



TABLE OF CONTENTS

NOTICE: THIS TABLE OF CONTENTS IS FOR REFERENCE PURPOSES ONLY. IT IS NOT PART OF THE TERMS, CONDITIONS OR EXCLUSIONS OF THIS POLICY AND IS NOT INTENDED TO AFFECT THE MEANING OF SUCH TERMS, CONDITIONS OR EXCLUSIONS.

	<u>Page</u>
Article I	COVERAGE 1
Article II	LIMITS OF LIABILITY 1
Article III	DEFINITIONS 4
	A. Advertising Liability 4
	B. Aircraft 4
	C. Annual Period 4
	D. Automobile 5
	E. Bodily Injury 5
	F. Claim 5
	G. Damages 5
	H. Defense Costs 5
	I. Discharge 5
	J. Discovery Period 5
	K. Executive Officer 5
	L. (1) Nature of Expectation or Intent..... 6
	(2) Timing of Determination 6
	(3) Commercial Risk 7
	M. Inception Date 7
	N. Incidental Watercraft Use 7
	O. Industrial Aid Aircraft Use8
	P. Insured 9
	Q. Insured's Products 11
	R. Integrated Occurrence 11
	S. Joint Venture 12
	T. Named Insured 12
	U. Notice of Integrated Occurrence 12
	V. Occurrence 12
	W. Personal Injury 13
	X. Policy Period 13

	<u>Page</u>
Y. Pollutant	14
Z. Product Pollution Liability	14
AA. Property Damage	14
AB. Retroactive Coverage Date	14
AC. Termination or Termination Date	14
AD. Ultimate Net Loss	15
AE. Waste	15
AF. Watercraft	15
 Article IV	
EXCLUSIONS	15
A. Prior to Inception or Retroactive Coverage Date	15
B. Workers' Compensation, Etc.	15
C. Professional Services	16
D. Owned Property; Care, Custody or Control, Etc.	16
E. Efficacy, Loss of Use, Etc.	16
F. Advertising	17
G. War	18
H. Toxic Substances	18
I. Aircraft	19
J. Watercraft	21
K. Pollution	22
L. Nuclear	23
M. Radioactive Contamination (Outside U.S.)	25
N. ERISA	25
O. Repetitive Stress	26
P. Securities, Antitrust, Etc.	26
 Article V	
NOTICE OF OCCURRENCE	28
A. Notice as Soon as Practicable	28
B. Permissive Notice	28
C. Permissive Notice of Integrated Occurrence	28
D. Manner of Notice	28
 Article VI	
CONDITIONS	29
A. Premium	29
B. Inspection	29
C. Cross Liability	29
D. Assistance and Cooperation	29
E. Appeals	30
F. Loss Payable	30
G. Representation	31
H. Other Insurance	32
I. Subrogation	32
J. Changes	32

K. Assignment 33

SPECIMEN

	<u>Page</u>
L. Cancellation	33
M. Currency	34
N. Arbitration	34
O. Law of Construction and Interpretation	36
P. Liability of the Company	37
Q. Policy Extension	37
R. Reinstatement	38
S. Discovery Period	40
T. Former Subsidiaries, Affiliates and Associated Companies	40
U. Notice	41
V. Headings	41

Schedule D Coverage B Annual Premium Charge

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Iron-Starr Excess Agency Ltd.
(Hereinafter, the "Company")

NOTICE

THIS IS A STAND-ALONE INDEMNITY POLICY WHICH IS NOT SUBJECT TO THE TERMS AND CONDITIONS OF ANY OTHER INSURANCE AND CONTAINS PROVISIONS WHICH MAY BE DIFFERENT FROM THOSE OF ANY OTHER INSURANCE. IT SHOULD BE READ CAREFULLY BY THE INSURED.

COVERAGE APPLIES, SUBJECT TO THE TERMS, CONDITIONS AND EXCLUSIONS OF THE POLICY, ONLY IF NOTICE OF OCCURRENCE IS FIRST GIVEN TO THE COMPANY DURING THE POLICY PERIOD OR, IF PURCHASED, THE DISCOVERY PERIOD. THE DATE SUCH NOTICE IS FIRST GIVEN IS THE DATE FOR DETERMINATION OF THE APPLICABLE LIMITS, RETENTIONS, TERMS, CONDITIONS AND EXCLUSIONS OF THE POLICY.

THE COMPANY DOES NOT HAVE ANY DUTY TO DEFEND. DEFENSE COSTS COVERED BY THIS POLICY ARE INCLUDED WITHIN AND ARE NOT IN ADDITION TO THE LIMITS OF LIABILITY OF THIS POLICY.

THIS POLICY (INCLUDING ANY ENDORSEMENTS) IS ISSUED IN CONSIDERATION OF THE PAYMENT OF THE PREMIUM SET FORTH IN ITEM 7 OF THE DECLARATIONS AND IN RELIANCE UPON THE STATEMENTS IN THE APPLICATION AND SCHEDULES ATTACHED THERETO AND INCORPORATED THEREIN AND REFERRED TO IN ITEM 9 OF THE DECLARATIONS AND ANY RENEWAL APPLICATION(S) AND ANY SUPPLEMENTARY INFORMATION PERTAINING TO ANY SUCH APPLICATION, WHICH SHALL BE DEEMED INCORPORATED HEREIN.

**Iron-Starr Excess Agency Ltd.
(Hereinafter, the "Company")**

INSURING AGREEMENTS

I - COVERAGE

Iron-Starr Excess Agency Ltd., (the "Company") shall, subject to the limitations, terms, conditions and exclusions below, indemnify the **Insured** for **Ultimate Net Loss** the **Insured** pays by reason of liability:

- (a) imposed by law, or
- (b) of a person or party who is not an **Insured** assumed by the **Insured** under contract or agreement,

for **Damages** on account of:

- (i) **Personal Injury**
- (ii) **Property Damage**
- (iii) **Advertising Liability**

encompassed by an **Occurrence**, provided:

COVERAGE A: notice of the **Occurrence** shall have been first given by the **Insured** in an **Annual Period** during the **Policy Period** in accordance with Article V of this Policy, or

COVERAGE B: notice of the **Occurrence** shall have been first given during the **Discovery Period** in accordance with Article V of this Policy, but only if the **Discovery Period** option has been elected in accordance with the provisions of this Policy.

II - LIMITS OF LIABILITY

A. Regardless of the number of **Insureds** under this Policy, for each layer of coverage set forth in Item 2(a) of the Declarations the Company shall be liable only for that amount of **Ultimate Net Loss** for each **Occurrence** covered under this Policy which is in excess of the greater of:

- (1) the amounts indicated as the limits (including, without limitation, any reinstatements thereof, where applicable) of the underlying insurances and any self-insured retentions

listed, or which should have been listed, on the present or any prior Schedule B annexed to this Policy and any other underlying insurance, as to which the Company and the **Named Insured** expressly agree that the insurance provided by this Policy shall:

- (a) be in excess in respect of such **Occurrences** or **Claims** and **Ultimate Net Loss** as are covered by said underlying insurances (it being understood that this Policy shall in no way be subject to, or affected by, the terms, conditions or exclusions of said underlying insurances), and
- (b) apply only as if such underlying insurances were fully available and collectable (except to the extent that any aggregate limits thereof are reduced or exhausted by actual payment of claims) for all occurrences or claims covered thereunder,

or

- (2) the per **Occurrence** retention amount listed in Item 2 of the Declarations (which may be satisfied only by **Ultimate Net Loss** as defined herein),

and then only up to the per **Occurrence** limit of liability stated in Item 2(a) of the Declarations in respect of such layer for each **Occurrence** covered hereunder, and further subject to the aggregate limit of liability stated in Item 2(b) of the Declarations for all layers for all **Occurrences** covered hereunder of which notice is first given during each **Annual Period** (or during the **Discovery Period** with respect to the immediately preceding **Annual Period** or portion thereof); provided, however, that for all **Insureds** the applicable aggregate limit of liability, per **Occurrence** limit of liability, per **Occurrence** retention, and the terms, conditions and exclusions of coverage shall be determined under the Policy as in effect at the time notice of the **Occurrence** or **Notice of Integrated Occurrence** for which coverage is asserted is first given pursuant to Article V of this Policy by any **Insured**. This Policy shall not be subject to or follow the form of any underlying insurances but shall apply in accordance with its own terms, conditions and exclusions.

- B. All **Personal Injury** or **Property Damage** covered hereunder encompassed by an **Integrated Occurrence** shall be added together and treated as included within one **Occurrence**. If notice

of an **Occurrence** (which was not a **Notice of Integrated Occurrence**) was given during a prior **Annual Period**, and if **Personal Injury** or **Property Damage** which is included in such **Occurrence** is included in an **Integrated Occurrence** of which **Notice of Integrated Occurrence** is first given during a subsequent **Annual Period**, all **Ultimate Net Loss** arising from such earlier notified **Occurrence** shall be included in the **Ultimate Net Loss** arising from such **Integrated Occurrence**. Any payments of **Ultimate Net Loss** on account of such earlier notified **Occurrence** shall be deemed to have been made under the **Annual Period** in which the Company received such **Notice of Integrated Occurrence**. The erosion of the applicable limits of liability in the respective **Annual Periods** of this Policy shall be adjusted to reflect such transfer of **Ultimate Net Loss** payments from the prior **Annual Period** to the **Annual Period** in which **Notice of Integrated Occurrence** was first given.

- C. (1) As regards any liability of an **Insured** which arises in any manner whatsoever out of operations or the existence of any **Joint Venture** in which such **Insured** has an interest, the liability of the Company under this Policy in each layer shall be limited to the product of (i) the percentage interest of the **Insured** in such liability of such **Joint Venture** (whether direct or by virtue of the insolvency of others interested in such **Joint Venture**) and (ii) the total limit of liability insurance afforded such **Insured** for such layer by this Policy.
- (2) It is further understood and agreed that in circumstances where paragraph (1) applies to limit the liability of the Company under this Policy, the Company shall be liable for each layer in respect of the liability of the **Insured** in excess of the greater of:
- (a) the product of the per **Occurrence** retention amount specified in Item 2 of the Declarations for such layer and the percentage interest of the **Insured** in such liability of such **Joint Venture** as determined pursuant to paragraph (1), or
 - (b) the limits of the underlying insurance(s) (as reduced by general provisions relating to **Joint Ventures**, if applicable).
- (3) It is further understood and agreed that paragraphs (1) and (2) of this Section C shall not apply if:

- (i) the **Insured** has sole responsibility for the **Joint Venture**,
or
 - (ii) the **Insured** is obligated to provide insurance for the **Joint Venture** in its entirety such as is afforded by this Policy.
- D. The inclusion or addition hereunder of more than one **Insured** shall not operate to increase the Company's limits of liability beyond those set forth herein.

III - DEFINITIONS

A. "**Advertising Liability**" means liability for **Damages** on account of:

- (1) libel, slander or defamation.
- (2) any infringement of copyright or of title or of slogan,
- (3) piracy or misappropriation of ideas under an implied contract, or
- (4) any invasion of right of privacy,

committed or alleged to have been committed in any advertisement, publicity article, broadcast or telecast and arising out of the **Insured's** advertising activities.

B. "**Aircraft**" means any aircraft, missile or spacecraft.

C. "**Annual Period**" means:

- (1) with respect to the first **Annual Period**, the period commencing at the **Inception Date** and expiring on the First **Annual Period** Expiration Date set forth in Item 3 of the Declarations;
- (2) with respect to any subsequent **Annual Period** in Coverage A, the one (1) year period commencing at the First **Annual Period** Expiration Date or each anniversary thereof; or
- (3) with respect to Coverage B, the one (1) year period commencing at the expiration of Coverage A or each anniversary date and time of such expiration.

- D. **"Automobile"** means a land motor vehicle, trailer or semi-trailer.
- E. **"Bodily Injury"** means physical injury to the body of a person including death at any time resulting therefrom.
- F. **"Claim"** means an oral or written demand against an **Insured** for **Damages** and includes the threat or initiation of any suit or arbitration proceeding or a request for a tolling agreement.
- G. **"Damages"** means all forms of compensatory damages, monetary damages and statutory damages, punitive or exemplary damages and costs of compliance with equitable relief, other than governmental (civil or criminal) fines or penalties, which the **Insured** shall be obligated to pay by reason of judgment or settlement for liability on account of **Personal Injury, Property Damage** and/or **Advertising Liability** covered by this Policy, and shall include **Defense Costs**.
- H. **"Defense Costs"** means reasonable legal costs and other expenses incurred by or on behalf of the **Insured** in connection with the defense of any actual or anticipated **Claim**, including attorneys' fees and disbursements, law costs, premiums on attachment or appeal bonds, pre-judgment and post-judgment interest, expenses for experts and for investigation, adjustment, appraisal and settlement, excluding the salaries, wages and benefits of the **Insured's** employees and the **Insured's** administrative expenses.
- I. **"Discharge"** means discharge, emission, dispersal, migration, release or escape (or any series of such of a similar nature at the same site) but does not include any discharge, emission, dispersal, migration, release or escape to the extent that the **Pollutants** involved remain confined within the building or other man-made structure in which they initially were located.
- J. **"Discovery Period"** means the period, if applicable, commencing upon the **Termination Date** of Coverage A of this Policy and ending on the earlier of expiration of the last **Annual Period** for which Coverage B is elected as provided in Condition S hereof or the effectiveness of cancellation pursuant to Condition L hereof.
- K. **"Executive Officer"** means the Chairman of the Board, Chief Executive, Operating, Financial and Administrative Officers, Managing Director, and any Vice President (including, without limitation, Executive and Senior levels) and any manager in the Risk Management or Law Department of the **Named Insured** or, if the

Named Insured is not the principal operating company insured hereunder, of the **Insured** which is the principal operating company; if any of such designations are not applicable, the equivalent level personnel shall be substituted.

L. (1) **Nature of Expectation or Intent**

Personal Injury, Property Damage or Advertising Liability shall be "**Expected or Intended**" where:

- (a) actual or alleged **Personal Injury, Property Damage or Advertising Liability** is expected or intended by an **Insured**;
- (b) as respects an **Integrated Occurrence**, an **Insured** has historically experienced a level or rate of actual or alleged **Personal Injury or Property Damage**; or
- (c) as respects an **Integrated Occurrence**, an **Insured** expects or intends a level or rate of actual or alleged **Personal Injury or Property Damage** (irrespective of whether or not the **Insured** expects or intends **Personal Injury** to any specific individual or **Property Damage** to any specific property);

provided, however, that in the case of subparagraph (b) and/or (c) above, if actual or alleged **Personal Injury or Property Damage** fundamentally different in nature or at a level or rate vastly greater in order of magnitude occurs, all such actual or alleged fundamentally different or vastly greater **Personal Injury or Property Damage** shall not be deemed "**Expected or Intended**" (subject to paragraph (3) below).

(2) **Timing of Determination**

"**Expected or Intended**" is determined with reference to what is **Expected or Intended** (as set forth in paragraph (1) above):

- (a) at the time of any action (or inaction) by any person so acting (or failing to act) on behalf of an **Insured** (including, without limitation, the sale by an **Insured** of any **Insured's Products**) concerning the consequences thereof; the expectation or intent of any individual person shall be attributed to an entity **Insured** only if

and to the extent that such person is acting (or failing to act) within the scope of their duties on behalf of such entity,

- (b) at the **Inception Date** by any **Executive Officer**, and/or
- (c) as respects any liability of a person or party who is not an **Insured** assumed by an **Insured** under a contract or agreement, by an **Insured** at the time of such assumption.

(3) **Commercial Risk**

As respects any **Integrated Occurrence** arising out of the **Insured's Products**, actual or alleged **Personal Injury** or **Property Damage** similar to, and not vastly greater in order of magnitude than, that included in such **Integrated Occurrence** arising out of sales, if any, of such products by the **Insured** after the date of the **Notice of Integrated Occurrence** shall be deemed **Expected or Intended**. No inference shall be drawn from the giving of a **Notice of Integrated Occurrence** or from this paragraph (3) that actual or alleged **Personal Injury** or **Property Damage** arising out of sales of such products by the **Insured** prior to the date of such **Notice of Integrated Occurrence** either was or was not **Expected or Intended**.

- M. "**Inception Date**" means the date set forth in Item 3 of the Declarations; provided, however, that with respect to any **Insured** which becomes an **Insured** subsequent to the **Inception Date**, the **Inception Date** for that **Insured** shall be the date such person or entity became an **Insured** under this Policy or such other date as may be agreed in writing between the **Named Insured** and the Company; provided further that as respects any layer of coverage not set forth in Item 2(a) of the original Declarations which is added by Endorsement, the **Inception Date** shall be the effective date of such Endorsement unless otherwise agreed in writing between the **Named Insured** and the Company.
- N. "**Incidental Watercraft Use**" means use by the **Insured** of any owned, leased or chartered **Watercraft** less than 75 feet in length but shall not include:

- (1) use of **Watercraft** for the commercial carriage for a fee of passengers or cargo for parties other than the **Insured** in exchange for a fee;
 - (2) use of **Watercraft** in connection with the commercial provision of marine services to others for a fee;
 - (3) use of any **Watercraft** held in inventory or otherwise for lease or charter to another person by an **Insured** in the business of lease or charter of **Watercraft**; or
 - (4) use of **Watercraft** owned by a party other than the **Insured** which is being serviced, maintained, fueled, or tested or otherwise is in the temporary care, custody or control of the **Insured** in connection with any business operations of the **Insured** relating to **Watercraft** servicing, maintenance, fueling, testing, storage or associated or similar matters.
- O. "**Industrial Aid Aircraft Use**" means use by the **Insured** of any owned, non-owned, leased or chartered Aircraft principally for the transportation of officers and employees of the **Insured** and invited guests having a seating capacity (exclusive of cockpit crew but inclusive of cabin crew) of no more than twenty (20) persons (whether or not all such seats are occupied) but shall not include:
- (1) use of any **Aircraft** for any commercial or charter passenger and/or cargo airline, any other **Aircraft** charter operation, any flight school or aviation training business or any other operations by which the **Insured** for compensation (other than cost reimbursement) makes available **Aircraft** owned, operated or used by it or aviation transportation services to others;
 - (2) use of any **Aircraft** held in inventory or otherwise for sale, lease, charter or delivery to another person by an **Insured** in the business of manufacture, sale, lease or charter of **Aircraft**;
 - (3) use of **Aircraft** for product testing or demonstration purposes;
 - (4) use of **Aircraft** owned by a party other than the **Insured** which is being serviced, maintained, fueled or tested or otherwise is in the temporary care, custody or control of the **Insured** in connection with any business operations of the **Insured** relating to **Aircraft** servicing, maintenance, fueling, testing, storage or associated or similar matters; or

- (5) use of any **Aircraft** giving rise to liability of the **Insured** arising out of the **Insured's Products**.
- P. The "**Insured**" means, except as specifically stated otherwise in this Policy, all **Insureds** as defined below:
- (1) the **Named Insured** and, if the **Named Insured** is designated in Item 1(a) of the Declarations as a partnership or **Joint Venture**, the partnership or **Joint Venture** so designated and each partner or member thereof but only with respect to his or its liability as such;
 - (2)
 - (a) any subsidiary or affiliate of the **Named Insured** for any **Annual Period** whose accounts as of the date of the financial statements of the **Named Insured** submitted to the Company most recently prior to the rating of the premium for such **Annual Period** (i) are consolidated in the financial statements of the **Named Insured** in accordance with generally accepted accounting principles in the United States of America, or (ii) were eligible for such consolidation (or in the case of a non-United States **Named Insured** would have been consolidated or eligible for consolidation if United States generally accepted accounting principles applied) and whose financial statements were submitted to the **Company** with such financial statements of the **Named Insured** as of such date;
 - (b) any subsidiary, affiliate or associated company of the **Named Insured** listed on Schedule A hereto;
 - (3) any present or former officer, director, stockholder or employee of any person or entity named in paragraph (1) or (2) above or (6) below, but only while acting within the scope of his or her duties as such, and any person or organization with respect to liability for providing real estate management for any such person or entity named in paragraph (1) or (2) above or (6) below;
 - (4) any person, organization, trustee or estate to whom any person or entity named in paragraph (1) or (2) above or (6) below is obligated by virtue of a written contract or agreement to provide insurance such as is afforded by this Policy, but only to the extent of such obligation and only in

respect of operations (other than commercial insurance operations) by or on behalf of such person or entity named in paragraph (1) or (2) above or (6) below or of facilities owned or used by such person or entity named in paragraph (1) or (2) above or (6) below;

- (5) with respect to any **Automobile** owned by any person or entity named in paragraph (1), (2) or (3) above or (6) below or hired for use on behalf of any such person or entity, any person or organization legally responsible for the use thereof, provided the actual use of the **Automobile** is with the permission of such person or entity;
- (6) any **Joint Venture** in which any entity listed in paragraph (1) or (2) above has an interest, but only if:
 - (a) the **Insured** has sole responsibility for the **Joint Venture**, or
 - (b) the **Insured** is obligated to provide insurance for the **Joint Venture** in its entirety such as is afforded by this Policy.
- (7) It is agreed automatically to include as an **Insured** without listing on Schedule A hereto or adjustment of premium under this Policy for any **Annual Period** any entity acquired or formed by or merged with an **Insured** (a "Potential Additional Insured") during such **Annual Period** provided that:
 - (a) the fair value of the sum of all cash, securities, assumed indebtedness and other consideration expended by all **Insureds** for any such acquisition, formation or merger or any series of interrelated acquisitions, formations or mergers does not exceed 5% of the total assets of the **Named Insured** and its consolidated subsidiaries and affiliates as most recently reported to the Company for rating purposes prior to such **Annual Period**;
 - (b) the incremental annual gross revenues attributable to such acquisition, formation or merger or series of interrelated acquisitions, formations or mergers do not exceed 5% of the total annual gross revenues of the **Named Insured** and its consolidated subsidiaries and affiliates as most recently reported to the Company for rating purposes prior to such **Annual Period**; and

- (c) neither the operations of the Potential Additional Insured prior to such acquisition, formation or merger or any series of interrelated acquisitions, formations or mergers nor the resultant combined or consolidated operations of the **Insured** and the Potential Additional Insured subsequent to such acquisition, formation or merger or any series of interrelated acquisitions, formations or mergers are materially different from those of such **Insured** prior to such acquisition, formation or merger or series of interrelated acquisitions, formations or mergers.

Unless notice to the Company shall have been given and additional premium, if any, shall have been paid in respect of any acquisition, formation or merger (or series thereof) not meeting the criteria set forth herein, such Potential Additional Insured shall not be an **Insured** hereunder, and liability assumed by an **Insured** in connection with such acquisition, formation or merger (or series thereof) shall not be indemnified hereunder.

With respect to any **Occurrence** giving rise to liability of any Potential Additional Insured that qualifies as an **Insured** hereunder, the **Inception Date** shall be the date of merger with or acquisition or formation of the Potential Additional Insured by an **Insured** or such other date as may be agreed in writing between the **Named Insured** and the Company. If during any **Annual Period** an **Insured** acquires a business, division or other operations by asset acquisition, such asset acquisition shall be considered an acquisition of an entity for purposes of this paragraph (7).

- Q. **"Insured's Products"** means goods or products manufactured, sold, tested, handled or distributed by the **Insured** or others trading under its name or tools, uninstalled equipment or abandoned or unused materials that were the subject of completed operations performed for others by the **Insured**.
- R. **"Integrated Occurrence"** means an **Occurrence** encompassing actual or alleged **Personal Injury, Property Damage** and/or **Advertising Liability** to two or more persons or properties which commences over a period longer than thirty (30) consecutive days which is attributable directly, indirectly or allegedly to the same actual or alleged event, condition, cause, defect, hazard and/or

failure to warn of such; provided, however, that such **Occurrence** must be identified in a notice pursuant to Section C of Article V as an **"Integrated Occurrence"** and is subject to all provisions of paragraphs (1) and (2) of Definition V.

- S. **"Joint Venture"** means any joint venture, co-venture, joint lease, joint operating agreement or partnership, which in each case is neither incorporated nor otherwise affords limited liability to an **Insured** having an interest therein.
- T. **"Named Insured"** means the entity first named in Item 1(a) of the Declarations.
- U. **"Notice of Integrated Occurrence"** means a notice pursuant to Definition R, given in accordance with the provisions of Article V, Sections C and D.
- V. (1) An **"Occurrence"** exists if, and only if:
- (a) except with respect to actual or alleged **Personal Injury** or **Property Damage** arising from the **Insured's Products**, there is an event or continuous, intermittent or repeated exposure to conditions which event or conditions commence on or subsequent to the **Inception Date**, or the **Retroactive Coverage Date**, if applicable, and before the **Termination Date** of Coverage A, and which cause actual or alleged **Personal Injury, Property Damage** or **Advertising Liability**;
 - (b) actual or alleged **Personal Injury** to any individual person, or actual or alleged **Property Damage** to any specific property, arising from the **Insured's Products** takes place on or subsequent to the **Inception Date**, or the **Retroactive Coverage Date**, if applicable, and before the **Termination Date** of Coverage A.
- (2) Except as provided in paragraph (3) below, where an **Occurrence** exists and a series of and/or several actual or alleged **Personal Injuries, Property Damages** and/or **Advertising Liabilities** occur which are attributable directly, indirectly or allegedly to the same actual or alleged event, condition, cause, defect, hazard and/or failure to warn of such, all such actual or alleged **Personal Injuries, Property Damages** and/or **Advertising Liabilities** shall be added together and treated as encompassed by one **Occurrence**

irrespective of the period (but without limiting the effect of Exclusion IV.A) or area over which the actual or alleged **Personal Injuries, Property Damages** and/or **Advertising Liabilities** occur or the number of such actual or alleged **Personal Injuries, Property Damages** and/or **Advertising Liabilities**; provided, however, that any actual or alleged **Personal Injury, Property Damage** or **Advertising Liability** which is **Expected or Intended** by any **Insured** shall not be included in any **Occurrence**. So far as **Personal Injuries, Property Damages** and/or **Advertising Liabilities** resulting or alleged to result from the design, formulation, manufacture, distribution, use, operation, maintenance and/or repair of an **Insured's Product**, and or the failure to warn as to the use, operation, maintenance and/or repair of an **Insured's Product**, the term "the same actual or alleged event, condition, cause, defect, hazard and/or failure to warn of such" means any such design, formulation, manufacture, distribution, use, operation, maintenance, repair and/or failure to warn, as the case may be, as to which such losses, injuries or damages are directly, indirectly or allegedly attributable. As respects **Advertising Liability**, multiple or repeated broadcasts or publications of the same or similar materials shall constitute "the same actual or alleged event, condition, cause or defect."

- (3) Notwithstanding paragraphs (1) and (2) above, if an **Occurrence** is not identified in the notice thereof as an "**Integrated Occurrence**," then actual or alleged **Personal Injury** to each person, **Property Damage** to each piece of property and/or **Advertising Liability** which commences at any time shall be deemed to be encompassed within a separate **Occurrence** from which **Personal Injury** to any other person, **Property Damage** to any other piece of property and/or **Advertising Liability** which commences more than thirty (30) days prior or later thereto is encompassed.

W. "**Personal Injury**" means **Bodily Injury**, mental injury, mental anguish, shock, sickness, disease, disability, false arrest, false imprisonment, wrongful eviction, detention, malicious prosecution, discrimination, humiliation and libel, slander or defamation of character or invasion of rights of privacy.

X. "**Policy Period**" means the period commencing with the **Inception Date** and ending with the **Termination Date** of Coverage A.

- Y. **"Pollutant"** means any solid, liquid, gaseous or thermal irritant, contaminant or toxic or hazardous substance or any substance which may, does, or is alleged to affect adversely the environment, property, persons or animals, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and **Waste**.
- Z. **"Product Pollution Liability"** means liability or alleged liability for **Personal Injury** or **Property Damage** arising out of the end-use of the **Insured's Products**, if such use occurs after possession of such goods or products has been relinquished to others by the **Insured** or by others trading under its name and if such use occurs away from premises owned, rented or controlled by the **Insured**; such goods or products shall be deemed to include any container thereof other than an **Automobile, Watercraft** or **Aircraft**.
- AA. **"Property Damage"** means:
- (1) physical damage to or destruction of tangible property, including the loss of use thereof at any time resulting therefrom;
 - (2) loss of use of tangible property which has not been physically damaged or destroyed arising from physical damage to or destruction of other tangible property; or
 - (3) losses consequent upon evacuation arising from actual or threatened **Bodily Injury** or destruction of tangible property.
- AB. **"Retroactive Coverage Date"** means the date, if any, set forth in Item 4 of the Declarations; provided, however, that with respect to coverage for any **Insured** which becomes an **Insured** subsequent to the **Inception Date**, the **Retroactive Coverage Date** shall be the date such person or entity became an **Insured** under this Policy or such other date as may be endorsed on to this Policy in writing; provided further that as respects any layer of coverage not set forth in Item 2(a) of the original Declarations which is added by Endorsement, the **Retroactive Coverage Date** shall be the effective date of such Endorsement unless otherwise agreed in writing between the **Named Insured** and the Company.
- AC. **"Termination"** or **"Termination Date"** means:
- (1) for Coverage A, the earlier of the effective cancellation date of this Policy pursuant to Condition L or the end of an **Annual**

Period if Coverage A is not extended pursuant to Condition Q;

(2) for Coverage B, the end of the Discovery Period.

- AD. "**Ultimate Net Loss**" means the total sum which the **Insured** shall become obligated to pay for **Damages** on account of **Personal Injury, Property Damage** and/or **Advertising Liability** which is, and/or but for the amount thereof would be, covered under this Policy less any salvages or recoveries.
- AE. "**Waste**" means all waste and includes, without limitation, materials to be discarded, stored pending final disposal, recycled, reconditioned or reclaimed.
- AF. "**Watercraft**" means any ship or vessel of whatever type, including, but not limited to, cargo vessels, passenger vessels, other vessels used for transport, towboats and barges, vessels used in the construction of pipelines, platforms or other facilities, storage vessels, tanker vessels, drill ships, drilling rigs and barges (including, without limitation, submersible drill rigs and barges, semi-submersible drill rigs and barges and self-elevating drill rigs and barges) and all other vessels of whatever nature and description, all whether or not self-propelled. **Watercraft** shall not include an offshore oil or gas platform secured in place for drilling or producing operations.

IV - EXCLUSIONS

This Policy does not apply to actual or alleged:

A. PRIOR TO INCEPTION OR RETROACTIVE COVERAGE DATE

Personal Injury to any individual person, **Property Damage** to any specific property or **Advertising Liability** which takes place prior to the **Inception Date** or, if applicable, the **Retroactive Coverage Date**.

B. WORKERS' COMPENSATION, ETC.

Liability in respect of any obligation for which the **Insured** or any company as its insurer may be liable under any workers' compensation, unemployment compensation or disability benefits law; provided, however, that this Exclusion B does not apply to liability of others assumed by the **Insured** under contract or agreement or to liability arising under the Federal Employers Liability Act, the Jones Act or, in the case of any **Insured** which is an

authorized self-insured, the Longshoremen's and Harbor Workers' Compensation Act.

C. PROFESSIONAL SERVICES

Liability for **Property Damage** arising out of any act, error or omission in the rendering of professional services, other than architectural and engineering services (which are nonetheless subject to the other exclusions herein, including, without limitation, Exclusion E below), including, but not limited to, the rendering of legal, accounting, data processing, consulting, or investment advisory services.

D. OWNED PROPERTY; CARE, CUSTODY OR CONTROL, ETC.

Property Damage to:

- (1) property owned or occupied by or rented to any **Insured**;
- (2) property loaned to any **Insured**;
- (3) property in the care, custody or control of any **Insured**; or
- (4) that particular part of real property or fixtures on which any **Insured** or any contractors or sub-contractors working directly or indirectly on behalf of any **Insured** are performing operations, if such **Property Damage** arises out of such operations;

provided, however, that paragraphs (2), (3) and (4) of this Exclusion D do not apply to liability assumed under a railway sidetrack agreement; provided further that paragraphs (1) and (3) of this Exclusion D do not apply as respects damage to property of any **Insured** which is an **Insured** solely by virtue of paragraph (4) of Definition P where such property is not owned or occupied by, rented to, or in the care, custody or control of any **Insured** which is an **Insured** other than by virtue of paragraph (4) of Definition P.

E. EFFICACY, LOSS OF USE, ETC.

Liability of the **Insured**:

- (1) arising out of the failure of any **Insured's Products** or of work, including architectural or engineering services, by or on behalf of any **Insured** to meet any warranty or representation by any **Insured** as to the level of performance, quality, fitness

or durability or to perform their function or serve their purpose, to the extent that such liability is for the diminished value or utility of any **Insured's Products** or work by or on behalf of any **Insured**.

- (2) without limiting paragraph (1) of this Exclusion E, in respect of **Property Damage** to any **Insured's Products** or of work, including, without limitation, architectural or engineering services, performed by or on behalf of any **Insured**, if such **Property Damage** arises out of any portion of such products or work, or out of materials, parts or equipment furnished in connection therewith;
- (3) for the costs incurred for the withdrawal, inspection, repair, recall, return, replacement or disposal of any **Insured's Products** or work, including, without limitation, architectural or engineering services, or, in connection with any of the foregoing, loss of use thereof; provided, however, that this paragraph (3) shall not apply in respect of costs incurred for the withdrawal, inspection, repair, recall, return, replacement or disposal of products or work of a party other than an **Insured** of which the **Insured's Products** or work forms a part; or
- (4) in respect of decline of value of real or personal property to the extent such decline in value is attributable not to physical damage or destruction thereof but to proximity to continuing operations, activities or equipment which limit the usage of such property or make occupation of such property by people less feasible or desirable.

F. **ADVERTISING**

Advertising Liability arising out of:

- (1) breach of contract, but this paragraph (1) shall not exclude liability for unauthorized misappropriation of advertising ideas based upon breach or alleged breach of an implied contract;
- (2) infringement of registered trademarks, service marks or trade name by use thereof, but this paragraph (2) shall not apply to titles or slogans;

- (3) the failure of goods, products or services to conform with advertised quality or performance;
- (4) the wrong description of the price of goods, products or services; or
- (5) advertising activities on behalf of a party other than an **Insured** by an **Insured** engaged in the business of advertising.

G. WAR

Personal Injury, Property Damage or Advertising Liability directly or indirectly occasioned by, happening through or in consequence of war, invasion, hostile action of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority; provided, however, that this Exclusion G shall not apply to **Personal Injury, Property Damage or Advertising Liability**:

- (1) taking place in and caused by the foregoing events in the land area of the United States of America, its territories or possessions, Puerto Rico or Canada; or
- (2) caused by any act or acts committed by one or more persons, whether or not agents of a sovereign power, for political or terrorist purposes where (a) such person or persons are not acting on behalf of a government, governmental authority or other power (usurped or otherwise) which exercises de facto jurisdiction over part or all of the populated land area of the country in which the **Personal Injury or Property Damage** takes place; and (b) if such person or persons are acting as an agent or agents of any government recognised de jure by a majority of Belgium, Canada, France, Germany, Japan, the United Kingdom and the United States, such person or persons are acting secretly and not in connection with the operation of regular military or naval armed forces in the country where the **Personal Injury or Property Damage** takes place.

H. TOXIC SUBSTANCES

Personal Injury, Property Damage or Advertising Liability arising out of the manufacture, distribution, sale, installation, removal,

utilisation, ingestion or inhalation of, or exposure to or existence of, as the case may be:

- (1) asbestos or any asbestos-containing materials; provided, however, that this Exclusion H shall not apply to **Property Damage** arising out of asbestos not contained in the **Insured's Products** as a result of explosion, hostile fire or lightning;
- (2) tobacco or any tobacco products (or ingredients of, or used in the manufacture or production of, such products);
- (3) 2,3,7,8-TCDD (2,3,7,8-tetrachlorodibenzo-p-dioxin);
- (4) asbestiform talc;
- (5) diethylstilbestrol ("DES");
- (6) any intra-uterine device ("IUD");
- (7) any product containing silicone which is in any form implanted or injected in the body;

provided, however, that this Exclusion H shall not apply to actual or alleged **Personal Injury** or **Property Damage** where such **Personal Injury** or **Property Damage** is not related to the asbestos, tobacco (or other consumed portion of a tobacco product), 2,3,7,8-TCDD, asbestiform talc, DES, IUD or silicone content of goods, materials or products or completed operations. The listing of materials herein shall not give rise to an inference that **Personal Injury, Property Damage** or **Advertising Liability** attributable to other materials was neither **Expected** nor **Intended** by the **Insured**.

I. AIRCRAFT

Liability arising out of the design, manufacture, construction, maintenance, service, use or operation of any **Aircraft** or any component part or equipment thereof or any other **Aircraft** navigational or related equipment or service, including, without limitation, liability arising from a crash or hijacking; provided, however, that this Exclusion I shall not apply to any liability or alleged liability in respect of:

- (1) **Aircraft** fueling and related operations with respect to **Personal Injury** or **Property Damage** occurring at the time of

such operations, *i.e.*, while the **Aircraft** involved is on the ground and motionless;

- (2) liability in respect of any item of goods intended to be a component part of an **Aircraft** or **Aircraft** equipment where such part or equipment has not yet been incorporated into any **Aircraft** (other than an incomplete **Aircraft** which is in the process of initial manufacture at an indoor premises and which has never been used for self-propelled movement either on the ground or in the air) and such liability and the **Personal Injury, Property Damage** or **Advertising Liability** giving rise thereto do not arise directly or indirectly out of a crash, hijacking or other circumstance in connection with the operation of any Aircraft;
- (3) liability in connection with manufacturing and associated operations in respect of **Aircraft** or any component part thereof or any **Aircraft** equipment where all **Personal Injury** and **Property Damage** giving rise to such liability take place at a manufacturing, storage or associated premises on the ground (or in connection with on the ground transportation by other than an **Aircraft**) and such liability and the **Personal Injury, Property Damage** or **Advertising Liability** giving rise thereto do not arise directly or indirectly out of a crash, hijacking or other circumstance in connection with the operation of any **Aircraft**;
- (4) the **Insured's Products** which consist of or are incorporated into cabin furnishings, food service equipment or other materials or equipment used in the interior of an **Aircraft** which are not necessary or integrally related to flight, take-off, landing or navigation of the **Aircraft**;
- (5) the **Insured's Products** which are of a type and grade sold principally for purposes other than use in **Aircraft** or aviation which are incorporated into **Aircraft** hulls or components or aviation related equipment (e.g., microchips used principally in personal computers which also are used in flight computers or a grade of aluminum ingot suitable for a broad range of commercial uses which is used in an **Aircraft** wing);
- (6) liability for physical **Property Damage** to third parties or **Personal Injury** arising out of or allegedly arising out of **Industrial Aid Aircraft Use**, but in respect of any **Occurrence** arising out of **Industrial Aid Aircraft Use** the per **Occurrence**

retention amount shall be the greater of the amount set forth in Item 2(a) of the Declarations or US\$100,000,000. "Physical **Property Damage** to third parties" shall include only physical damage to other **Aircraft** or to tangible property on the ground occurring upon the physical impact of the **Aircraft** owned, leased or chartered by the **Insured** or the debris thereof with such other **Aircraft** or property on the ground (as well as associated debris removal) and shall not include, without limitation, **Property Damage** to the hull or any other portion of the **Aircraft**, owned, used, leased or chartered by the **Insured** or to its cargo or other contents; or

- (7) liability of an **Insured** in its capacity as architect, engineer, construction contractor, owner, lessee, operator or occupant of, or party otherwise having responsibility for, any building or other ground-based fixed structure or **Watercraft** with which an **Aircraft** collides.

J. **WATERCRAFT**

Liability arising out of the design, construction, maintenance, sale, manning, ownership or operation of any **Watercraft**, but this Exclusion J shall not apply to:

- (1) **Watercraft** or risks listed on Schedule C hereto and any additional **Watercraft** acquired in the ordinary course of business during the **Policy Period** which are of a similar type and use as the **Watercraft** listed on Schedule C; provided, however, that the aggregate gross tonnage of all such additional **Watercraft** shall not exceed 20% gross tonnage of **Watercraft** listed on Schedule C;
- (2) loading or unloading of any **Watercraft** at premises owned, leased or controlled by the **Insured**;
- (3) liability for any **Personal Injury** or **Property Damage** to third parties arising out of or allegedly arising out of **Incidental Watercraft Use** (provided that damage to the hull or any portion, component or equipment of the **Watercraft** owned, leased or chartered by the **Insured** or to its cargo contents shall not constitute **Property Damage** to third parties);
- (4) liability for **Personal Injury**, **Property Damage** or **Advertising Liability** arising out of design, construction, maintenance or

sale by the **Insured** of any **Watercraft** less than 75 feet in length; or

- (5) **Personal Injury, Property Damage or Advertising Liability** arising out of or alleged to arise out of design, manufacture, maintenance or sale by the **Insured** of any component part or equipment of any **Watercraft**.

K. POLLUTION

- (1) (a) liability for **Personal Injury, Property Damage or Advertising Liability** arising out of the **Discharge** of **Pollutants** into or upon land or real estate, the atmosphere, or any watercourse or body of water whether above or below ground or otherwise into the environment; or
- (b) liability, loss, cost or expense of any **Insured** or others arising out of any direction or request, whether governmental or otherwise, that any **Insured** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize **Pollutants**.

This Exclusion K applies whether or not such **Discharge** of such **Pollutants**:

- (i) results from the **Insured's** activities or the activities of any other person or entity;
- (ii) is sudden, gradual, accidental, unexpected or unintended; or
- (iii) arises out of or relates to industrial operations or the **Waste** or by-products thereof.
- (2) Paragraph (1) of this Exclusion K does not apply to:
- (a) **Product Pollution Liability**; or
- (b) (i) liability of the **Insured** for **Personal Injury** or **Property Damage** caused by an intentional **Discharge** of **Pollutants** solely for the purpose of mitigating or avoiding **Personal Injury** or **Property Damage** which would be covered by this Policy; or

- (ii) liability of the **Insured** for **Personal Injury** or **Property Damage** caused by a **Discharge** of **Pollutants** which is not **Expected or Intended**, but only if the **Insured** becomes aware of the commencement of such **Discharge** within seven (7) days of such commencement;

provided that the **Insured** gives the Company written notice in accordance with Section D of Article V of this Policy of such commencement of the **Discharge** under subparagraphs (2)(b)(i) or (ii) of this Exclusion K within forty (40) days of such commencement. Such notice must be provided irrespective of whether notice as soon as practicable otherwise would be required pursuant to Section A of Article V of this Policy.

L. **NUCLEAR**

Liability for:

- (1) **Personal Injury, Property Damage** or **Advertising Liability** in the United States, its territories or possessions, Puerto Rico or the Canal Zone (A) with respect to which an **Insured** under this Policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limits of liability or (B) resulting from the hazardous properties of nuclear material and with respect to which (i) any person or organisation is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (ii) the **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 organisation;
- (2) medical or surgical relief or expenses incurred with respect to **Bodily Injury**, sickness, disease or death resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organisation in the United States, its territories or possessions, Puerto Rico or the Canal Zone;

- (3) injury, sickness, disease, death or destruction resulting from hazardous properties of nuclear material, if:
- (a) the nuclear material (i) is at any nuclear facility owned by or operated by or on behalf of an insured in the United States, its territories or possessions, Puerto Rico or the Canal Zone or (ii) has been discharged or dispersed therefrom;
 - (b) such nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed by or on behalf of an Insured in the United States, its territories or possessions, Puerto Rico or the Canal Zone; or
 - (c) the injury arises out of the furnishing by an **Insured** of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of a nuclear facility, but if such facility is located within the United States of America, its territories or possessions, Puerto Rico or the Canal Zone, this subparagraph (c) applies only to injury to or destruction of property at such nuclear facility.
- (4) As used in this Exclusion:
- (a) "hazardous properties" include radioactive, toxic or explosive properties; "nuclear material" means source material, special nuclear material or by-product material; "source material," "special nuclear material" and "by-product material" have the meanings given them by the Atomic Energy Act of 1954 or in law amendatory thereof; "spent fuel" means any fuel element or fuel component, solid or liquid which has been used or exposed to radiation in a nuclear reactor; "waste" means any waste material;
 - (i) containing by-product materials; and
 - (ii) resulting from the operation by a person or organization of a nuclear facility included within the definition of nuclear facility under clauses (i) or (ii) of subparagraph (b) below;
 - (b) "nuclear facility" means:

- (i) any nuclear reactor;
 - (ii) any equipment or device designed or used for
 - (x) separating the isotopes of uranium or plutonium, (y) processing or utilising spent fuel, or (z) handling, processing or packaging waste;
 - (iii) 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 the **Insured** at such premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or combination thereof or more than 250 grams of uranium 235;
 - (iv) any structure, basin, excavation, premises or place prepared for storage or disposal of waste;
- (c) “nuclear facility” includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;
- (d) “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;
- (e) with respect to injury or destruction of property, the word “injury” or “destruction” includes all forms of radioactive contamination of property or loss of the use thereof.

M. RADIOACTIVE CONTAMINATION (OUTSIDE U.S.)

Liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from ionizing radiations or contamination by radioactivity outside the United States, its territories or possessions, Puerto Rico or the Canal Zone from any nuclear fuel or from any nuclear waste from the combustion, fission or fusion of nuclear fuel.

N. ERISA

Liability arising out of any negligent act, error or omission of any **Insured**, or any other person for whose acts any **Insured** is legally liable, in the administration of any **Insured's** Employee Benefits Programs, as defined below, including, without limitation, liability or alleged liability under the Employee Retirement Income Security

Act of 1974, as amended, or any similar provisions of state statutory law or common law or any other law.

As used in this Exclusion N, the term "Employee Benefits Programs" means group life insurance, group accident or health insurance, profit sharing plans, pension plans, employee stock subscription plans, workers compensation, unemployment insurance, social benefits, disability benefits, and any other similar employee benefits.

As used in this Exclusion N, the term "administration" means any of the following acts if such acts are authorised by the **Insured**:

- (1) giving counsel to employees with respect to the Employee Benefits Programs;
- (2) interpreting the Employee Benefits Programs;
- (3) handling of records in connection with the Employee Benefits Programs; or
- (4) enrolling, terminating or cancelling employees under the Employee Benefits Programs.

O. REPETITIVE STRESS

Liability arising out of any repetitive motion, repetitive stress, repetitive strain or cumulative trauma disorder, including, without limitation, (i) liability or alleged liability arising from asserted improper design of goods, equipment, machinery or operations, (ii) failure to warn or properly instruct as to use of goods, equipment or machinery or conduct of operations, (iii) improper supervision of use of goods, equipment or machinery or conduct of operations, or (iv) without limiting the foregoing, carpal tunnel syndrome arising or allegedly arising from, without limitation, use of keyboards or finger pads.

P. SECURITIES, ANTITRUST, ETC.

Liability arising under any statute, law, ordinance, rule or regulation, whether established pursuant to legislative, administrative, judicial, executive or other authority, of any nation or federal, state, local or other governmental or political body or subdivision thereof relating to:

- (1) the purchase, sale or distribution of securities or offers to purchase or sell securities, or investment counseling or management, including liability under the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Public Utility Holding Company Act of 1935, the Investment Company Act of 1940, the Investment Advisers Act of 1940, and the so-called "blue-sky" laws of the various states or other jurisdictions;
- (2) antitrust or the prohibition of monopolies, activities in restraint of trade, unfair methods of competition or deceptive acts and practices in trade and commerce including, without limitation, the Sherman Act, the Clayton Act, the Robinson-Patman Act, the Federal Trade Commission Act, the Lanham Act and the Hart-Scott-Rodino Antitrust Improvements Act;
- (3) fraud or breach of fiduciary duty;
- (4) criminal penalties;
- (5) the failure to pay when due any governmental tax including income, excise, property, value added and sales tax, or tariff, license fee or other governmental fee which is incidental to the conduct of business, or any assessment, fine, or penalty related thereto;
- (6) copyright, patent or trademark infringement other than **Advertising Liability** with respect to titles or slogans;
- (7) any defect in or impairment to title to real property, including fixtures, whether or not owned by an **Insured**;
- (8) disclosure relating to, or other regulation of sales of or offers to sell, real property;
- (9) liability or alleged liability arising out of employee, officer or director dishonesty; or
- (10) any liability of an employee, officer or director of an **Insured** entity to such **Insured** entity.

No inference shall be made from the express exclusion of liabilities in this Exclusion P that this Policy would otherwise cover such liabilities or similar liabilities.

V - NOTICE OF OCCURRENCE

A. NOTICE AS SOON AS PRACTICABLE

If any **Executive Officer** shall become aware of an **Occurrence** likely to involve this Policy, the **Named Insured** shall, as a condition precedent to the rights of any **Insured** under this Policy, give written notice thereof to the Company in the manner provided in Section D of this Article V.

Such notice shall be given as soon as practicable and, in any event, during the **Policy Period** or the **Discovery Period**, if applicable, and in accordance with Paragraph 2(b) of Exclusion K, if applicable. Failure to provide written notice as prescribed above shall result in a forfeiture of any rights to coverage hereunder in respect of such **Occurrence**.

B. PERMISSIVE NOTICE

Any **Insured** may at any time during the **Policy Period** or **Discovery Period** give notice of an **Occurrence** to the Company in the manner provided in Section D of this Article V.

C. PERMISSIVE NOTICE OF INTEGRATED OCCURRENCE

The **Insured** may at its option give written notice to the Company of any **Occurrence** as an "**Integrated Occurrence**" by designating it as such and giving such notice in the manner provided in Section D of this Article V. Once the **Insured** gives **Notice of Integrated Occurrence**, all **Personal Injury** or **Property Damage** that falls within the **Integrated Occurrence** (as provided in the terms, conditions and exclusions of this Policy) shall be treated as such for all purposes under this Policy irrespective of whether this Policy has been terminated after the **Insured** has given **Notice of Integrated Occurrence**. The limit of liability applicable to such **Integrated Occurrence** shall be the limit described in Article II of this Policy.

D. MANNER OF NOTICE

- (1) Notice of **Occurrence** must explicitly be designated as such in writing and must be directed to the Company's Claims Department at the address set forth in Item 8(a) of the Declarations.

- (2) Information (including, without limitation, information about pending and/or prior claims, reserves or payments, loss runs, etc.) submitted (whether face-to-face, by mail, telex, courier, facsimile or otherwise) to the Company's underwriter(s) (whether in an initial or annual renewal application/submission or otherwise) shall not constitute notice of **Occurrence**. All material directed to the Company at the address indicated in Item 8 (b) and (c) of the Declarations shall be deemed to have been submitted to the Company's underwriters (unless otherwise acknowledged by the Company in writing).

VI - CONDITIONS

A. PREMIUM

The premium for this Policy is a flat premium and is not subject to adjustment, except as specifically provided herein. The premium shall be paid to the Company.

B. INSPECTION

The Company shall be permitted but not obligated to inspect the **Insured's** property, operations, books, records and files at any time. Neither the Company's right to make inspections nor the making thereof or of a report thereon shall constitute an undertaking on behalf of or for the benefit of the Insured or others to determine or warrant that such property or operations are safe or are in compliance with any statute, law, ordinance, rule or regulation.

C. CROSS LIABILITY

In the event of a **Claim** being made by reason of **Personal Injury** suffered by an employee of one **Insured** hereunder for which another **Insured** hereunder is or may be liable, this Policy shall cover such **Insured** against whom such a **Claim** is made or may be made in the same manner as if separate policies had been issued to each **Insured** hereunder.

Nothing contained herein shall operate to increase the Company's limits of liability as set forth in Item 2 of the Declarations.

D. ASSISTANCE AND COOPERATION

- (1) The Company shall not be called upon to assume charge of the settlement or defense of any **Claim** made or suit brought

or proceeding instituted against an **Insured**, but the Company shall have the right and shall be given the opportunity to associate with the **Insured** or the **Insured's** underlying insurers or both in the defense and control of any **Claim**, suit or proceeding relative to any **Occurrence** where the **Claim** or suit involves, or appears reasonably likely to involve, the Company, in which event the **Insured** and the Company shall cooperate in all things in the defense of such **Claim**.

- (2) The **Insured** shall furnish promptly all information reasonably requested by the Company with respect to any **Occurrence**, both with respect to any **Claim** against the **Insured** and pertaining to coverage under this Policy.
- (3) If liabilities, losses, costs and/or expenses are in part covered by this Policy and in part not covered by this Policy, the **Insured** and Company shall use their best efforts to agree upon a fair and proper allocation thereof between covered and uncovered amounts, and the **Insured** shall cooperate with such efforts by providing all pertinent information with respect thereto.
- (4) Those expenses incurred by the Company on its own behalf in connection with claims representation pursuant to this Condition D shall be at its own expense and shall not be part of **Ultimate Net Loss**.

E. APPEALS

In the event the **Insured** or the **Insured's** underlying insurers elect not to appeal a judgment in excess of the retention or the underlying limits, as the case may be, the Company may elect to make such appeal at its own cost and expense and shall be liable for the taxable costs and disbursements of such appeal and post-judgment interest on the judgment appealed from accruing during such an appeal. In no event, however, shall liability of the Company for **Ultimate Net Loss** exceed the applicable limit of liability plus the costs and expenses of such appeal.

F. LOSS PAYABLE

Liability under this Policy with respect to any **Occurrences** shall not attach unless and until:

- (1) the **Insured's** underlying insurer(s) or the **Insured** shall have paid the greater of the amount of any applicable underlying limits or the applicable retention set forth in Item 2 of the Declarations; and
- (2) the **Insured's** liability covered hereunder shall have been fixed and rendered certain either by final judgment against the **Insured** after actual trial or by settlement approved in writing by the Company, and the **Insured** shall have paid such liability.

Any consideration paid by the **Insured** or the **Insured's** underlying insurers other than in legal currency shall be valued at the lower of cost or market, and any element of the **Insured's** profit or other benefit to the **Insured** shall be deducted in determining the value of such consideration. The Company may examine the underlying facts giving rise to a judgment against or settlement by the **Insured** to determine if, and to what extent, the basis for the **Insured's** liability under such judgment or settlement is covered by this Policy.

The **Insured** shall make a definite demand for payment for any amount of the **Ultimate Net Loss** for which the Company may be liable under this Policy within twelve (12) months after the **Insured** shall have paid such amount. If any subsequent payments shall be made by the **Insured** on account of the same **Occurrence** or **Claim**, additional demands for payment shall be made similarly from time to time. Such losses shall be due and payable by the Company thirty (30) days after they are respectively paid by the **Insured**, demanded and proven in conformity with this Policy.

G. REPRESENTATION

The **Named Insured** or such other person as it shall designate in Item 5 of the Declarations shall represent and have authority to bind the **Named Insured** and any and all **Insureds** hereunder in all matters under this Policy, including, without limitation, payment of premium, negotiation of the terms of renewal or reinstatement and the adjustment, settlement and payment of claims. The **Named Insured**, by notice to the Company in writing, may designate a substitute representative, which representative shall, effective as of the date such notice is received, be deemed to be designated in Item 5 of the Declarations.

H. OTHER INSURANCE

If other valid and collectible insurance with any other insurer, whether issued prior hereto, simultaneously herewith or subsequent hereto, is available to the **Insured** for **Ultimate Net Loss** covered by this Policy, other than insurance which is expressly and specifically excess of the limits of, or quota share on the same layer as, this Policy, the insurance afforded by this Policy shall be in excess of and shall not contribute with such other insurance. Nothing herein shall be construed to make this Policy subject to the terms, conditions or limitations of other insurance.

If this Policy shall be deemed or required to contribute to **Ultimate Net Loss** with other insurance and such contribution arises in whole or in part from the failure of the **Named Insured** to list such other insurance on Schedule B hereto in accordance with the instructions for such Schedule B, then the **Named Insured** shall indemnify the Company for the amount of any such contribution, and this Policy shall apply as if such other insurance had been so listed.

I. SUBROGATION

In the event of any payment hereunder, the Company shall be entitled to exercise rights of subrogation, and the **Insured** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. In such case, the Company will act in concert with all other interested parties, including the **Insured**, concerned in the exercise of rights of recovery. The apportioning of any amounts which may be so recovered, net of expenses, shall follow the principle that any parties, including the **Insured**, that shall have paid an amount over and above any payment hereunder shall first be reimbursed up to the amount paid by them. The Company is then to be reimbursed out of any balance then remaining up to the amount paid by it; lastly, the parties of whose interests this coverage is in excess, including the **Insured**, are entitled to claim the residue, if any.

J. CHANGES

Notice to or knowledge possessed by any person shall not effect waiver or change in any part of this Policy or estop the Company from asserting any right under the terms of this Policy. The terms of this Policy may not be waived or changed, except by written endorsement issued to form a part hereof and signed by the Company.

K. ASSIGNMENT

Assignment of interest under this Policy shall not bind the Company unless and until its consent is endorsed hereon.

L. CANCELLATION

- (1) Coverage A under this Policy may be cancelled on a pro rata basis:
 - (a) at the end of any **Annual Period** by either the **Named Insured** or the Company by delivering prior written notice to the other;
 - (b) at any time by the **Named Insured** by delivering written notice to the Company at the address listed in Item 8(c) of the Declarations stating when, but in no event prior to the date such notice is received, cancellation shall be effective;
 - (c) at any time by the Company by delivering written notice to the **Named Insured** stating when, not less than ninety (90) days from the date the notice is received, cancellation shall be effective; or
 - (d) if any **Insured** shall institute a suit or proceeding against the Company other than as provided in Condition N below (or to enforce an award arising out of such arbitration), at any time thereafter by the Company by delivering written notice to the **Named Insured** stating when, not less than five (5) days from the date the notice is received, cancellation shall be effective.
- (2) This Policy will be cancelled automatically retroactive to the commencement of the **Annual Period**, if the premium or proof of payment thereof is not received by the Company within five (5) business days of the commencement of such **Annual Period**.
- (3) Coverage B may not be cancelled by either the **Named Insured** or the Company, except the Company may cancel effective immediately upon the delivery of written notice to the **Named Insured** if the **Insured** should institute a suit or proceeding against the Company other than as provided in Condition N below (or to enforce an award arising out of such arbitration).

M. CURRENCY

The premiums and losses under this Policy are payable in the respective currency(ies) set forth in Item 6 of the Declarations. Unless otherwise specified in Item 6, such currency(ies) shall be United States dollars. If judgment is rendered, settlement is denominated or another element of **Damages** is stated in a currency other than in the applicable currency, payment under this Policy shall be made in the applicable currency at the rate of exchange prevailing on the date the final judgment is rendered, the amount of the settlement is agreed upon or the other element of **Damages** is due, respectively.

N. ARBITRATION

- (1) Any dispute, controversy or claim arising out of or relating to this Policy or the breach, termination or invalidity thereof shall be finally and fully determined in London, England under the provisions of the Arbitration Acts of 1950, 1975 and 1979 and/or any statutory modifications or amendments thereto, for the time being in force, by a Board composed of three arbitrators to be selected for each controversy as follows:

Any party may, in the event of such a dispute, controversy or claim, notify the other party or parties to such dispute, controversy or claim of its desire to arbitrate the matter, and at the time of such notification the party desiring arbitration shall notify any other party or parties of the name of the arbitrator selected by it. The other party who has been so notified shall within thirty (30) calendar days thereafter select an arbitrator and notify the party desiring arbitration of the name of such second arbitrator. If the party notified of a desire for arbitration shall fail or refuse to nominate the second arbitrator within thirty (30) calendar days following the receipt of such notification, the party who first served notice of a desire to arbitrate will, within an additional period of thirty (30) calendar days, apply to a judge of the High Court of Justice of England and Wales for the appointment of a second arbitrator and in such a case the arbitrator appointed by such a judge shall be deemed to have been nominated by the party or parties who failed to select the second arbitrator. The two arbitrators, chosen as above provided, shall within thirty (30)

calendar days after the appointment of the second arbitrator choose a third arbitrator. In the event of the failure of the first two arbitrators to agree on a third arbitrator within said thirty (30) calendar day period, either of the parties may within a period of thirty (30) calendar days thereafter, after notice to the other party or parties, apply to a judge of the High Court of Justice of England and Wales for the appointment of a third arbitrator and in such case the person so appointed shall be deemed and shall act as the third arbitrator. Upon acceptance of the appointment by said third arbitrator, the Board of Arbitration for the controversy in question shall be deemed fixed. All claims, demands, denials of claims and notices pursuant to this Condition N shall be given in accordance with Condition U below.

- (2) The Board of Arbitration shall fix, by a notice in writing to the parties, involved, a reasonable time and place for the hearing and may prescribe reasonable rules and regulations governing the course and conduct of the arbitration proceeding, including without limitation discovery by the parties.
- (3) The Board shall, within ninety (90) calendar days following the conclusion of the hearing, render its decision on the matter or matters in controversy in writing and shall cause a copy thereof to be served on all the parties thereto. In case the Board fails to reach a unanimous decision, the decision of the majority of the members of the Board shall be deemed to be the decision of the Board and the same shall be final and binding on the parties thereto. Such decision shall be a complete defense to any attempted appeal or litigation of such decision in the absence of fraud or collusion. Without limiting the foregoing, the parties waive any right to appeal to, and/or seek collateral review of the decision of the Board of Arbitration by, any court or other body to the fullest extent permitted by applicable law.
- (4) Any order as to the costs of the arbitration shall be in the sole discretion of the Board, who may direct to whom and by whom and in what manner they shall be paid.
- (5) The Company and the **Insured** agree that in the event that claims for indemnity or contribution are asserted in any action

or proceeding against the Company by any of the **Insured's** other insurers in any jurisdiction or forum other than that set forth in this Condition N, the **Insured** will in good faith take all reasonable steps requested by the Company to assist the Company in obtaining a dismissal of these claims (other than on the merits) and will, without limitation, undertake to the court or other tribunal to reduce any judgment or award against such other insurers to the extent that the court or tribunal determines that the Company would have been liable to such insurers for indemnity or contribution pursuant to this Policy. The **Insured** shall be entitled to assert claims against the Company for coverage under this Policy, including, without limitation, for amounts by which the **Insured** reduced its judgment against such other insurers in respect of such claims for indemnity or contribution, in an arbitration between the Company and the **Insured** pursuant to this Condition N, which arbitration may take place before, concurrently with and/or after the action or proceeding involving such other insurers; provided, however, that the Company in such arbitration in respect of such reduction of any judgment shall be entitled to raise any defenses under this Policy and any other defenses (other than jurisdictional defenses) as it would have been entitled to raise in the action or proceeding with such insurers (and no determination in any such action or proceeding involving such other insurers shall have collateral estoppel, res judicata or other issue preclusion or estoppel effect against the Company in such arbitration, irrespective of whether or not the Company remained a party to such action or proceeding).

O. LAW OF CONSTRUCTION AND INTERPRETATION

This Policy, and any dispute, controversy or claim arising out of or relating to this Policy, shall be governed by and construed in accordance with the internal laws of the State of New York, except insofar as such laws:

- (1) may prohibit payment in respect of punitive damages hereunder;
- (2) pertain to regulation under the New York Insurance Law, or regulations issued by the Insurance Department of the State of New York pursuant thereto, applying to insurers doing insurance business, or issuance, delivery or procurement of

policies of insurance, within the State of New York or as respects risks or **Insured's** situated in the State of New York; or

(3) are inconsistent with any provision of this Policy;

provided, however, that the provisions, stipulations, exclusions and conditions of this Policy are to be construed in an evenhanded fashion as between the **Insured** and the Company; without limitation, where the language of this Policy is deemed to be ambiguous or otherwise unclear, the issue shall be resolved in the manner most consistent with the relevant provisions, stipulations, exclusions and conditions (without regard to authorship of the language, without any presumption or arbitrary interpretation or construction in favor of either the **Insured** or the Company or reference to the "reasonable expectations" of either thereof or to contra proferentum and without reference to parol or other extrinsic evidence). To the extent that New York law is inapplicable by virtue of any exception or proviso enumerated above or otherwise, and as respects arbitration procedure pursuant to Condition N, the internal laws of England and Wales shall apply.

P. LIABILITY OF THE COMPANY

The **Named Insured** and the **Insured** agree that the liability and obligations of the Company hereunder shall be satisfied from the funds of the Company alone and that the individual shareholders of the Company shall have no liability hereunder to the **Named Insured** or the **Insured**.

Q. POLICY EXTENSION

Subject to Condition L, Coverage A of this Policy may be extended at the expiration of each **Annual Period** for another **Annual Period**, subject only to agreement between the Company and the **Named Insured** as to the applicable premium and such other terms and conditions as the Company and the **Named Insured** may mutually deem appropriate. Coverage A shall expire at the end of an **Annual Period** if not extended (or upon cancellation thereof). Where Coverage A (or Coverage B) is cancelled or not extended, such cancellation or non-extension shall not affect the rights of the **Insured** as respects any **Occurrence** or **Integrated Occurrence** of which notice was given in accordance with the provisions of this Policy prior to such cancellation or non-extension and shall not limit whatever rights the **Insured** otherwise would have under this Policy as respects actual or alleged **Personal Injury, Property Damage** or

Advertising Liability included in such **Occurrence** or **Integrated Occurrence** taking place subsequent to such cancellation or non-extension.

R. REINSTATEMENT

- (1) At the time of each annual Policy extension of Coverage A, the aggregate limit of liability set forth in Item 2(b) of the Declarations shall, unless otherwise agreed in writing between the **Named Insured** and the Company, automatically be reinstated with respect to covered **Occurrences** of which notice is first given during the following **Annual Period**. There shall be no separate premium charged for this automatic reinstatement in addition to that provided for in Condition Q above. There shall be no reinstatement of the aggregate limit of liability, unless otherwise agreed in writing by the Company, as respects Coverage B, and the remaining amount, if any, of the aggregate limit for the final **Annual Period** under Coverage A shall apply as respects the **Discovery Period**.
- (2) If during any **Annual Period**, as respects Coverage A only, the aggregate limit of liability set forth in Item 2(b) ("Original Aggregate Limit") of the Declarations is or may be impaired by virtue of **Occurrence(s)** of which notice has been given previously during such **Annual Period**, then the **Named Insured** shall be entitled to elect one reinstatement of all or any portion of such aggregate limit, based on the following terms and conditions:
 - (a) Such reinstatement must be elected in writing by the **Named Insured**, which election shall specify the amount being reinstated, not to exceed an amount equal to the Original Aggregate Limit ("Reinstatement Amount"), and must be accompanied by payment of the reinstatement premium as provided in subparagraph (c) below. Such reinstatement shall be effective as of the date of the receipt by the Company of such written election and premium ("Reinstatement Date").
 - (b) (i) There shall be an aggregate sublimit of liability for all **Occurrences** of which notice is first given to the Company at any time during the entire **Annual Period** in an amount equal to the Original

Aggregate Limit as respects all **Occurrences** of which the **Named Insured** is aware at the Reinstatement Date (including, without limitation, all **Occurrences** of which notice was first given during such **Annual Period** prior to such date and all **Integrated Occurrences** including **Personal Injury** or **Property Damage** which was included in any such prior noticed **Occurrences**). The **Named Insured** shall be deemed to have been aware of an **Occurrence** if any **Executive Officer** was aware of any actual or alleged **Personal Injury, Property Damage** or **Advertising Liability** which was included in such **Occurrence**, irrespective of whether or not such person believed or expected such **Occurrence** was likely to involve this Policy.

- (ii) The aggregate limit of liability for all **Occurrences** of which the **Named Insured** is not aware at the Reinstatement Date and of which notice is first given to the Company during the portion of the **Annual Period** on or subsequent to the Reinstatement Date and during any Discovery Period in the event Coverage A terminates at the end of such **Annual Period** shall be:
 - (x) any unused portion of the Original Aggregate Limit pertaining to the portion of the **Annual Period** prior to the Reinstatement Date and to any **Occurrences** of which the **Named Insured** is aware at such date; plus
 - (y) the Reinstatement Amount.

In no event shall the aggregate limit of liability under this subparagraph (2)(b)(ii) exceed the Original Aggregate Limit.

- (iii) In no event shall the aggregate limit of liability of the Company in respect of all **Occurrences** of which notice is first given to the Company during the entire **Annual Period** exceed the sum of the Original Aggregate Limit and the Reinstatement Amount.

- (c) The reinstatement premium shall be an amount determined by the Company, but no in event shall this exceed one hundred twenty-five percent (125%) of the total premium for the **Annual Period** in which the reinstatement takes place.

S. DISCOVERY PERIOD

- (1) In the event of **Termination** of Coverage A, other than by reason of cancellation for non-payment of premium or due to institution of a proceeding other than as contemplated by Condition N, the **Named Insured** may elect, prior to the **Termination Date** of such Coverage A, to secure Coverage B for the following **Annual Period** for such **Insureds** as the **Named Insured** shall designate, by giving the Company written notice of such election and paying to the Company the annual premium set forth in the attached Schedule D no later than the date of commencement of such **Annual Period**.
- (2) In the event that the **Named Insured** elects to secure Coverage B pursuant to paragraph (1) above, the **Named Insured** may elect to continue such Coverage B for any number of additional **Annual Periods** by giving the Company written notice of each election for a subsequent **Annual Period** and paying to the Company the corresponding annual premium set forth in the attached Schedule D no later than the end of the **Annual Period** for which such Coverage B was previously elected. If the **Named Insured** shall fail to elect Coverage B for any **Annual Period**, it may not elect Coverage B for any subsequent **Annual Period**.
- (3) For the purpose of application of retentions and limits of liability, notice of an **Occurrence** given during the **Discovery Period** shall be deemed to have been given during the final **Annual Period** in the **Policy Period**. The aggregate limit of liability shall not be reinstated for the **Discovery Period**.

T. FORMER SUBSIDIARIES, AFFILIATES AND ASSOCIATED COMPANIES

If any subsidiary, affiliate or associated company of the **Named Insured** which is an **Insured** hereunder shall cease to be such a subsidiary, affiliate or associated company of the **Named Insured**, then at such time Coverage A shall automatically terminate as to such former subsidiary, affiliate or associated company. Coverage

A shall continue with respect to the **Named Insured** and any other entity which remains an **Insured** for its own liability, if any, arising out of its prior ownership of or affiliation or association with the former subsidiary, affiliate or associated company. At such time of such automatic termination of coverage, Coverage B shall, unless the **Named Insured** otherwise specifies, automatically incept as to such former subsidiary, affiliate or associated company and continue in force for the balance of the **Annual Period**, without additional payment or return of any premium. Prior to the end of the **Annual Period**, such former subsidiary, affiliate or associated company may, with written consent received by the Company from the **Named Insured**, elect to extend Coverage B beyond the end of the **Annual Period** on such terms and conditions, for such period, subject to such limits and for such additional premium as may be agreed with the Company.

U. NOTICE

All notices under any provision of this Policy shall be in writing and given by hand, prepaid express courier, airmail or telecopier properly addressed to the appropriate party and will be deemed as having been effected only upon actual receipt. Notice to any **Insured** may be given to the **Named Insured** at the address shown in Item 1(b) of the Declarations or to such other person as the **Named Insured** shall designate in Item 5 of the Declarations.

V. HEADINGS

The descriptions in the headings and sub-headings of this Policy are inserted solely for convenience and do not constitute any part of the terms or conditions hereof.

IN WITNESS WHEREOF, the Company has caused this Policy to be signed by its duly appointed Authorized Representative.



SCHEDULE D

If the **Named Insured** shall elect to obtain Coverage B pursuant to Condition S of this Policy, the annual premium charge for each **Annual Period** for Coverage B shall be computed by multiplying the premium for the last **Annual Period** in the **Policy Period** by the applicable factor set forth in the following table:

Coverage B

Annual Premium Charge

1st Annual Period	30%
2nd Annual Period	20%
3rd Annual Period	10%
4th Annual Period	10%
5th and each additional Annual Period	9%