

NOTICE:

1. THE INSURANCE POLICY THAT YOU HAVE PURCHASED IS BEING ISSUED BY AN INSURER THAT IS NOT LICENSED BY THE STATE OF CALIFORNIA. THESE COMPANIES ARE CALLED “NONADMITTED” OR “SURPLUS LINE” INSURERS.

2. THE INSURER IS NOT SUBJECT TO THE FINANCIAL SOLVENCY REGULATION AND ENFORCEMENT THAT APPLY TO CALIFORNIA LICENSED INSURERS.

3. THE INSURER DOES NOT PARTICIPATE IN ANY OF THE INSURANCE GUARANTEE FUNDS CREATED BY CALIFORNIA LAW. THEREFORE, THESE FUNDS WILL NOT PAY YOUR CLAIMS OR PROTECT YOUR ASSETS IF THE INSURER BECOMES INSOLVENT AND IS UNABLE TO MAKE PAYMENTS AS PROMISED.

4. THE INSURER SHOULD BE LICENSED EITHER AS A FOREIGN INSURER IN ANOTHER STATE IN THE UNITED STATES OR AS A NON-UNITED STATES (ALIEN) INSURER. YOU SHOULD ASK QUESTIONS OF YOUR INSURANCE AGENT, BROKER, OR “SURPLUS LINE” BROKER OR CONTACT THE CALIFORNIA DEPARTMENT OF INSURANCE AT THE FOLLOWING TOLL-FREE TELEPHONE NUMBER: 1-800-927-4357. ASK WHETHER OR NOT THE INSURER IS LICENSED AS A FOREIGN OR NON-UNITED STATES (ALIEN) INSURER AND FOR ADDITIONAL INFORMATION ABOUT THE INSURER. YOU MAY ALSO CONTACT THE NAIC’S INTERNET WEB SITE AT WWW.NAIC.ORG.

5. FOREIGN INSURERS SHOULD BE LICENSED BY A STATE IN THE UNITED STATES AND YOU MAY CONTACT THAT STATE’S DEPARTMENT OF INSURANCE TO OBTAIN MORE INFORMATION ABOUT THAT INSURER.

6. FOR NON-UNITED STATES (ALIEN) INSURERS, THE INSURER SHOULD BE LICENSED BY A COUNTRY OUTSIDE OF THE UNITED STATES AND SHOULD BE ON THE NAIC'S INTERNATIONAL INSURERS DEPARTMENT (IID) LISTING OF APPROVED NONADMITTED NON-UNITED STATES INSURERS. ASK YOUR AGENT, BROKER, OR "SURPLUS LINE" BROKER TO OBTAIN MORE INFORMATION ABOUT THAT INSURER.

7. CALIFORNIA MAINTAINS A LIST OF APPROVED SURPLUS LINE INSURERS. ASK YOUR AGENT OR BROKER IF THE INSURER IS ON THAT LIST, OR VIEW THAT LIST AT THE INTERNET WEB SITE OF THE CALIFORNIA DEPARTMENT OF INSURANCE: WWW.INSURANCE.CA.GOV.

8. IF YOU, AS THE APPLICANT, REQUIRED THAT THE INSURANCE POLICY YOU HAVE PURCHASED BE BOUND IMMEDIATELY, EITHER BECAUSE EXISTING COVERAGE WAS GOING TO LAPSE WITHIN TWO BUSINESS DAYS OR BECAUSE YOU WERE REQUIRED TO HAVE COVERAGE WITHIN TWO BUSINESS DAYS, AND YOU DID NOT RECEIVE THIS DISCLOSURE FORM AND A REQUEST FOR YOUR SIGNATURE UNTIL AFTER COVERAGE BECAME EFFECTIVE, YOU HAVE THE RIGHT TO CANCEL THIS POLICY WITHIN FIVE DAYS OF RECEIVING THIS DISCLOSURE. IF YOU CANCEL COVERAGE, THE PREMIUM WILL BE PRORATED AND ANY BROKER'S FEE CHARGED FOR THIS INSURANCE WILL BE RETURNED TO YOU.



ALLIED WORLD NATIONAL ASSURANCE COMPANY

199 Water Street, 24th Floor, New York, NY 10038 · Tel. (646) 794-0500 · (646) 794-0611

FOLLOWING FORM EXCESS LIABILITY INSURANCE POLICY

Policy No: 0306-8014

Renewal of: 0306-8014

IN RETURN FOR PAYMENT OF THE MINIMUM AND ADVANCE PREMIUM STATED IN ITEM 7. (a) BELOW, IN RELIANCE UPON THE STATEMENTS IN THE DECLARATIONS BELOW, AND SUBJECT TO THE LIMITS OF INSURANCE, EXCLUSIONS, CONDITIONS AND OTHER TERMS OF THIS **POLICY**; THE **COMPANY** AGREES WITH THE NAMED **INSURED** DESIGNATED IN ITEM 1. (a) BELOW TO PROVIDE THE INSURANCE AS STATED IN THIS **POLICY**.

DECLARATIONS

- ITEM 1. Authority for California Cities Excess Liability (ACCEL)
 - (a) **NAMED INSURED:** (Cities of Anaheim, Palo Alto and Santa Monica)
100 Pine Street, 11th Floor
 - (b) **ADDRESS:** San Francisco, CA 94111

- ITEM 2. **POLICY PERIOD:** From: **July 1, 2014** To: **July 1, 2015**
[12:01 A.M. standard time at the address stated in Item 1. (b) above]

- ITEM 3. **RETROACTIVE DATE:** N/A

- ITEM 4. **LIMITS OF THIS INSURANCE:**
 - (a) US\$25,000,000 Each Occurrence Limit
 - (b) US\$25,000,000 Products-Completed Operations Aggregate Limit
 - (c) US\$25,000,000 Other Aggregate Limit (where applicable)

- ITEM 5. **LIMITS OF UNDERLYING EXCESS INSURANCE:**
 - US\$95,000,000 Each Occurrence Limit
 - US\$95,000,000 Products-Completed Operations Aggregate Limit
 - US\$N/A Other Aggregate Limit (where applicable)
 - Excess of \$5,000,000

- ITEM 6. **FOLLOWED POLICY:**
 - Company: Starr Indemnity & Liability Company
 - Participation Number: SISCPEA00000216
 - Policy Number: Master Policy Number: SISCPEA00000114
 - Coverage: Public Entity Excess Liability
 - Policy Period: From: **July 1, 2014** To: **July 1, 2015**
 - Limits of Liability:
 - US\$10,000,000 Each Occurrence Limit
 - US\$10,000,000 Products-Completed Operations Aggregate Limit
 - US\$N/A Other Aggregate Limit (where applicable)

This insurance is issued pursuant to the CA Insurance Code, Sections 1760 through 1780, and is placed in an insurer or insurers not holding a Certificate of Authority from or regulated by the California Insurance Commissioner.

| | |
|---------------------|-------------|
| California Premium: | \$70,029.00 |
| Filing Fee: | N/A |
| Fees: | N/A |
| Surplus Lines Tax: | \$2,100.87 |
| Stamping Fee: | \$140.06 |

ITEM 7. (a) MINIMUM AND ADVANCE PREMIUM: US\$70,029
(b) MINIMUM EARNED PREMIUM: US\$24,510

ITEM 8. NOTICES TO THE **COMPANY**:

(a) All notices of occurrence, claim, suit, or proceeding: ALLIED WORLD ASSURANCE COMPANY (U.S.) INC.
ATTN: CLAIMS DEPARTMENT
199 WATER STREET, 29TH FLOOR
NEW YORK, NY 10038
FACSIMILE: 646-794-0811
E-MAIL: AWACUS.GeneralCasualtyClaims@awac.com

(b) All other notices: ALLIED WORLD ASSURANCE COMPANY (U.S.) INC.
ATTN: GENERAL CASUALTY
199 WATER STREET, 24TH FLOOR
NEW YORK, NY 10038
FACSIMILE: 646-794-0611

ITEM 9. (a) Representative of **Insured**: AmWINS Brokerage
(b) Address: 19867 Prairie Street
Suite 250
Chatsworth, CA 91311

Date of Issuance: September 29, 2014

In Witness Whereof, the Insurer has caused this policy to be executed and attested, but this policy shall not be valid unless countersigned by a duly authorized representative of the Insurer.



President



Asst. Secretary



AUTHORIZED REPRESENTATIVE

Policy Number: 0306-8014

Named Insured: Authority for California Cities Excess Liability (ACCEL) (Cities of Anaheim, Palo Alto and Santa Monica)

Effective Date: July 1, 2014

12:01 A.M., Standard Time

SCHEDULE OF FORMS AND ENDORSEMENT

The following forms and endorsements are made a part of this policy:

| <u>Endorsement Number</u> | <u>Form # / Edition</u> | <u>Title</u> |
|----------------------------------|--------------------------------|--|
| | GL 00140 00 (12/11) | Declarations |
| 1 | 001') '\$\$ (11/05) | Schedule of Underlying Insurance |
| 2 | 00275 (03/12) | Service of Suit |
| 3 | 00136 (11/05) | U.S. Treasury Departments Office Of Foreign Assets Control ("OFAC") Advisory Notice To Policyholders |
| 4 | 00159 (11/05) | Quota Share Best Terms for Layer |
| 5 | 00207 (11/05) | Several Liability Quota Share coverage |
| 6 | 00241 (11/05) | Asbestos Exclusion |
| 7 | GL 00267 00 (01/08) | Exclusion of Certified Acts of Terrorism and Other Acts of Terrorism |
| 8 | ; @\$\$' ** '\$\$ f\$- #/L | Follow-Form Other Aggregate Limit |
| 9 | ; @\$\$' * + '\$\$ f\$- #/L | Follow-Form Products-Completed Operations Aggregate Limit |
| 10 | ; @\$\$' - * '\$\$ f\$&#/L | Conditional Exclusion of Terrorism (Relating to Disposition of Federal Terrorism Risk Ins Act) |
| | GL 00127 00 (09/07) | Policy Form |

CALIFORNIA – SUITS INVOLVING A SURPLUS LINES BROKER - REMEDIES

- A. A surplus lines insurer may be sued upon any cause of action arising in this state under any surplus lines insurance contract made by it, or any evidence of insurance issued or delivered by the surplus lines broker, pursuant to the procedure set forth in Sections 1610 to 1620, inclusive. Any policy or evidence of insurance issued by the surplus lines insurer or the surplus lines broker shall contain a provision stating the substance of this section, and designating the person to whom the Commissioner shall mail process.
- B. Every surplus lines insurer assuming a surplus lines insurance shall be deemed thereby to have subjected itself to this chapter.
- C. The remedies provided by this section shall be in addition to any other methods provided by law for service of process.

Endorsement No.: 1

This endorsement, effective: July 1, 2014
 (at 12:01 A.M. prevailing time at the address stated in Item 1. (b) of the Declarations)
 forms a part of Policy No.: 0306-8014
 Issued to: Authority for California Cities Excess Liability (ACCEL)
 (Cities of Anaheim and Santa Monica)
 By: Allied World National Assurance Company

SCHEDULE OF UNDERLYING INSURANCE

| <u>Type of Coverage</u> | <u>Insurer</u> <u>Policy Number</u> <u>Policy Period</u> | <u>Limits of Insurance</u> |
|--|--|--|
| 1) Special Excess Liability for Public Entities | Starr Indemnity & Liability Company Master ANML Policy Number: SISCPEA00000114 Participation Number: SISCPEA00000216 July 1, 2014 – July 1, 2015 | US\$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" US\$10,000,000 Completed Operations Hazard Aggregate Retained Limit: US\$5,000,000 |
| Defense costs: <input checked="" type="checkbox"/> Erode <input type="checkbox"/> Do not erode The Limits of Insurance listed in the Schedule above. | | |
| 2) Excess Liability | Berkley National Insurance Company CEX09600358-01 July 1, 2014 – July 1, 2015 | US\$10,000,000 Each Occurrence US\$10,000,000 Aggregate Limit (Where Applicable) |
| Defense costs: <input checked="" type="checkbox"/> Erode <input type="checkbox"/> Do not erode The Limits of Insurance listed in the Schedule above. | | |
| 3) Excess Liability | Endurance Risk Solutions Assurance Company EXC10004079301 July 1, 2014 – July 1, 2015 | US\$10,000,000 Each Occurrence US\$10,000,000 Aggregate Limit (Where Applicable) |
| Defense costs: <input checked="" type="checkbox"/> Erode <input type="checkbox"/> Do not erode The Limits of Insurance listed in the Schedule above. | | |
| 4) Excess Liability | Ironshore Specialty Insurance Company 001722601 July 1, 2014 – July 1, 2015 | US\$10,000,000 Each Occurrence US\$10,000,000 Annual Aggregate (Where Applicable) |
| Defense costs: <input checked="" type="checkbox"/> Erode <input type="checkbox"/> Do not erode The Limits of Insurance listed in the Schedule above. | | |

| | | |
|--|--|--|
| 5) Follow Form Excess Liability | Endurance Risk Solutions Assurance Company Policy Number: EXC10005135300 July 1, 2014 – July 1, 2015 | US\$5,000,000 Each Occurrence US\$5,000,000 Aggregate Limit (Where Applicable) |
| Defense costs: <input checked="" type="checkbox"/> Erode <input type="checkbox"/> Do not erode The Limits of Insurance listed in the Schedule above. | | |
| 6) Excess Liability | AXIS Surplus Insurance Company ELU720681/01/2104 July 1, 2014 – July 1, 2015 | US\$12,500,000 p/o \$25M Each Occurrence Limit US\$12,500,000 p/o \$25M Completed Operations Aggregate Limit |
| Defense costs: <input checked="" type="checkbox"/> Erode <input type="checkbox"/> Do not erode The Limits of Insurance listed in the Schedule above. | | |
| 7) Excess Liability | Navigators Insurance Company Policy Number SF14FXS787292IV July 1, 2014 – July 1, 2015 | US\$12,500,000 p/o \$25M Each Occurrence Limit US\$12,500,000 p/o \$25M Aggregate Limit (Where Applicable) |
| Defense costs: <input checked="" type="checkbox"/> Erode <input type="checkbox"/> Do not erode The Limits of Insurance listed in the Schedule above. | | |
| 8) Excess Liability | AXIS Surplus Insurance Company ELU734212/01/2014 July 1, 2014 – July 1, 2015 | US\$12,500,000 p/o \$25M Each Occurrence Limit US\$12,500,000 p/o \$25M Completed Operations Aggregate Limit |
| Defense costs: <input checked="" type="checkbox"/> Erode <input type="checkbox"/> Do not erode The Limits of Insurance listed in the Schedule above. | | |
| 9) Excess Liability | Navigators Insurance Company Policy Number SF14FXS816274IV July 1, 2014 – July 1, 2015 | US\$12,500,000 p/o \$25M Each Occurrence Limit US\$12,500,000 p/o \$25M Aggregate Limit (Where Applicable) |
| Defense costs: <input checked="" type="checkbox"/> Erode <input type="checkbox"/> Do not erode The Limits of Insurance listed in the Schedule above. | | |

All other terms and conditions of this **policy** remain unchanged.

Allied World Assurance Company (U.S.) Inc.

By:



Louis Iglesias

Title: President, U.S. Property and Casualty

Date of Issuance: September 29, 2014

Endorsement No.: 2

This Endorsement, effective: July 1, 2014

(at 12:01 A.M. prevailing time at the address stated in Item 1. (b) of the Declarations)

forms a part of Policy No.: 0306-8014

Issued to: Authority for California Cities Excess Liability (ACCEL) (Cities of Anaheim, Palo Alto and Santa Monica)

By: Allied World National Assurance Company

SERVICE OF SUIT

It is agreed that the following condition is added to Section V – Conditions of this **policy**:

Service Of Suit

In the event of failure of the **company** to pay any amount claimed to be due hereunder, the **company**, at the request of the **insured**, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this condition constitutes or should be understood to constitute a waiver of the **company's** rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. It is further agreed that service of process in such suit may be made upon counsel, Legal Department, Allied World Assurance Company, 199 Water Street, 24th Floor, New York, NY 10038 or his or her representative, and that in any suit instituted against the **company** upon this **policy**, the **company** will abide by the final decision of such court or of any appellate court in the event of an appeal.

Further, pursuant to any statute of any state, territory, or district of the United States which makes provision therefor, the **company** hereby designates the Superintendent, Commissioner or Director of Insurance, or other officer specified for that purpose in the statute, or his or her successors in office, as its true and lawful agent upon whom may be served any lawful process in any action, suit, or proceeding instituted by or on behalf of the **insured** or any beneficiary hereunder arising out of this **policy** of insurance and hereby designates the above named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

All other terms and conditions of this **policy** remain unchanged.

Allied World National Assurance Company

By:



Louis Iglesias

Title: **President, U.S. Property & Casualty**

Date of Issuance: **September 29, 2014**

Endorsement No.: 3

This Endorsement, effective: July 1, 2014

(at 12:01 A.M. prevailing time at the address stated in Item 1. (b) of the Declarations)

forms a part of Policy No.: 0306-8014

Issued to: Authority for California Cities Excess Liability (ACCEL) (Cities of Anaheim, Palo Alto and Santa Monica)

By: Allied World National Assurance Company

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

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of this **policy**.

This Notice provides information concerning the possible impact on this **policy's** coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions, 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 web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that the Named **Insured** or any other **insured**, or any person or entity claiming the benefits of this **policy** has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this **policy** will be considered a blocked or frozen contract and all provisions of this **policy** are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments or premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

Allied World National Assurance Company

By:



Louis Iglesias

Title: **President, U.S. Property & Casualty**

Date of Issuance: **September 29, 2014**

Endorsement No.: 4

This Endorsement, effective: July 1, 2014

(at 12:01 A.M. prevailing time at the address stated in Item 1. (b) of the Declarations)

forms a part of Policy No.: 0306-8014

Issued to: Authority for California Cities Excess Liability (ACCEL) (Cities of Anaheim, Palo Alto and Santa Monica)

By: Allied World National Assurance Company

QUOTA SHARE BEST TERMS

This **policy** is offered on the basis of best **terms** for the **company**.

- A. In the event any **participating insurer** does not provide coverage for **loss** for any reason, then this **policy** will not provide coverage for such **loss**.
- B. As a condition precedent to the obligations of the **company** under this **policy**, the **net premium** paid to the **company** for this **policy** per million of the limit stated in Item 4. (a) of the Declarations of this **policy** will be no less than the **net premium** paid to any **participating insurer** per million of the limit insured by such **participating insurer**.
- C. To the extent that there are **terms** more favorable to any **participating insurer** under its contract than the **terms** of this **policy**, it is agreed that this **policy**, at the option of the **company**, will be construed as containing the **terms** more favorable to such **participating insurer**, as though such **terms** were actually provided in this **policy** from its inception date.

Net premium means premium after deduction of any brokerage or commission.

Participating insurer means an insurer, other than the **company**, that is insuring a quota share percentage of the layer of insurance specified in Item 4. and Item 5. of the Declarations of this **policy** at any time during the Policy Period of this **policy**.

Terms mean definitions, warranties, terms, conditions, exclusions, and limitations.

All other terms and conditions of this **policy** remain unchanged.

Allied World National Assurance Company

By:



Louis Iglesias

Title: **President, U.S. Property & Casualty**

Date of Issuance: **September 29, 2014**

Endorsement No.: 5

This Endorsement, effective: July 1, 2014

(at 12:01 A.M. prevailing time at the address stated in Item 1. (b) of the Declarations)

forms a part of Policy No.: 0306-8014

Issued to: Authority for California Cities Excess Liability (ACCEL) (Cities of Anaheim, Palo Alto and Santa Monica)

By: Allied World National Assurance Company

SEVERAL LIABILITY FOR QUOTA SHARE COVERAGE

It is agreed that:

A. Item 4. Limits Of Insurance of the Declarations is hereby deleted and replaced with the following:

ITEM 4. LIMITS OF INSURANCE:

50% of:

| | |
|-----------------|---|
| US \$50,000,000 | Each Occurrence Limit |
| US \$50,000,000 | Products-Completed Operations Aggregate Limit |
| US \$50,000,000 | Other Aggregate Limit (where applicable) |

Up to a maximum of:

| | |
|---------------------|---|
| (a) US \$25,000,000 | Each Occurrence Limit |
| (b) US \$25,000,000 | Products-Completed Operations Aggregate Limit |
| (c) US \$25,000,000 | Other Aggregate Limit (where applicable) |

B. The **company's** liability for **loss** under this **policy** is solely for its percentage, or quota, share of the applicable Limits Of Insurance as stated in Item 4. of the Declarations. Further, the **company's** liability is several and not joint, and, in no event will the **company** be liable for the percentage, or quota, share of any other insurer or organization participating on the same layer of coverage as this **policy**.

All other terms and conditions of this **policy** remain unchanged.

Allied World National Assurance Company

By:



Louis Iglesias

Title: **President, U.S. Property & Casualty**

Date of Issuance: **September 29, 2014**

Endorsement No.: 6

This Endorsement, effective: July 1, 2014

(at 12:01 A.M. prevailing time at the address stated in Item 1. (b) of the Declarations)

forms a part of Policy No.: 0306-8014

Issued to: Authority for California Cities Excess Liability (ACCEL) (Cities of Anaheim, Palo Alto and Santa Monica)

By: Allied World National Assurance Company

ASBESTOS EXCLUSION

It is agreed that this **policy** does not provide coverage for:

- A. Any liability, **loss**, cost or expense based upon, resulting directly, or indirectly, from, arising in whole, or in part, out of or in any way involving the mining, manufacture, distribution, sale, installation, removal, utilization, ingestion, inhalation or existence of, or exposure to, asbestos in any form or any products or materials containing asbestos; or
- B. Any **loss**, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, asbestos in any form or any products or materials containing asbestos, by any **insured** or by any other person or organization.

All other terms and conditions of this **policy** remain unchanged.

Allied World National Assurance Company

By:



Louis Iglesias

Title: **President, U.S. Property & Casualty**

Date of Issuance: **September 29, 2014**

Endorsement No.: 8

This Endorsement, effective: July 1, 2014

(at 12:01 A.M. prevailing time at the address stated in Item 1. (b) of the Declarations)

forms a part of Policy No.: 0306-8014

Issued to: Authority for California Cities Excess Liability (ACCEL) (Cities of Anaheim, Palo Alto and Santa Monica)

By: Allied World National Assurance Company

FOLLOW-FORM OTHER AGGREGATE LIMIT

It is agreed that this policy is amended as follows:

SECTION IV – LIMITS OF INSURANCE, Paragraphs E. is deleted in its entirety and replaced by the following:

- E. Subject to the Each Occurrence Limit stated in Item 4. (a) of the Declarations, the Other Aggregate Limit stated in Item 4. (c) of the Declarations shall be applied in the same manner as the aggregate limit of the Followed Policy.

All other terms and conditions of this **policy** remain unchanged.

By:



Louis Iglesias

Title: President, U.S. Property & Casualty

Date: September 29, 2014

Endorsement No.: 9

This Endorsement, effective: July 1, 2014

(at 12:01 A.M. prevailing time at the address stated in Item 1. (b) of the Declarations)

forms a part of Policy No.: 0306-8014

Issued to: Authority for California Cities Excess Liability (ACCEL) (Cities of Anaheim, Palo Alto and Santa Monica)

By: Allied World National Assurance Company

**FOLLOW-FORM PRODUCTS-COMPLETED OPERATIONS
AGGREGATE LIMIT**

It is agreed that this policy is amended as follows:

SECTION IV – LIMITS OF INSURANCE, Paragraphs D. is deleted in its entirety and replaced by the following:

- D. Subject to the Each Occurrence Limit stated in Item 4. (a) of the Declarations, the Products-Completed Operations Aggregate Limit stated in Item 4. (b) of the Declarations shall be applied in the same manner as the products-completed operations aggregate limit of the Followed Policy.

All other terms and conditions of this **policy** remain unchanged.

By:



Louis Iglesias

Title: President, U.S. Property & Casualty

Date: September 29, 2014

Endorsement No.: 10

This Endorsement, effective: July 1, 2014

(at 12:01 A.M. prevailing time at the address stated in Item 1. (b) of the Declarations)

forms a part of Policy No.: 0306-8014

Issued to: Authority for California Cities Excess Liability (ACCEL) (Cities of Anaheim, Palo Alto and Santa Monica)

By: Allied World National Assurance Company

**CONDITIONAL EXCLUSION OF TERRORISM (RELATING TO
DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT)**

It is agreed that this **policy** is amended as follows:

A. Applicability Of The Provisions Of This Endorsement

1. The provisions of this endorsement become applicable commencing on the date when any one or more of the following first occurs. But if this **policy** begins after such date, then the provisions of this endorsement become applicable on the date your **policy** begins.
 - a. The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this **policy**; or
 - b. A renewal, extension or replacement of the Program has become effective without a requirement to make **terrorism** coverage available to the Named **Insured** and with revisions that:
 - (1) Increase the **company's** statutory percentage deductible under the Program for **terrorism** losses. (That deductible determines the amount of all **certified act of terrorism** losses the **company** must pay in a calendar year, before the federal government shares in subsequent payment of **certified act of terrorism** losses.);
 - (2) Decrease the federal government's statutory percentage share in potential **terrorism** losses above such deductible; or
 - (3) Redefine **terrorism** or make insurance coverage for **terrorism** subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this **policy**.
2. If the provisions of this endorsement become applicable, such provisions:
 - a. Supersede any terrorism endorsement already endorsed to this **policy** that addresses **certified acts of terrorism** and/or **other acts of terrorism**, but only with respect to an incident(s) of terrorism (however defined) which results in injury or damage that occurs on or after the date when the provisions of this endorsement become applicable (for claims made policies, such an endorsement is superseded only with respect to an incident of terrorism (however defined) that results in a claim for injury or damage first being made on or after the date when the provisions of this endorsement become applicable); and
 - b. Remain applicable unless the **company** notifies the Named **Insured** of changes in these provisions, in response to federal law.

3. If the provisions of this endorsement do not become applicable, any terrorism endorsement already endorsed to this **policy**, which addresses **certified acts of terrorism** and/or **other acts of terrorism**, will continue in effect unless the **company** notifies the Named **Insured** of changes to that endorsement in response to federal law.

B. The following exclusion:

Exclusion of Terrorism

This **policy** does not provide coverage for **any injury or damage** caused directly or indirectly by **terrorism**, including action in hindering or defending against an actual or expected incident of **terrorism**. **Any injury or damage** is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. But this exclusion applies only when one or more of the following are attributed to an incident of **terrorism**:

1. The **terrorism** is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination;
2. Radioactive material is released, and it appears that one purpose of the **terrorism** was to release such material;
3. The **terrorism** is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials;
4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the **terrorism** was to release such materials;
5. The total of insured damage to all types of property exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, the **company** 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
6. 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;
 - b. Protracted and obvious physical disfigurement; or
 - c. Protracted loss of or impairment of the function of a bodily member or organ.

Multiple incidents of **terrorism** which occur within a seventy two (72) hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds in Paragraphs B.5. or B.6. above are exceeded.

With respect to this exclusion, Paragraphs B.5. and B.6. above describe the threshold used to measure the magnitude of an incident of **terrorism** and the circumstances in which the threshold will apply, for the purpose of determining whether this exclusion will apply to that incident. When the exclusion applies to an incident of **terrorism**, there is no coverage under this **policy**.

In the event of any incident of **terrorism** that is not subject to this exclusion, coverage does not apply to **any injury or damage** that is otherwise excluded under this **policy**.

C. For the purpose of this endorsement, SECTION VI – DEFINITIONS is amended to include the following additional definitions:

1. **Any injury or damage** means any injury or damage covered under any policy or any underlying policy to which this endorsement is applicable, and includes but is not limited to bodily injury, property damage, personal injury and advertising injury, injury or environmental damage as may be defined in this **policy** or any applicable underlying policy.
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 five million dollars (\$5,000,000) in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
 - b. 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. **Terrorism** means activities against persons, organizations or property of any nature:
 - a. That involve the following or preparation for the following:
 - (1) Use or threat of force or violence;
 - (2) Commission or threat of a dangerous act; or
 - (3) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
 - b. When one or both of the following applies:
 - (1) The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
 - (2) It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

All other terms and conditions of this **policy** remain unchanged.

By:



Louis Iglesias

Title: President, U.S. Property & Casualty

Date: September 29, 2014

**POLICYHOLDER DISCLOSURE STATEMENT
UNDER THE
TERRORISM RISK INSURANCE ACT**

The **insured** is hereby notified that under the federal Terrorism Risk Insurance Act, as amended, (the "Act"), the **insured** has a right to purchase insurance coverage for **losses** arising out of an Act of Terrorism, which is defined in the Act as an act certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, (i) to be an act of terrorism, (ii) to be a violent act or an act that is dangerous to (A) human life; (B) property; or (C) infrastructure, (iii) to have resulted in damage within the United States, or outside of the United States in case of an air carrier or vessel or the premises of a U.S. mission and (iv) 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. The **insured** should read the Act for a complete description of its coverage. The Secretary's decision to certify or not to certify an event as an Act of Terrorism covered by the Act is final and not subject to review.

Coverage provided by this **policy** for **losses** caused by an Act of Terrorism may be partially reimbursed by the United States Government under a formula established by federal law. Under this formula, the United States Government will generally pay 85% of terrorism **losses** exceeding a statutorily established deductible that must be met by the **company**, and which deductible is based on a percentage of the **company's** direct earned premiums for the year preceding the Act of Terrorism.

Be advised that there is a \$100 billion cap on all losses resulting from Acts of Terrorism. If aggregate insured losses attributable to Acts of Terrorism exceed \$100 billion in a Program Year (January 1 through December 31), the United States Government shall not make any payment for any portion of the amount of such loss that exceeds \$100 billion. If aggregate insured losses attributable to Acts of Terrorism exceed \$100 billion in a Program Year and the **company** has met its deductible under the Act, the **company** shall not be liable for payment of any portion of the **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.

Coverage for "insured losses" as defined in the Act is subject to the coverage terms, conditions, amounts and limits in this **policy** applicable to **losses** arising from events other than Acts of Terrorism.

The **insured** should know that, under federal law, the **insured** is not required to purchase coverage for losses caused by Acts of Terrorism.

The **insured** should also know that the federal Terrorism Risk Insurance Act is scheduled to terminate on December 31, 2014, unless renewed, extended or otherwise continued by the federal government. In the event the **insured** elects to purchase coverage in accordance with the Act and the Act is terminated on December 31, 2014, any coverage provided by this policy for losses caused by an Act of Terrorism will also terminate.

Please indicate the selection of the Insured below.

_____ The **insured** hereby elects to purchase coverage in accordance with the Act for a premium of \$800.

_____ The **insured** hereby rejects coverage and accepts reinstatement of the exclusion in accordance with the Act.

Signature of **Insured**

Authority For California Cities Excess Liability (ACCEL)
(Cities of Anaheim, Palo Alto and Santa Monica)

Print/Title

Policy Number 0306-8014

Date

ALLIED WORLD NATIONAL ASSURANCE COMPANY

FOLLOWING FORM EXCESS LIABILITY INSURANCE POLICY

Words and phrases that appear in **bold** print have special meanings that are defined under Section VI – Definitions of this **policy**. If the Followed Policy listed in Item 6. of the Declarations has defined a word or phrase, this **policy** will follow that definition unless this **policy** expressly defines such word or phrase, in which case the meaning given to such word or phrase in this **policy** will apply. Please read the entire **policy** and the Followed Policy listed in Item 6. of the Declarations carefully.

SECTION I - INSURING AGREEMENT

- A. Subject to all the warranties, terms, conditions, exclusions and limitations applicable to this **policy**, the **company** shall pay, on behalf of the **insured**, that part of **loss**, to which this **policy** applies, which exceeds the applicable **underlying limits**. This **policy** does not provide coverage for any part of **loss** within **underlying limits**, or any related cost or expenses.
- B. This **policy** only applies if the **triggering event** that must happen during the policy period of the Followed Policy happens during the Policy Period, as stated in Item 2. of the Declarations, of this **policy**.
- C. This **policy** does not provide coverage for any:
1. Injury or damage that occurs;
 2. Accident that occurs;
 3. Offense that was committed; or
 4. Act, error or omission that occurs;

Before the Retroactive Date, if any, stated in Item 3. of the Declarations of this **policy**.

- D. This **policy** will follow the warranties, terms, conditions, exclusions and limitations that are contained in the Followed Policy listed in Item 6. of the Declarations unless a warranty, term, condition, exclusion or limitation contained in this **policy**:

1. Differs from a warranty, term, condition, exclusion or limitation of the Followed Policy; or
 2. Is not contained in the Followed Policy; In which case, such warranty, term, condition, exclusion or limitation of this **policy** will apply, to the extent that it provides less coverage than the Followed Policy.
- E. Regardless of any other warranties, terms, conditions, exclusions or limitations of this **policy**, if any policy of **underlying excess insurance** does not cover **loss** for reasons other than exhaustion of its applicable limit of liability by payment of claims, then this **policy** will not cover such **loss**.
- F. The **company** has no obligation under this **policy** with respect to any claim, suit or proceeding settled without its prior written consent.
- G. If the **company** is prevented by law from paying on behalf of the **insured** for coverage provided under this **policy**, then the **company** will indemnify the **insured**.
- H. Other than as provided under Section II - Defense And Supplementary Payments of this **policy**, the **company** will have no other obligation or liability to pay sums or perform acts or services under this **policy**.

SECTION II - DEFENSE AND SUPPLEMENTARY PAYMENTS

Subject to all the warranties, terms, conditions, exclusions and limitations applicable to this **policy**:

- A. The **company** shall have the right, but not the duty, to assume charge of the investigation, settlement or defense of any claim made, suit brought, or proceeding instituted against any **insured** upon exhaustion of the applicable **underlying limits**. If the **company** has exercised such

right, it will not investigate, settle or defend any claim, suit or proceeding after it has exhausted the applicable Limit Of Insurance of this **policy** as stated in Item 4. of the Declarations. If the **company** does not exercise such right, or if the applicable **underlying limits** are not exhausted, the **company** will have the right, and will be given the opportunity, to associate effectively with the **insured** or any underlying insurer, or both, in the investigation, settlement or defense of any claim, suit or proceeding that is likely to involve this **policy**. In such event, the **insured**, the underlying insurer, and the **company** shall cooperate in the investigation, settlement or defense of such claim, suit or proceeding.

- B. The **company** will only pay the following defense and supplementary expenses:
1. Interest that accrues on a judgment after entry of the judgment and before the **company** has paid, offered to pay, or deposited in court the part of the judgment that is within the applicable Limit Of Insurance of this **policy**;
 2. Reasonable attorney fees and other reasonable investigation, loss-adjustment or litigation expenses incurred directly by the **company** or by the **insured**, with the **company's** consent;
 3. The cost of bonds required to:
 - i. Appeal judgments (in connection with the initiation and continuation of any appeal agreed to by the **company**); or
 - ii. Release attachments;
But only for bond amounts within the applicable Limit Of Insurance of this **policy**; and
 4. Pre-judgment interest on that part of a judgment within the applicable Limit Of Insurance of this **policy**; however, if the **company** makes an offer to pay the applicable Limit Of Insurance prior to judgment, it will not pay any pre-judgment interest that accrues after its offer.
- C. When defense or supplementary payments do not reduce any of the **underlying limits** provided by **underlying excess insurance**, then any such expense payment made

under this **policy** will not reduce the Limits Of Insurance provided by this **policy**.

SECTION III - WHO IS AN INSURED

The following persons and organizations qualify as **insureds**:

- A. The Named **Insured** designated in Item 1. (a) of the Declarations;
- B. Any person or organization (other than a person or organization included in C. below) qualifying as an insured in every policy of **underlying excess insurance** and every applicable policy of **underlying primary insurance**; and
- C. Any person or organization to whom any person or organization included in paragraph A. or B. above is obligated by virtue of a written contract or written agreement (other than a contract or policy of insurance) to provide insurance such as is afforded by this **policy**, but:
 1. Only if such person or organization qualifies as an insured in every policy of **underlying excess insurance** and every applicable policy of **underlying primary insurance**; and
 2. Only to the extent of such obligation and no further.

SECTION IV - LIMITS OF INSURANCE

- A. The Limits Of Insurance of this **policy** stated in Item 4. of the Declarations and the rules below determine the most the **company** will pay for **loss**, regardless of the number of:
 1. **Insureds**;
 2. Claims made, suits brought, or proceedings instituted;
 3. Persons or organizations making claims, bringing suits, or instituting proceedings;
 4. Vehicles involved; or
 5. Coverages provided under this **policy**.
- B. The Limits Of Insurance of this **policy** will apply only in excess of the **underlying limits**.
- C. The Each Occurrence Limit stated in Item 4. (a) of the Declarations is the most the

company will pay for **loss** arising out of any one occurrence. Any amount paid for **loss** will reduce the amount of the applicable aggregate Limit Of Insurance of this **policy** available for any other payment. If the applicable aggregate Limit Of Insurance of this **policy** has been reduced to an amount that is less than the Each Occurrence Limit stated in Item 4. (a) of the Declarations, the remaining amount of such aggregate Limit Of Insurance is the most that will be available for any other payment.

D. Subject to the Each Occurrence Limit stated in Item 4. (a) of the Declarations, the Products-Completed Operations Aggregate Limit stated in Item 4. (b) of the Declarations is the most the **company** will pay for **loss** under the products-completed operations hazard, as that hazard is defined in the Followed Policy.

E. Subject to the Each Occurrence Limit stated in Item 4. (a) of the Declarations, the Other Aggregate Limit stated in Item 4. (c) of the Declarations is the most the **company** will pay for **loss** under this **policy**, except **loss**:

1. Included in the products-completed operations hazard, as that hazard is defined in the Followed Policy; or
2. Otherwise covered by the Followed Policy, but to which no aggregate limit in the Followed Policy applies, but only if all other **underlying excess insurance** also does not apply an aggregate limit to such **loss**.

F. Subject to paragraphs C., D., and E. above, if the **underlying limits** have been reduced by payment of **loss** to which this **policy** would also apply (but for the existence of such **underlying limits**), then this **policy** will drop down to become immediately excess of the reduced **underlying limits**, but only if all **underlying excess insurance** applies to such **loss** and also drops down.

G. **Underlying limits** will not be reduced by:

1. The insolvency of, or unwillingness to pay by, any insurer;
2. The uncollectibility of any self-insured retention, deductible or other alternative risk-financing mechanism;

3. Any **insured's** failure to pay any allocation, deductible, participation, retention, or other self-insurance;
4. The existence of a sub-limit of liability in any **underlying excess insurance**;
5. Cancellation, expiration or rescission of any **underlying primary insurance** or **underlying excess insurance**;
6. Defense or supplementary expense payments, unless the Schedule Of Underlying Insurance of this **policy** specifies that the applicable limits of **underlying excess insurance** are reduced by such payments; or
7. Any **underlying excess insurance** containing a warranty, term, condition, exclusion or limitation different from the Followed Policy or this **policy**.

H. If after issuance, the Policy Period of this **policy**, stated in Item 2. of the Declarations, is extended, then the additional period will be deemed part of the last preceding period for purposes of determining the Limits Of Insurance of this **policy**.

SECTION V - CONDITIONS

A. Appeals

The **company** may, at its option, initiate or continue an appeal of a judgment against any **insured** if the judgment is for more than the **underlying limits**. If the **company** initiates or continues an appeal, it will pay its costs of the appeal subject to Section II – Defense And Supplementary Payments. In no event will the amount the **company** pays for **loss** exceed the Limits Of Insurance of this **policy**.

B. Cancellation

1. The first Named **Insured** designated in item 1. (a) of the Declarations may cancel this **policy** by mailing or delivering to the **company**, at the address stated in Item 8. (b) of the Declarations, advance written notice stating when such cancellation is to take effect.
2. The **company** may cancel this **policy** by delivering to the first Named **Insured**, or by mailing to the first Named **Insured** (by registered, certified, or other first class mail), at the address stated in Item

1. (b) of the Declarations, written notice, not less than thirty (30) days [or ten (10) days in the event any premium is not paid when due], in advance of the cancellation date. Proof of mailing of such notice to the first Named **Insured** at the address stated in Item 1. (b) of the Declarations will be sufficient proof of notice.
3. The Policy Period of this **policy** will end on the date and hour specified in the cancellation notice.
4. If the **insured** cancels this **policy**, the **company** will be due the greater of either:
 - a) The sum of:
 - i. The earned amount of the Minimum And Advance Premium stated in Item 7. (a) of the Declarations; plus
 - ii. 10% of the unearned amount of the Minimum And Advance Premium stated in Item 7. (a) of the Declarations; or
 - b) The Minimum Earned Premium, if any, stated in Item 7. (b) of the Declarations.

After deduction of the amount due the **company** as determined above, the remaining amount of any unearned premium previously paid to the **company** will be returned to the first Named **Insured**.

5. If this **policy** is cancelled by the **company**, then the **company** shall return the pro rata portion of any unearned premium, previously paid to the **company**, to the first Named **Insured**.
6. Payment or tender of any unearned premium by the **company** will not be a condition precedent to the effectiveness of cancellation, but the **company** shall make such payment as soon as practicable. The **company's** check or its representative's check, mailed or delivered to the first Named **Insured**, will be sufficient tender of any refund due any **insured**.

7. Any of these provisions that conflict with a law that controls the cancellation of this **policy** is changed by this paragraph to comply with that law.

C. Changes

Notice to any agent or knowledge possessed by any agent or any other person will not effect a waiver or change in any part of this **policy**. This **policy** can be changed only by a written Endorsement that becomes part of this **policy**. The Endorsement must be signed by one of the **company's** authorized representatives.

D. Changes In Followed Policy

If during the Policy Period of this **policy**, the warranties, terms, conditions, exclusions or limitations of the Followed Policy are changed in any manner from those in effect on the inception date of this **policy**, the **insured** shall, as a condition precedent to its rights under this **policy**, give to the **company** at the address stated in Item 8. (b) of the Declarations written notice of the full particulars of such changes as soon as practicable.

This **policy** will follow such changes upon the effective date of the changes in the Followed Policy, but only if:

1. The **company** agrees to follow such changes by written Endorsement that becomes a part of this **policy**;
2. The **insured** agrees to any amendment of the warranties, terms, conditions, exclusions or limitations of this **policy** required by the **company** relating to such changes; and
3. The **insured** pays when due any additional premium required by the **company** relating to such changes.

E. Compliance

The **company** has no duty to provide coverage under this **policy** unless the Named **Insured** and any other involved **insured** have fully complied with all the warranties, terms and conditions of this **policy**.

F. Duties In The Event Of Occurrence, Claim Or Suit

1. The **insured** shall, as a condition precedent to the obligations of the **company** under this **policy**, give written notice as soon as practicable to the **company** at the address stated in Item 8. (a) of the Declarations of any occurrence, claim, suit or proceeding that involves or is likely to involve **underlying excess insurance**. Notice to an underlying insurer shall not constitute notice to the **company**.
2. Without limiting the requirements of paragraph 1. above, the Named **Insured** shall separately and as soon as practicable give written notice to the **company** when a payment is made or reserve established for any occurrence, claim, suit or proceeding that has brought the total of all payments and reserves by the **insured** or any underlying insurers to a level of twenty-five (25%) or more of any of the **underlying limits**.
3. In the event the **underlying limits** are exhausted, no **insured** will, except at that **insured's** own cost, make any payment, assume any obligation, or incur any expense without the **company's** consent.
4. If applicable **underlying excess insurance** imposes any duties, responsibilities, or obligations on any **insured** in the event of "injury," "damage," "offense," "accident," "disease," "act, error or omission," or such similar event, then the duties specified in this condition will also apply in the event of "injury," "damage," "offense," "accident," "disease," "act, error or omission," or such similar event.

With respect to the duties specified in this condition, the word or phrase "injury," "damage," "offense," "accident," "disease," "act, error or omission," or such similar event will have the same meaning that it has with respect to such applicable **underlying excess insurance**.

G. First Named Insured

The person or organization first named in Item 1. (a) of the Declarations is responsible

for payment of all premiums due under this **policy**. The first Named **Insured** will act on behalf of all other **insureds** for the giving and receiving of any notice of cancellation or nonrenewal and the receiving of any return premiums that become payable under this **policy**.

H. Maintenance Of Underlying Insurance And Underlying Limits

The **company** has issued this **policy** in reliance upon representations made by the Named **Insured** about **underlying excess insurance**, **underlying primary insurance**, and the **underlying limits**. The Named **Insured** must see to it that:

1. **Underlying excess insurance** and **underlying primary insurance** are and remain valid and in full force and effect;
2. **Underlying excess insurance** and **underlying primary insurance** will not be cancelled, non-renewed, or rescinded without replacement of coverage to which the **company** agrees in writing;
3. The warranties, terms, conditions, exclusions and limitations of **underlying excess insurance** and **underlying primary insurance** will not materially change unless the **company** agrees in writing otherwise;
4. The warranties, terms, conditions, exclusions and limitations of renewals or replacements of **underlying excess insurance** will be materially the same as the prior coverage, unless the **company** agrees in writing otherwise;
5. The **underlying limits** are and remain available, regardless of any bankruptcy, insolvency or other financial impairment of any insurer or any other person or organization;
6. The **underlying limits** will not be reduced, except for the reduction by payment of **loss** to which this **policy** also would apply but for the existence of such **underlying limits**.

Failure to comply with this condition will not invalidate this **policy**, but in the case of any

such failure, the **company's** obligation or liability will not exceed that which would have applied absent any failure to comply with this condition.

The Named **Insured** must notify the **company** as soon as possible if any **underlying excess insurance** or **underlying primary insurance** is no longer valid or no longer in full force and effect.

I. Other Insurance

This **policy** will apply in excess of all **other insurance**.

J. Premium

1. At the beginning of the Policy Period, stated in Item 2. of the Declarations, of this **policy**, the first Named **Insured** must pay the **company** the Minimum And Advance Premium stated in Item 7. (a) of the Declarations for this **policy**.

2. The Minimum Earned Premium, if any, stated in Item 7. (b) will be deemed to be 100% earned from the inception date of the Policy Period of this **policy**.

3. The Minimum And Advance Premium is subject to adjustment if:

- a) The premium of the Followed Policy is adjusted; or
- b) An Endorsement describing such adjustment is attached to this **policy**.

4. In no event, however, will the adjusted premium be less than the greater of:

- a) The Minimum And Advance Premium for this **policy** stated in Item 7. (a) of the Declarations; or
- b) The Minimum Earned Premium, if any, stated in Item 7. (b) of the Declarations.

K. Representations

The **company** has issued this **policy** based, and in reliance, upon representations made by the **insured** and by the **insured's** representatives to the **company**. Unintentional failure of an employee of the **insured** to disclose a hazard or other material information will not violate this condition, unless an officer (whether or not an employee) of any **insured** or an officer's

designee knows about such hazard or other material information.

SECTION VI – DEFINITIONS

Company means the company shown in the Declarations that is providing this **policy**.

Insured means a person or an organization qualifying as an insured in Section III – Who Is An Insured of this **policy**.

Loss means damages that the **insured** becomes legally obligated to pay because of injury or damage, after making proper deductions for all recoveries and salvage. If defense or supplementary payments reduce any of the **underlying limits** provided by **underlying excess insurance**, then any defense or supplementary payments made under Section II - Defense And Supplementary Payments of this **policy** will be included within the meaning of **loss** and will reduce the Limits Of Insurance of this **policy**.

Other insurance means valid and collectible insurance providing coverage for **loss** that is covered in whole or in part by this **policy** (or that would be covered in whole or in part by this **policy**, but for the existence of the **underlying limits**). However, **other insurance** does not include **underlying excess insurance**, **underlying primary insurance**, or any policy of insurance specifically purchased to be excess of this **policy** affording coverage that this **policy** also affords.

Policy means the various sections of this contract as well as the Declarations and any Endorsements and Schedules made a part of this contract by reference.

Triggering event means:

- 1. With respect to any coverage provided by the Followed Policy on an occurrence basis, when:
 - a) The injury or damage occurs; or
 - b) The offense is committed;As determined by the provisions of such coverage under the Followed Policy;
- 2. With respect to any coverage provided by the Followed Policy on a claims-made basis, when the claim is first made as determined by the provisions of such coverage under the Followed Policy.

Underlying excess insurance means the insurance described in the Schedule Of Underlying Insurance of this **policy** as well as the next applicable renewal or replacement, or any applicable antecedent, of the described insurance.

Underlying primary insurance means any insurance (including the next applicable renewal or replacement, or any applicable antecedent, thereof) that underlies the **underlying excess insurance**. **Underlying primary insurance** does not include insurance that is described in the Schedule Of Underlying Insurance of this **policy**.

Underlying limits mean the sum of:

1. The remaining amount of **underlying excess insurance**, including the remaining amount of any allocation, deductible, participation, retention, or other self-insurance that is included within the limits of **underlying excess insurance**;
2. The remaining amount of any applicable **underlying primary insurance**, including the remaining amount of any allocation, deductible, participation, retention, or other self-insurance that is included within the

limits of any applicable **underlying primary insurance**;

3. Any reinstatement of limits or supplemental or other limits available under the insurance described in items 1. and 2. above;
4. Any amounts that any **insured** must pay because **underlying excess insurance** or **underlying primary insurance**, as represented by the **insured**, is not available for any reason other than reduction or exhaustion of such insurance as specified under paragraph F. of Section III – Limits Of Insurance;
5. Any applicable **other insurance**;
6. The remaining amount of any applicable self-insured retention, deductible or other alternative risk-financing mechanism, which immediately underlies the **underlying excess insurance** and which is not included within the limits of **underlying excess insurance** or **underlying primary insurance**; and
7. The remaining amount of any applicable self-insured retention, deductible or other alternative risk-financing mechanism, which underlies the **underlying primary insurance** and which is not included within the limits of **underlying primary insurance**