



AMERICAN MERCHANTS CASUALTY COMPANY

Master Policy No. EXC100009704 01
Participation Number: EXC100009704 959 00
Renewal of: New

COMMERCIAL EXCESS LIABILITY DECLARATIONS PAGE

1. NAMED INSURED AND ADDRESS:
Authority For California Cities Excess Liability
(ACCEL) (Per Underlying Insurance)
100 Pine Street 11th Floor
San Francisco, CA 94111

2. POLICY PERIOD:
12:01 a.m. Standard Time at the address of the
Insured shown at the left
From: 07/01/2009 To: 07/01/2010

IN RETURN FOR PAYMENT OF THE
PREMIUM AND SUBJECT TO ALL TERMS
OF THIS POLICY, WE AGREE WITH YOU
TO PROVIDE THE INSURANCE AS STATED
IN THIS POLICY.

PRODUCER'S NAME AND ADDRESS:
AmWins Insurance Brokerage of CA
19867 Prairie, #250
Chatsworth, CA 91311

3. PREMIUM: Total Advance Premium \$ 523,069
Service Charge \$
Surcharge/Taxes \$
Total \$ 523,069

BASIS OF PREMIUM: Non-Auditable

In the event of cancellation by the Named Insured, the company will receive and retain no less than \$ as a policy minimum premium.

4. LIMITS OF INSURANCE: \$ 10,000,000 EACH OCCURRENCE
\$ 10,000,000 AGGREGATE LIMIT (Where Applicable)

These Limits of Insurance apply in excess of the "underlying limits of insurance" indicated in Item 5. of the Declarations.

5. UNDERLYING INSURANCE: See attached schedule

6. FORMS AND ENDORSEMENTS applicable to all Coverage Forms and made part of this policy at time of issue are listed on the attached Forms and Endorsements Schedule, EXL 0101.

Handwritten signature
Authorized Representative

ISSUING OFFICE:
725 South Figueroa St.
Suite 2100
Los Angeles CA 90017

FORMS AND ENDORSEMENT SCHEDULE

It is hereby understood and agreed the following forms and endorsements are attached to and are a part of this policy:

| # | Form Number | Form Name |
|----|---------------|--|
| 1. | EXL 0001 0606 | Excess Declarations |
| 2. | EXL 0102 0606 | Schedule of Underlying Endorsement |
| 3. | EXL 0562 0606 | War Liability Exclusion |
| 4. | EXL 0537 0606 | Uninsured / Underinsured Motorist Exclusion |
| 5. | EXL 1202 0108 | Exclusion of Other Acts of Terrorism Committed Outside the United States; Cap on Losses From Certified Acts of Terrorism |
| 6. | EXL 1001 0606 | Exclusion- Financial Services |
| 7. | EXL 1312 0108 | Disclosure Pursuant to TRIA (Disclosure of Premium) |

SCHEDULE OF UNDERLYING POLICIES

| Carrier, Policy Number and Period | Type of Coverage | Limits of Insurance |
|------------------------------------|--------------------------------|--|
| Everest National Insurance Company | Public Entity Excess Liability | <p>1. Aggregate Limit</p> <p>\$10,000,000 Completed Operations Hazard Aggregate</p> |
| 71A2040000-091 71A7040001-091 | | <p>2. Per Occurrence</p> <p>\$10,000,000 Any one Occurrence for Bodily Injury, Property Damage, Public Officials errors and Omissions, Unfair Employment Practices, or Personal Injury, or any combination thereof in excess of your Retained Limit.</p> |
| 7/1/2009 to 7/1/2010 | | <p>Retained Limit</p> <p>\$5,000,000 Any one Occurrence for Bodily Injury, Property Damage, Public Officials Errors and Omissions, or Personal Injury or any combination thereof.</p> <p>\$5,000,000 Any one Occurrence for Unfair Employment Practices</p> |

EXCESS LIABILITY COVERAGE FORM

There are provisions in this policy that restricts coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured. The words "we", "us" and "our" refer to the Company providing this insurance. The word Insured means any person or organization qualifying as such in the "first underlying insurance". Other words and phrases that appear in quotation marks have special meaning and can be found in the **DEFINITIONS** Section, **ADDITIONAL DEFINITIONS** endorsement or the specific policy provision where they appear.

In consideration of the payment of the premium and in reliance upon the statements in the Declarations, we agree with you to provide the coverage as follows:

INSURING AGREEMENTS

I. COVERAGE

We will pay on behalf of the insured the amount of "loss" covered by this insurance in excess of the "underlying limits of insurance" subject to the INSURING AGREEMENT, Section II., Limits of Insurance. This policy will follow form to the terms, conditions, definitions, and exclusions of the "underlying insurance," except to the extent that the terms, conditions, definitions, and exclusions of this policy differ from the "first underlying insurance." In the event of any conflict in interpretation, the terms, conditions, definitions, and exclusions of this policy shall control.

II. LIMITS OF INSURANCE

A. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay under the terms of this insurance regardless of the number of:

1. Insureds;
2. claims made or suits brought;
3. persons or organizations making claims or bringing suits.

B. The Limits of Insurance of this policy will apply as follows:

1. This policy applies only in excess of the “underlying limits of insurance” and only after the “underlying limits of insurance” have been exhausted.
2. The aggregate limit shown in Item 4. of the Declarations is the most we will pay for all “loss” that is subject to an aggregate limit provided by the “first underlying insurance”. The aggregate limit applies separately and in the same manner as the aggregate limits provided by the “first underlying insurance”, provided that all “underlying insurance” applies each respective aggregate limit in the same manner as the “first underlying insurance”. In the event that all “underlying insurance” does not apply each respective aggregate limit in the same manner as the “first underlying insurance”, then the aggregate limits of this policy will apply as though all “underlying insurance” does apply each respective aggregate limit in the same manner as the “first underlying insurance.”
3. Subject to B.2., the Each Occurrence limit stated in Item 4. of the Declarations is the most we will pay for all “loss” arising out of any one occurrence to which this policy applies.
4. Subject to Paragraphs B.2. and B.3. above, if the aggregate limits contained in the “underlying limits of insurance” are exhausted solely by payment of covered “loss”, then this policy will apply in excess of the exhausted underlying limit; provided always that such “loss” is covered by this policy. However, we will not pay that portion of a “loss” that is within the “underlying limits of insurance.”
5. The limits of this policy apply separately to each consecutive annual period, and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations unless the policy period is extended after issuance for an additional period of less than 12 months. In that case the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

III. DEFENSE

- A. We will not be required to pay for or assume charge of the investigation of any claim or defense of any “suit” against you.

- B. We will have the right, but not the duty to be associated with you or your underlying insurer or both in the investigation of any claim or defense of any suit which in our opinion may create liability to our policy for “loss”. If we exercise such right, we will do so at our own expense, but we will have no such expense obligation or liability once the limits of this policy are exhausted.

IV. EXCLUSIONS

This policy does not apply to:

- A. Any liability, including, but not limited to “property damage”, “bodily injury”, settlements, judgments, costs charges, expenses, costs of investigations, or the fees of attorneys, experts, or consultants arising out of or related in any way, either directly or indirectly, to:
1. asbestos, asbestos products, asbestos-containing materials or products, asbestos fibers or asbestos dust, including, but not limited to, manufacture, mining, use, sale, installation, removal, or distribution activities;
 2. exposure to, testing for, monitoring of, cleaning up, removing, containing or treating of asbestos, asbestos products, asbestos-containing materials or products, asbestos fibers or asbestos dust; or
 3. any obligation to investigate, settle or defend, or indemnify any person against any claim or “suit” arising out of or related in any way, either directly or indirectly, to asbestos, asbestos products, asbestos-containing materials or products, asbestos fibers or asbestos dust.
- B. Any liability, including, but not limited to “property damage”, “bodily injury”, settlements, judgments, costs, charges, expenses, costs of investigations, or the fees of attorneys, experts, or consultants arising out of or in any way related to:
1. the actual, alleged or threatened presence, discharge, dispersal, seepage, migration, release or escape of “pollutants”, however caused;
 2. any request, demand, or order that any insured or others test for, monitor, clean-up, remove, contain, treat, detoxify, neutralize or in any way respond to or assess the effects of “pollutants”. This includes demands, directives, complaints, “suits”, orders or requests brought by any governmental entity or by any person or group of persons;

3. steps taken or amounts incurred by a governmental unit or any other person or organization to test for, monitor, clean-up, remove, contain, treat, detoxify or neutralize or assess the effects of “pollutants”.

This exclusion will apply to liability, costs, charges or expenses, or any judgments or settlements, arising directly or indirectly out of pollution whether or not the pollution was sudden, accidental, gradual, intended, expected, unexpected, preventable or not preventable.

“Pollutants” means any solid, liquid, gaseous or thermal irritant or contaminant, including, but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste material. Waste material includes materials which are intended to be or have been recycled, reconditioned or reclaimed.

C. Any liability, injury or damage:

1. with respect to which any insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its Limits of Insurance; or
2. resulting from the “hazardous properties” of “nuclear material” and with respect to which (a) a person or organization is required to maintain financial protection pursuant to the Atomic energy Act of 1954, or any law amendatory thereof, or (b) any insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
3. Any injury or “nuclear property damage” resulting from the “hazardous properties” of “nuclear material”, if:
 - a. the “nuclear material” (a) is at any “nuclear facility” owned by, or operated by or on behalf of, any insured or (b) has been discharged or dispersed there from;

- b. the “nuclear material” is contained in “spent fuel” or “nuclear waste” at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of any insured; or
 - c. the injury or “nuclear property damage” arises out of the furnishing by any insured of services, materials, parts of equipment in connection with the planning, construction, maintenance, operation or use of any “nuclear facility”, but if such facility is located within the United States of America, its territories or possessions or Canada, this Exclusion C.3. applies only to “nuclear property damage” to such “nuclear facility” and any property therein.
4. As used in this exclusion:
- a. “Hazardous properties” includes radioactive, toxic or explosive properties.
 - b. “Nuclear facility” means:
 - (1) any “nuclear reactor”;
 - (2) any equipment or device designed or used for
 - (a) separating the isotopes of uranium or plutonium;
 - (b) processing or utilizing “spent fuel” or
 - (c) handling processing or packaging “nuclear waste”;
 - (3) any equipment or device used for the processing, fabricating or alloying of “special nuclear material” if at any time the total amount of such material in the custody of any insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
 - (4) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of, “nuclear waste”, and includes the site on which any of the foregoing is located, all operations considered on such site and all premises used for such operations;
 - c. “Nuclear material” means “source material”, “special nuclear material” or by-product material.
 - d. “Nuclear property damage” includes all forms of radioactive contamination of property.

- e. "Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.
- f. "Nuclear waste" means any "nuclear waste" material (a) containing "by-product material" other than the tailings of "nuclear waste" produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and (b) resulting from the operation by any person or organization of any "nuclear facility" included within the definition of "nuclear facility" under Paragraph C.4.b.
- g. "Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.
- h. "spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

V. DEFINITIONS

- A. "First underlying insurance" means the lowest attaching excess policy listed in Item 5 of the Declarations, or the policy we designate to be the lead form in Item 5 of the Declarations.
- B. "Loss" means those sums actually paid in the settlement or satisfaction of a claim which you are legally obligated to pay as damages, including but not limited to "bodily injury" and "property damage", after making proper deductions for all recoveries and salvage.
- C. "Underlying insurance" means "first underlying insurance", all policies of insurance listed in Item 5. of the Declarations, and all applicable policies, self-insured retentions (SIRs), deductibles or other forms of insurance or self-insurance applicable to a given claim or "occurrence" whether or not listed in Item 5. of the Declarations.
- D. "Underlying limits of insurance" means the sum of the limits of all applicable "underlying insurance" listed in Item 5. of the Declarations, including self-insured retentions (SIRs), deductibles or other forms of insurance or self-insurance applicable to a given claim or "occurrence".

VI. CONDITIONS

A. Appeals

In the event you or any underlying insurers elect not to appeal a judgment in excess of the amount of the “underlying limits of insurance”, we may elect to appeal at our expense. If we do so elect, we will be liable for the costs and interest incidental to this appeal. In no event will this provision increase our liability beyond the applicable Limits of Insurance described in Section II. of this policy.

B. Bankruptcy or Insolvency

The bankruptcy of any insured will not relieve us from the payment of any claim or “suit” covered by this policy.

In the event of the bankruptcy or insolvency of any underlying insurer, the insurance afforded by this policy will not replace such “underlying insurance” or drop down to attach at a lower level, but will continue to apply as if the “underlying insurance” was available and collectible.

C. Changes

Notice to any agent or knowledge possessed by any agent or any other person will not waive, replace or change any part of this policy. This policy can only be changed by a written endorsement that becomes a part of this policy and that is signed by one of our authorized representatives.

D. Cancellation

1. The first Named Insured 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 first Named Insured 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 first Named Insured'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 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.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

E. First Named Insured Duties

The person or organization first named in Item 1. of the Declarations is responsible for the payment of all premiums. The first Named Insured will act on behalf of all other Named Insured for the giving and receiving of notice of cancellation or the receipt of any return premium that become payable.

We will be furnished a complete copy of the “first underlying insurance” described in Item 5. of the Declarations and any subsequently issued endorsements which may in any way affect this insurance.

F. Legal Actions Against Us

There will be no right of action against us under this insurance unless:

1. you have complied with all the terms of this policy; and
2. the amount you owe has been determined by settlement with our written consent or by actual trial and final judgment; but we will not be liable for any “loss” or damages that are not payable under the terms of this policy or that are in excess of the applicable limit of insurance as set forth in the Declarations.

This insurance does not give anyone the right to add us as a party in any action or lawsuit against you brought to determine your liability.

G. Maintenance of “Underlying Insurance”

During the period of this policy, you agree:

1. to keep all “underlying insurance” in full force and effect.
2. that the Limits of Insurance of the “underlying insurance” policies will be maintained, except to the extent such limits may be reduced or exhausted by payment for “loss” covered by “underlying insurance.”

If you fail to comply with these requirements, we will only be liable to the same extent that we would have been had you fully complied with these requirements.

H. Notice of Occurrence

1. You must see to it that we are notified as soon as practicable of an “occurrence” which may result in a claim or “suit” which may involve this policy.

To the extent possible, notice will include:

- a. how, when and where the “occurrence” or claim took place;
 - b. the names and addresses of any injured persons and witnesses;
 - c. the nature and location of any injury or damage arising out of the “occurrence” or claim.
2. If a claim or “suit” against any insured is reasonably likely to involve this policy you must notify us in writing as soon as practicable.
 3. You and any other involved insured must:
 - a. immediately send us copies of any demands, notices, summonses, communications or legal papers received in connection with the claim or “suit”.
 - b. authorize us to obtain records and other information;
 - c. cooperate with us in the investigation, settlement or defense of the claim or “suit”; and
 - d. assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

4. If the “underlying limits of insurance” are exhausted solely by payment of “loss”, no insured will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

I. Other Insurance

If other insurance applies to a “loss” that is also covered by this policy, this policy will apply excess of the other insurance. Nothing herein will be construed to make this policy subject to the terms, conditions and limitations of such other insurance. However, this provision will not apply if the other insurance is specifically written to be excess of this policy.

Other insurance includes any type of self-insurance or other mechanism by which an insured arranges for funding of legal liabilities.

J. Premium

Unless otherwise provided, the premium for this policy is a flat premium and is not subject to adjustment except as provided herein or amended by endorsement. If any additional premium charge is made to the “underlying insurance” during the policy period or if there is an increase in the risk assumed by us, our premium may be adjusted accordingly.

K. Terms Conformed to Statute

The terms of this policy which are in conflict with the statutes of the state where this policy is issued are amended to conform to such statutes.

If we are prevented by law or statute from paying on behalf of the insured, then we will, where permitted by law or statute, indemnify the insured.

L. When “Loss” is Payable

Coverage under this policy will not apply unless and until the insured or the insured’s “underlying insurance” is obligated to pay the full amount of the “underlying limits of insurance”.

When the amount of “loss” has finally been determined, we will promptly pay on behalf of the insured the amount of “loss” falling within the terms of this policy.

If the insured has rights to recover all or part of any payment we have made under this policy, then those rights are transferred to us and the insured must do nothing to impair those rights. At our request the insured will bring “suit” or transfer those rights to us to enforce them.

M. When We Do Not Renew

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 not less than 30 days before expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

N. Representations Or Fraud

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are base upon representations you made to us;
- c. We have issued this policy in reliance upon your representations; and
- d. This policy is void in any case of fraud by you as it relates to this policy or any claim under this policy.

**AMENDATORY ENDORSEMENT (DEFENSE EXPENSE
INCLUDED IN THE COMPANY'S LIMITS OF INSURANCE)**

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

The following is added to **SECTION "III. DEFENSE:**

- C. If we elect to assume charge of the settlement or defense of any claim, "suit" or proceeding against you, loss expense and legal expense, including court costs and interest shall be included in our Limits of Insurance.

We shall not be obligated to pay any claim, "suit" or proceeding after our liability has been exhausted by payment of judgments or settlements.

This endorsement does not change any other provision of the policy.

CALIFORNIA CHANGES – CANCELLATION AND NONRENEWAL

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

A. Paragraphs 2. and 3. of the **Cancellation** Policy Condition are replaced by the following:

2. All Policies In Effect For 60 Days Or Less

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured at the mailing address shown in the policy and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

- a. 10 days before the effective date of cancellation if we cancel for:
 - (1) Nonpayment of premium; or
 - (2) Discovery of fraud by:
 - (a) Any insured or his or her representative in obtaining this insurance; or
 - (b) You or your representative in pursuing a claim under this policy.
- b. 30 days before the effective date of cancellation if we cancel for any other reason.

3. All Policies In Effect For More Than 60 Days

- a. If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:
 - (1) Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.
 - (2) Discovery of fraud or material misrepresentation by:
 - (a) Any insured or his or her representative in obtaining this insurance; or
 - (b) You or your representative in pursuing a claim under this policy.
 - (3) A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.
 - (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.
 - (5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.
 - (6) A determination by the Commissioner of Insurance that the:
 - (a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or
 - (b) Continuation of the policy coverage would:
 - (i) Place us in violation of California law or the laws of the state where we are domiciled; or

(ii) Threaten our solvency.

- (7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.
 - (8) A material change in limits, type or scope of coverage, or exclusions in one or more of the underlying policies.
 - (9) Cancellation or nonrenewal of one or more of the underlying policies where such policies are not replaced without lapse.
 - (10) A reduction in financial rating or grade of one or more insurers, insuring one or more underlying policies based on an evaluation obtained from a recognized financial rating organization.
- b. We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, at least:
- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium or discovery of fraud; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason listed in Paragraph 3.a.

B. The following is added and supersedes any provisions to the contrary:

NONRENEWAL

1. If we elect not to renew this policy, we will mail or deliver written notice stating the reason for nonrenewal to the first Named Insured shown in the Declarations and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.

We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing.

This endorsement does not change any other provisions of this policy.

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CANCELLATION AMENDMENT

| | | | |
|-----------------------|--|---------------------------------------|--|
| Named Insured: | | Endorsement No.: | |
| Policy No.: | | Effective Date of Endorsement: | |
| Issued By: | | | |

This endorsement changes the policy, please read it carefully.

Condition D. CANCELLATION IS AMENDED IN PART AS FOLLOWS:

2. We may cancel this policy. If we cancel because of nonpayment of premium, we must mail or deliver to you not less than ten (10) days advance written notice stating the date when the cancellation is to take effect. If we cancel for any other reason, we must mail or deliver to you not less than ninety (90) days advance written notice stating when the cancellation is to take effect. Mailing that notice to you at you mailing address shown in Item 1 of the Declarations will be sufficient to prove notice.

This endorsement does not change any other provision of the policy.

Authorized Representative

EXCLUSION OF OTHER ACTS OF TERRORISM COMMITTED OUTSIDE THE UNITED STATES; CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

A. The following exclusion is added:

This insurance does not apply to:

TERRORISM

"Any injury or damage" arising, directly or indirectly, out of an "other act of terrorism" that is committed outside of the United States (including its territories and possessions and Puerto Rico), but within the "coverage territory". However, this exclusion applies only when one or more of the following are attributed to such act:

1. The total of insured damage to all types of property exceeds \$25,000,000 (valued in US dollars). 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
2. 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; or
3. The terrorism involves the use, release or escape of nuclear materials, or directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
4. The terrorism is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
5. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.

With respect to this exclusion, Paragraphs 1. and 2. describe the thresholds used to measure the magnitude of an incident of an "other act of terrorism" and the circumstances in which the threshold will apply for the purpose of determining whether this exclusion will apply to that incident.

B. The following definitions are added:

1. For the purposes of this endorsement, "any injury or damage" means any injury or damage covered under this policy or "underlying insurance" to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage", "personal and advertising injury", "injury" or "environmental damage" as may be defined by this policy or "underlying insurance".
2. "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:
 - a. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act;
 - b. The act resulted in damage:
 - (1) Within the United States (including its territories and possessions and Puerto Rico); or
 - (2) Outside of the United States in the case of:
 - (a) An air carrier (as defined in Section 40102 of title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs; or
 - (b) The premises of any United States mission; and
 - c. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is 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.

3. "Other act of terrorism" means a violent act or an act that is dangerous to human life, property or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion, and the act is not a "certified act of terrorism". Multiple incidents of an "other act of terrorism" which occur within a seventy-two hour period and appear to be carried out in concert or to have a related purpose or common leadership shall be considered to be one incident.
- C. In the event of an "other act of terrorism" that is not subject to this exclusion, coverage does not apply to any loss or damage that is otherwise excluded under this Policy.
- D. If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of Treasury.
- E. Additional Definition applicable to this endorsement:**
1. "Coverage territory" means anywhere in the world with the exception of any country or jurisdiction which is subject to trade or other economic sanctions or embargo by the United States of America.

This endorsement does not change any other provisions of the policy.

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EXCLUSION FINANCIAL SERVICES

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|-----------------------|--|---------------------------------------|--|
| Named Insured: | | Endorsement No.: | |
| Policy No.: | | Effective Date of Endorsement: | |
| Issued By: | | | |

This endorsement changes the policy, please read it carefully.

This insurance does not apply to “bodily injury”, “property damage”, “personal injury”, or “advertising injury” arising out of the rendering of or the failure to render financial services by any insured to others.

For the purpose of this exclusion, financial services include the following types of activities:

1. Acting as a dividend disbursing agent, exchange agent, redemption or subscription agent, warrant or scrip agent, fiscal or paying agent, tax withholding agent, escrow agent, clearing agent, wire transfer agent or agent for the purpose of accomplishing any activity listed in paragraphs 2. through 10. below.
2. Planning, managing, administering, advising on or acting in a fiduciary capacity for:
 - a. Any investment, trust, pension, annuity, savings account, checking account, individual retirement plan, fund or account, welfare fund, mutual fund, or other similar financial account;
 - b. The issuance or withdrawal of any bond, debenture, stock or other securities;
 - c. The trading or brokerage of securities, commodities, or currencies; or
 - d. Any acquisitions, mergers, dissolutions or other business consolidations or expansions.
3. Lending, or arranging for the loan of, money, including leasing or mortgage operations or activities.
4. Application for, approval of, maintenance of, termination of or collection on credit card operations.
5. Repossession, foreclosure or subsequent sale of real or personal property from a borrower or acting as an assignee for the benefit of creditors.
6. Checking or reporting of credit.
7. Maintaining of or providing information concerning financial accounts, records or balances.
8. Tax planning, tax advising or the preparation of tax returns.
9. Selling or issuing travelers checks, certified checks, bank checks or money orders.
10. Administering or leasing safe deposit or lock boxes.
11. With respect to any contract or treaty of insurance, reinsurance, suretyship, annuity, endowment or employee benefit plan (including nursing, medical, dental, psychiatric or laboratory service, health facility management, or other health maintenance or cost containment programs), including applications, receipts or binders:
 - a. The assumption of any obligation;

EXCLUSION FINANCIAL SERVICES

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- b. The failure to discharge, or the improper discharge of, any obligation or duty, contractual or otherwise;
 - c. Advising, inspecting, reporting or making recommendations;
 - d. Effecting coverage; or
 - e. Investigating, defending or settling any claim or "suit".
12. Membership in or contribution to any plan, pool, association, insolvency or guarantee fund or any similar fund, organization or association, whether voluntary or involuntary.
13. Auditing of accounts or records of others; or
14. Performing any claim, investigative, adjustment, engineering or inspection service for a fee.

This exclusion does not apply to:

- (a) Typographical errors;
- (b) Clerical errors in deposits into or withdrawals from customers accounts;
- (c) Clerical errors in disclosing financial information; or
- (d) Other acts, errors or omissions of a clerical nature.

This endorsement does not change any other provision of the policy.

Authorized Representatives

FOLLOWING FORM POLLUTION EXCLUSION

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

Exclusion B. is deleted from Section IV. – EXCLUSIONS and is replaced by the following:

Any liability, including, but not limited to “bodily injury”, “property damage”, “loss” settlements, judgments, costs, charges, expenses, costs of investigations, or the fees of attorneys, experts, or consultants arising out of or in any way related to:

- A. The actual, alleged or threatened presence, discharge, dispersal, seepage, migration, release or escape of “pollutants”, however caused.
- B. Any request, demand, or order that any insured or others test for, monitor, clean-up, remove, contain, treat, detoxify, neutralize or assess the effects of “pollutants”. This includes demands, directives, complaints, suits, orders or requests brought by any governmental entity or by any person or group of persons.
- C. Steps taken or amount incurred by a governmental unit or any other person or organization to test for, monitor, clean-up, remove, contain, treat, detoxify or neutralize or assess the effects of “pollutants”.

This exclusion will apply to any liability, costs, charges or expenses, or any judgments or settlements, arising directly or indirectly out of pollution whether or not the pollution was sudden, accidental, gradual, intended, expected, unexpected, preventable or not preventable.

As used in this exclusion “pollutants” means any solid, liquid, gaseous or thermal irritant or contaminant, including, but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste material. Waste material includes materials which are intended to be or have been recycled, reconditioned or reclaimed.

However, if insurance for such “bodily injury” “property damage”, “loss” settlements, judgments, costs, charges, expenses, costs of investigations, or the fees of attorneys, experts, or consultants is provided by the “underlying insurance”:

A. This exclusion shall not apply; and

B. The insurance provided by our policy will not be broader than the insurance coverage provided by the “underlying insurance”.

This endorsement does not change any other provision of the policy.

**U. S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN
ASSETS CONTROL ("OFAC")
NOTICE TO POLICYHOLDERS**

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's website – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

**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 PURSUANT TO TERRORISM RISK INSURANCE
ACT**

SCHEDULE

Terrorism Premium (Certified Acts): \$«TerrorismPremium»

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 the Terrorism Risk Insurance Act as amended and reauthorized in 2007. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement.

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. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

C. Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

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UNINSURED / UNDERINSURED MOTORIST EXCLUSION

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

This insurance does not apply to any obligation of the insured under a No Fault, Uninsured Motorist or Supplementary Uninsured/Underinsured Motorist Law, or under any similar law, regulation or ordinance.

This endorsement does not change any other provision of the policy.

WAR LIABILITY EXCLUSION

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

This insurance does not apply to any liability arising out of any war, invasion, acts of foreign or domestic enemies, hostilities, (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalization or requisition or destruction of or damage to property including loss of access, by or under the order of any government, local authority or risks of contraband, illegal transportation or trade.

This endorsement does not change any other provisions of the policy.

AMENDMENT OF INSURING AGREEMENT- KNOWN INJURY OR DAMAGE

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

Section I. COVERAGE is deleted and replaced by the following:

I. COVERAGE

a. We will pay on behalf of the insured those sums in excess of the “underlying limits of insurance” that the insured becomes legally obligated to pay by reason of liability imposed by law or assumed by the insured under an “insured contract” because of “bodily injury”, “property damage”, “personal and advertising injury” that takes place during the policy period and is caused by an “occurrence” happening anywhere. The amount we will pay for damages is limited as described below in the **Insuring Agreement** Section II. **LIMITS OF INSURANCE**.

b. This insurance applies to “bodily injury” and “property damage” only if:

Prior to the policy period, no insured knew that the “bodily injury” or “property damage” had occurred, in whole or in part. If any insured knew, prior to the policy period, that the “bodily injury” or “property damage” occurred, then any continuation, change or resumption of such “bodily injury” or “property damage” during or after the policy period will be deemed to have been known prior to the policy period.

c. “Bodily injury” or “property damage” which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured, including any continuation, change or resumption of that “bodily injury” or “property damage” after the end of the policy period.

d. “Bodily injury” or “property damage” will be deemed to have been known to have occurred at the earliest time when any insured:

- (1) reports all, or any part of the “bodily injury” or “property damage” to us or any other insurer;

- (2) receives a written or verbal demand or claim for damages because of the “bodily injury” or “property damage”; or
- (3) becomes aware by any other means that “bodily injury” or “property damage” has occurred or has begun to occur.

This endorsement does not change any other provision of the policy.