error. All Draw Tickets created are the financial responsibility of the Retailer.

3.2.2 No Credit for Retailer on Customer Errors

The Retailer understands and agrees that under the Rules of the Lottery, there will be no credit given for Draw Tickets mistakenly dispensed, containing incorrect or mis-picked numbers, sold in error, or otherwise valid, but issued incorrectly.

3.2.3 Malfunction Error Credits

Malfunction error credits due to printer errors, Terminal errors, Playslip reader problems, or jammed printers will be approved only by the Director and issued on a case by case basis, at the sole and reasonable discretion of the Director.

3.3 STOLEN LOTTERY TICKETS

3.3.1 Theft of Lottery Tickets

Retailers who are victims of criminal acts which result in the theft or loss of Lottery Tickets may be credited with such loss under the following conditions:

- a. The loss is due to the criminal conduct of a person(s) other than the Retailer or Retailer, employee, agent, or representative.
- b. The crime is immediately reported to the appropriate law enforcement agency and to the Lottery Security Division.
- c. The Retailer cooperates in the investigation with the appropriate law enforcement agency and the Lottery Security Division.
- d. The investigating law enforcement agency and the Lottery Security Division conclude that the loss is due to the criminal conduct of a person(s) not connected in any way with the Retailer and the Lottery Ticket loss is not due to a continued pattern of neglect in handling Lottery Tickets. A continued pattern of neglect may occur when the Retailer has had more than one prior theft, loss, or incident of Lottery Ticket damage or destruction, which has resulted in an investigation by the Lottery Security Division and a recommendation to the Director and the Retailer as to what measures should be taken to correct the defects noted.
- e. It shall be within the discretion of the Director to determine how many such events shall constitute a continued pattern.
- f. Credit for stolen Lottery Tickets may be given upon approval of the Director after a report is filed by the Lottery Security Division.
- g. Lottery PullTab inventory is not transferable, assignable or sellable in the instance of any change of ownership of a Retailer's business, including any sale of the business. All PullTab Tickets must be destroyed. Credit will not be provided for those Tickets.

3.4 PAYMENT OF LOTTERY TICKET PRIZES BY RETAILER

3.4.1 Retailer Prize Payout Obligation

The Retailer agrees to pay all Lottery Ticket prizes less than \$600, regardless of where they were sold, by validating the prize and, if determined to be a winning Lottery Ticket, making payment of the amount due the claimant. Prizes \$600 and over must be redeemed through the Idaho Lottery Office.

3.4.2 Prize Redemption Hours

When presented, all validated winning Lottery Ticket(s) up to \$100, must

be paid during selling hours. All prizes over \$100 and less than \$600 must be paid during selling hours, unless Retailer has specified payment hours. Payment hours must be at least six (6) hours per operating day.

3.4.3 Refusal to Pay Prizes

If Retailer refuses to pay any prize less than \$600 during selling hours or specified and publically-posted payment hours, it may be grounds for termination or suspension of the Lottery contract and Retailer Certificate.

3.4.4 Prize Payment Method

All prizes may be paid in cash, business check, certified check, or money order, or any combination thereof. If a Retailer check is dishonored, the Retailer may be subject to suspension and this Contract subject to termination, at Lottery discretion.

3.4.5 Obligation to Pay Prize After Validation

If the Retailer validates a winning Lottery Ticket(s) according to the prize payout procedure, and a validation receipt is issued, the Retailer **must immediately** pay the prize. The validated Lottery Ticket(s) cannot be paid by the Lottery or any other Retailer. Failure to immediately pay a prize for which a validation receipt has been issued may be grounds for suspension or termination of the Lottery Contract.

3.4.6 Marking Winning Lottery Tickets

After validating and redeeming a winning Lottery Ticket less than \$600, the Retailer shall mutilate, punch, mark, or destroy the Lottery Ticket to prevent the winning Ticket from being redeemed more than once.

3.4.7 Failure to Mark Winning Lottery Tickets

A Retailer who pays a winning Lottery Ticket and fails to mutilate, punch, mark, or destroy the Lottery Ticket will be charged the prize amount paid out by a second Retailer for the Lottery Ticket if the Lottery Ticket is later redeemed and paid at another Retailer location.

3.4.8 Lottery Liability for Retailer Error in Prize Payout

The Lottery shall have no liability for altered or counterfeit Lottery Tickets paid by the Retailer, or for Retailer error concerning what prize should be paid for a given Lottery Ticket.

3.5 LOTTERY PRODUCT(S) AND EQUIPMENT

3.5.1 Removal or Replacement of Lottery Equipment

If the Lottery Director determines the Lottery Equipment is not meeting

the sales necessary to meet revenue requirements, he/she may remove or replace the Lottery Equipment at the Retailer location.

3.5.2 Protection and Use

The Retailer shall take any and all steps necessary to ensure that Lottery Product(s) and Equipment are operated only by authorized personnel, is protected from hazard or physical damage, is maintained properly, is safeguarded from tampering, abuse or unauthorized use and that the Lottery will be promptly notified of mechanical defects, problems or unauthorized movement or disconnecting of Lottery equipment. Proper notification and approval from the Lottery is required to remove, relocate, disconnect or relocate Lottery equipment.

3.5.3 Required Insurance

Retailer shall obtain and maintain insurance at its own expense as required herein for the duration of the contract, and comply with all limits, terms and conditions stipulated. Policies shall be endorsed to provide all required coverage and Retailer shall provide certified endorsements from its insurer naming the Lottery and the State of Idaho as named additional insureds for the insurance required below.

. All insurance shall be with insurers rated A-VII or better in the latest Bests Rating Guide and in good standing and authorized to transact business in Idaho. The coverage provided by such policies shall be primary. Policies may contain deductibles, but such deductibles shall not be deducted from any damages due the Lottery and State of Idaho. If any of the liability insurance required for this contract is arranged on a "claims-made" basis, "tail coverage" will be required at the completion or termination of this contract for a duration of twelve (12) months thereafter. Continuous "claims made" coverage will be acceptable in lieu of "tail coverage" provided the retroactive date is on or before the effective date of the contract, or twelve months "prior acts" coverage is provided. Retailer will be responsible for furnishing certification of "tail coverage" or continuous "claims made" coverage.

Retailer shall maintain insurance in amounts not less than the following:

- (1) Commercial General Liability (CGL) and, if necessary, commercial umbrella or excess liability with a limit of not less than \$1,000,000 each occurrence/\$3,000,000 annual aggregate.
- (2) Employee Dishonesty/Crime with a liability limit of \$500,000 per occurrence providing coverage for theft of Lottery Tickets in possession of Retailer, whether by Retailer employee, agent, or by someone outside control of Retailer, and coverage for Retailer employee and agent dishonesty, theft and embezzlement related to sale, validation, and redemption of Lottery Tickets presented to

- Retailer and Retailer employees and agents by lottery players.
- (3) Property Insurance to include coverage for all direct physical loss to Lottery Equipment, Terminals and Inventory.

SECTION IV. RULES AND GUIDELINES FOR PULLTAB TICKETS

4.1 PULLTAB TICKET HANDLING

4.1.1 PullTab Ticket Price to Be Posted

No boxes or packs of PullTab Tickets shall be sold without the cost of each Ticket clearly posted on the flare. The price per PullTab Ticket shall be determined by the Director.

4.1.2 Claiming of Prizes

Prizes must be redeemed on the same day as purchased, at the location where the winning PullTab Ticket was purchased, and the prize shall be awarded in cash or by check.

4.2.3 PullTab Tickets Billed

Boxes or issued and activated packs of PullTabs will be billed to the Retailers account within one week of the order date.

4.2.4 Damaged, Marked, or Tampered PullTab Tickets

No Retailer shall permit the display or sale of any PullTab Ticket which has been marked, defaced, tampered with, or otherwise placed in a condition, or operated in a manner, which may deceive the public or which affects the chances of winning or losing.

4.2.5 Credit for Returned PullTab Tickets

Once a box or pack of PullTab Tickets has been purchased, there shall be no returns or credit for any opened boxes or activated packs of PullTabs. Full un-opened boxes or non-activated packs of PullTabs may be returned for credit prior to the end of the game.

Addendum to the Idaho Lottery Retailer Contract

THIS ADDENDUM to the Idaho Lottery Retailer Contract ("Contract") amends referenced insurance terms set forth in Section III of the issued Contract and is hereby incorporated and made part of the Contract entered into by and between the Idaho Lottery (the "Lottery") and Retailer (the "Retailer").

WHEREAS, the Retailer acknowledges it has previously been provided the Contract that grants Retailer the ability to sell Idaho Lottery products;

WHEREAS, Retailer's commencement and continued operation as a Retailer constitutes Retailer's acknowledgment and agreement to Contract terms including agreement to terms of this Addendum; and

WHEREAS, the Parties desire to add the provisions of this Addendum to those of the Contract throughout the term and all renewals of the Contract;

NOW, THEREFORE, the Parties agree to the following Addendum terms, amending the Contract:

1. Contract Revisions.

The Parties agree that the Contract is revised as follows:

Section 3.5.3 is revised to read:

Required Insurance

Retailer shall obtain and maintain insurance at its own expense as required herein for the duration of the contract, and comply with all limits, terms and conditions stipulated. Policies shall be endorsed to provide all required coverage and Retailer shall provide certified endorsements from its insurer naming the Lottery and the State of Idaho as named additional insureds for the insurance required below.

All insurance shall be with insurers rated A-VII or better in the latest Bests Rating Guide and in good standing and authorized to transact business in Idaho. The coverage provided by such policies shall be primary. Policies may contain deductibles, but such deductibles shall not be deducted from any damages due the Lottery and State of Idaho. If any of the liability insurance required for this contract is arranged on a "claims-made" basis, "tail coverage" will be required at the completion or termination of this contract for a duration of twelve (12) months thereafter. Continuous "claims made" coverage will be acceptable in lieu of "tail coverage" provided the retroactive date is on or before the effective date of the contract, or twelve months "prior acts" coverage is provided. Retailer will be responsible for furnishing certification of "tail coverage" or continuous "claims made" coverage.

Retailer shall maintain insurance in amounts not less than the following:

- (1) Commercial General Liability (CGL) and, if necessary, commercial umbrella or excess liability with a limit of not less than \$100,000 each occurrence/\$300,000 annual aggregate.
- (2) Property Insurance to include coverage for all direct physical loss to Lottery Equipment, Terminals and Inventory.

2. Effect of Addendum.

Except as expressly amended by this Addendum, all terms and conditions of the Contract shall remain in full force and effect.

EFFECTIVE DATE: August 1, 2018