ECS FILE: JPA-82-02

INTERGOVERNMENTAL MAINTENANCE AGREEMENT

BETWEEN

A.G. CONTRACT NO. 82-77

THE STATE OF ARIZONA

AND

THE CITY OF DOUGLAS

THIS AGREEMENT, entered into pursuant to Arizona Revised Statutes, Section 11-951 through 11-954, as amended, by and between the STATE OF ARIZONA, acting by and through the ARIZONA DEPARTMENT OF TRANSPORTATION, hereinafter called "STATE", and the CITY OF DOUGLAS, a municipal corporation hereinafter called "CITY".

WHEREAS, the STATE is empowered by Arizona Revised Statutes Section 28-108 to enter into this Agreement and the Director of the Arizona Department of Transportation has delegated to the undersigned his authorization to execute this Agreement on behalf of the STATE;

WHEREAS, the CITY is empowered by Arizona Revised Statutes Section 9-672, to enter into this Agreement, and acting by and through its duly elected governing body, has by that certain resolution attached hereto and incorporated herein as Exhibit "A" resolved to enter into this Agreement and has authorized the undersigned as its representative to execute the same on behalf of said CITY.

Attached to this Agreement and incorporated herein by reference as Exhibit "B" is a copy of the written determination of the appropriate attorney that the CITY is authorized under the law of this State to enter into this Agreement and that it is in proper form.

WHEREAS, it is the mutual benefit of the STATE and the CITY to enter into an agreement covering the maintenance of certain State Highways known as U. S. 80 and U. S. B666, which are State Highways of the STATE OF ARIZONA and which traverse the said CITY OF DOUGLAS over those certain streets which form the necessary and convenient links for the connection of sections of the aforesaid State Highways and for carrying of such State Highways through said CITY, as more particularly set forth upon the map attached hereto and marked Exhibit "C", and by reference made a part hereof.

NO. 7669
FILED WITH SECRETARY OF STATE
Date Filed 3-29-82
Secretary of State

NOW, THEREFORE, in consideration of the mutual covenants hereinafter to be kept by all parties, it is mutually agreed as follows:

1. The CITY shall set aside sufficient funds to accomplish the maintenance responsibilities set forth in this agreement.

2. The STATE shall set aside sufficient funds to accomplish the maintenance and betterment responsibilities within the CITY as set forth by this agreement.

3. That the STATE, acting by and through its Department of Transportation shall, except as otherwise expressly provided in this agreement, have jurisdiction and control over and be responsible for the maintenance and any needed betterments of the highways as delineated upon the map attached hereto and marked Exhibit "C", said jurisdiction, control and responsibility to include:

   a. Betterment of reconstruction of roadway, curbs, sidewalks, medians and channelization.

   b. Bridges and drainage.

   c. Guardrails and fences.

   d. Transportation permits, such as overweight, overwidth, and overheight as prescribed by law.

   e. Routine maintenance of roadway, median and curb.

   f. Permits for highway right of way encroachments and use.

   g. Removal of snow, sand, rock and other debris caused by slides or other causes.

   h. Traffic control devices, including approved crosswalks, signs, striping and curb marking (except street name).

4. That the CITY shall, except as otherwise expressly provided in this agreement have jurisdiction and control over routine maintenance of:

   a. Sidewalks.

   b. Sprinkling.

   c. Electrical devices, including but not limited to traffic signals and intersection lighting, will be covered by separate agreement and will be governed by that agreement.

   d. Street name signs.

e. Routine sweeping and cleaning of roadway, curb and median.

f. Parking signs.

5. That the CITY shall not allow snow, sand, rocks or other hazardous debris to be dozed or swept onto State Highways, except as might occur temporarily during normal maintenance of intersecting streets.

6. That the regulations as set forth on the "Authorized Position of Advertising Signs Along State Highway Right of Way" shall be adhered to as a minimum by the CITY. A copy of said regulations is attached hereto and marked Exhibit "D", and by reference made a part hereof.

7. That the CITY shall furnish adequate evidence of full liability and property damage insurance on all employees engaged in performing duties heretofore agreed to on the State Highway right of way. The CITY will maintain the insurance for the period of this agreement. A copy of the policy is attached hereto and marked Exhibit "E" and by reference made a part hereof.

8. That the CITY will provide traffic control in accordance with the Arizona Department of Transportation Traffic Control Manual for Highway Construction and Maintenance during all maintenance operations by the CITY on the State Highway right of way.

9. All work performed under the provisions of this agreement shall be performed in a manner satisfactory to the Department of Transportation.

10. It is understood that this Agreement will cancel and supersede any previous Agreements for street maintenance, and betterment on those State Highways which traverse within the boundaries of the CITY.

11. This Agreement shall be filed with the Secretary of State and shall become effective on the 1st day of February, 1981, but in no event prior to its being filed with the Secretary of State.

12. It is understood that this Agreement may be amended, or supplemented, by mutual consent of the parties hereto at any time with all other conditions set forth remaining in effect.

13. This Agreement shall remain in force and effect until midnight, January 31, 1982, and shall thereafter be automatically renewed for successive periods of one (1) year, unless either party shall give notice in writing to the other not less than one (1) month nor more than three (3) months prior to the initial expiration date, or of any renewal date hereof, cancelling said Agreement. In event of such notification and upon expiration of the term during which notice is given, this Agreement shall thereupon become of no further force and effect.

14. It is understood that upon the termination of this Agreement for any cause whatsoever, all properties which are the subject matter of this Agreement are declared to be property of the Arizona Department of Transportation.

15. Any disposal of properties subject to this Agreement shall be in a manner as otherwise prescribed by law concerning the disposal of public property.

16. All parties are hereby put on notice that this Agreement is subject to cancellation by the Governor pursuant to Arizona Revised Statutes Section 38-511.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first written above.

STATE OF ARIZONA
Arizona Department of Transportation

BY: _____
Chief Deputy State Engineer

CITY OF DOUGLAS

BY: _____

TITLE: _____

ATTEST: _____
CITY CLERK

RESOLUTION NO. 753

RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF DOUGLAS, ARIZONA, TO ENTER INTO INTERGOVERNMENTAL AGREEMENT WITH THE STATE OF ARIZONA FOR THE MAINTENANCE OF HIGHWAYS U.S. 80 AND U.S. B666 AND AUTHORIZING THE CITY MANAGER TO EXECUTE SAID AGREEMENT:

WHEREAS, there is a need to provide regular routine maintenance along and within the major highway transportation corridors of the City of Douglas.

WHEREAS, the City is determined to provide safe transportation corridors to the citizens of Douglas and the general public.

WHEREAS, the City desires to enhance its image, to reflect its pride in the community.

WHEREAS, the attached agreement reflects joint participation by the City and State to achieve the aformentioned.

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and City Council of the City of Douglas, that the City enter into an Intergovernmental Maintenance Agreement with the State of Arizona acting by and through the Arizona Department of Transportation to be effective on being filed with the Secretary of State;

BE IT FURTHER RESOLVED, that the City Manager of Douglas is authorized, empowered and directed to execute said agreement on behalf of the City.

PASSED this 12th day of November 1981 by the Mayor and City Council of the City of Douglas, Arizona.

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

ATTORNEY

Exhibit "A"

R17-3-712

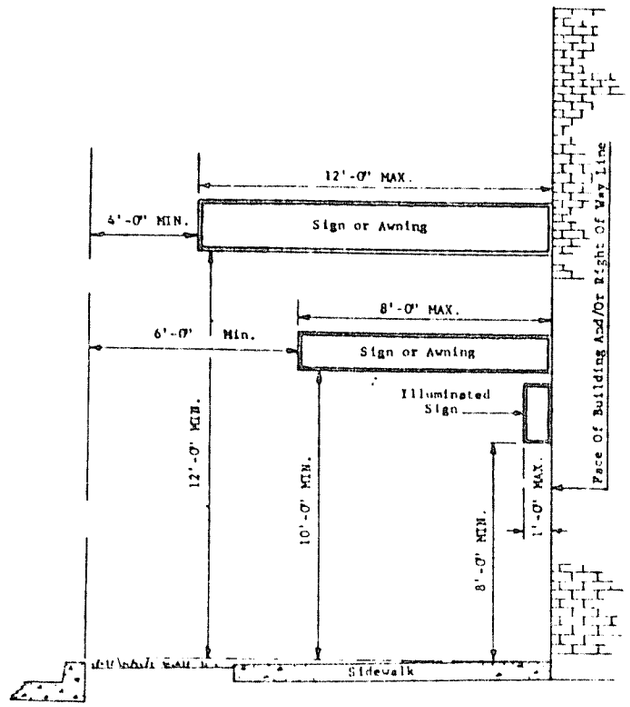
TRANSPORTATION

Title 17

AUTHORIZED POSITION OF ADVERTISING SIGNS

ALONG STATE HIGHWAY RIGHT OF WAY

EXHIBIT "D"



PERMIT NEEDED

GENERAL NOTES

1. A permit is required for all encroaching overhanging signs and awnings. These signs and awnings are permitted in curbed urban sections for on premise advertising.

2. No advertising signs are allowed on any Interstate or Rural highway rights of way. Signs on Frontage Roads within Highway R/W in urban areas are permitted by this standard.

3. Signs with words "Stop", "Slowdown", etc. or signs similar in shape or color to official traffic signs are not permitted.

4. Lengths of signs and awnings may vary as shown except where City or County ordinances provide smaller maximums.

5. Illuminated signs attached to a building facing the R/W are permitted as shown.

6. An outdoor advertising permit is required for off premise signs.

7. Ground supported or portable signs shall not be placed within any right of way areas.

ARIZONA
DEPARTMENT OF TRANSPORTATION
HIGHWAYS DIVISION
STANDARD PLANS

PERMIT REGULATIONS
FOR SIGNS AND AWNINGS

RESOLUTION

Be it resolved on this date, March 24, 1982 I, WILLIAM A. ORDWAY, the below undersigned Director, Department of Transportation, have determined that it is to be to the advantage of the State of Arizona that the Department of Transportation, acting by and through the Highways Division, and the City of Douglas, enter into the intergovernmental agreement for the purpose of maintaining certain highways known as US 80 and US B666, which are state highways of the State of Arizona and which traverse the said City of Douglas over those certain streets which form the necessary and convenient links for the connection of sections of the aforesaid state highways and for carrying of such state highways through said City.

WILLIAM A. ORDWAY
Arizona Department of Transportation

DETERMINATION

The Office of the City Attorney of Douglas, Arizona has determined that the City of Douglas is authorized under the laws of the State of Arizona to enter into that agreement entitled Intergovernmental Maintenance Agreement between the State of Arizona and City of Douglas, Arizona, which Agreement was authorized at the City Council meeting of November 12, 1981 and by Resolution No. 753 .

CITY OF DOUGLAS ARIZONA

OFFICE OF THE CITY ATTORNEY

By _____
Its City Attorney

Exhibit "B"

OFFICE OF THE
Attorney General
TRANSPORTATION DIVISION
1275 WEST WASHINGTON
PHOENIX, ARIZONA 85007
(602) 255-1680

ROBERT K. CORBIN
ATTORNEY GENERAL

INTERGOVERNMENTAL AGREEMENT

DETERMINATION

A. G. Contract No. 82-77, which is an agreement between public agencies, has been reviewed pursuant to A.R.S. Sec. 11-952, as amended, by the undersigned Assistant Attorney General who has determined that it is in the proper form and is within the powers and authority granted to the State or its agencies under the laws of the State of Arizona.

No opinion is expressed as to the authority of the remaining parties, other than the State or its agencies, to enter into said agreement.

DATED this 17th day of February, 1982.

ROBERT K. CORBIN
Attorney General

Allut Mozer
Assistant Attorney General
Transportation Division

No. GLA 1321

New
RENEWAL OF NUMBER

STOCK COMPANY

Mead Reinsurance

Mead Reinsurance Corporation
Freeport, Illinois
61032

Underwriting Offices:
Patricia Fleischman, Inc.
85 John Street
New York, N.Y. 10038

FRED. S. JAMES & CO. OF ARIZONA
4911 E. BROADWAY - SUITE 100
P. O. BOX 12099
TUCSON, ARIZONA 85732
747-0747

DECLARATIONS

Item 1. Named Insured and Address: (No., Street, Town or City, County, State)

City of Douglas
425 Tenth Street
Douglas, Arizona 85607

Item 2. Policy Period: (Mo. Day Yr.)

From 9/10/81 to 9/10/82

12:01 A.M., standard time at the address of the **named insured** as stated herein.

The named insured is:

☐ Individual ☐ Partnership ☐ Corporation ☐ Joint Venture ☒ Other: Public Entity

Business of the named insured is: (ENTER BELOW)
Municipal

Audit Period: Annual, unless otherwise stated. (ENTER BELOW)

Item 3. The insurance afforded is only with respect to the Coverage Part(s) indicated below by specific premium charge(s) and attached to and forming a part of this policy.

Advance Premiums	Coverage Part No(s).	Coverage Part(s)	Advance Premiums	Coverage Part No(s).	Coverage Part(s)
$		Automobile Medical Payments Insurance	$		Hospital Professional Liability Insurance
$		Automobile Physical Damage Insurance (Dealers)	$		Manufacturers' and Contractors' Liability Insurance
$		Automobile Physical Damage Insurance (Fleet Automatic)	$		Owner's and Contractor's Protective Liability Insurance
$		Automobile Physical Damage Insurance (Non-Fleet)	$		Owners', Landlords' and Tenants' Liability Insurance
$		Basic Automobile Liability Insurance	$		Personal Injury Liability Insurance
$		Completed Operations and Products Liability Insurance	$		Physicians', Surgeons' and Dentists' Professional Liability Insurance
$ Incl	Per manu.	Comprehensive Automobile Liability Insurance	$		Premises Medical Payments Insurance
$ Incl	Form	Comprehensive General Liability Insurance	$		Special Protective and Highway Liability Insurance New York Department of Transportation
$		Comprehensive Personal Insurance			
$		Contractual Liability Insurance	$		Storekeeper's Insurance
$		Druggists' Liability Insurance	$		Uninsured Motorists Insurance
$		Elevator Collision Insurance	$		
$		Farm Employers' Liability and Farm Employees' Medical Payments Insurance	$		
$		Farmer's Comprehensive Personal Insurance			
$		Farmer's Medical Payments Insurance	$		
$		Garage Insurance			
$		PFI-Open-1			Form numbers of endorsements, other than those entered on Coverage Part(s), attached at issue
$ 40,000	Total Advance Premium for this policy.				

RECEIVED
NOV 23 1981
G. B. OHNESORGEN

* If the Policy Period is more than one year and the premium is to be paid in installments, premium is payable on:

Effective Date	1st Anniversary	2nd Anniversary
$	$	$

Item 4. During the past three years no insurer has cancelled insurance, issued to the **named insured**, similar to that afforded hereunder, unless otherwise stated herein:

Countersigned: 9/25/81

*Not applicable in Texas

By [signature]
Authorized Representative

Ptd. in U.S.A.

PFI-2-(5/79) 1000

Exhibit "E"

MEAD REINSURANCE CORPORATION

(a stock insurance company, herein called the company)

in consideration of the payment of the premium, in reliance upon the statements in the declarations made a part hereof and subject to all of the terms of this policy, agrees with the named insured as follows:

DEFINITIONS

When used in this policy (including endorsements forming a part hereof):

"automobile" means a land motor vehicle, trailer or semi-trailer designed for travel on public roads (including any machinery or apparatus attached thereto), but does not include **mobile equipment;**

"bodily injury" means bodily injury, sickness or disease sustained by any person which occurs during the policy period, including death at any time resulting therefrom;

"collapse hazard" includes "structural property damage" as defined herein and **property damage** to any other property at any time resulting therefrom. "Structural property damage" means the collapse of or structural injury to any building or structure due to (1) grading of land, excavating, borrowing, filling, back-filling, tunnelling, pile driving, cofferdam work or caisson work or (2) moving, shoring, underpinning, raising or demolition of any building or structure or removal or rebuilding of any structural support thereof. The **collapse hazard** does not include **property damage** (1) arising out of operations performed for the **named insured** by independent contractors, or (2) included within the **completed operations hazard** or the **underground property damage hazard,** or (3) for which liability is assumed by the **insured** under an **incidental contract;**

"completed operations hazard" includes **bodily injury** and **property damage** arising out of operations or reliance upon a representation or warranty made at any time with respect thereto, but only if the **bodily injury** or **property damage** occurs after such operations have been completed or abandoned and occurs away from premises owned by or rented to the **named insured.** "Operations" include materials, parts or equipment furnished in connection therewith. Operations shall be deemed completed at the earliest of the following times:

(1) when all operations to be performed by or on behalf of the **named insured** under the contract have been completed.

(2) when all operations to be performed by or on behalf of the **named insured** at the site of the operations have been completed, or

(3) when the portion of the work out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

Operations which may require further service or maintenance work, or correction, repair or replacement because of any defect or deficiency, but which are otherwise complete, shall be deemed completed.

The **completed operations hazard** does not include **bodily injury** or **property damage** arising out of

(a) operations in connection with the transportation of property, unless the **bodily injury** or **property damage** arises out of a condition in or on a vehicle created by the loading or unloading thereof,

(b) the existence of tools, uninstalled equipment or abandoned or unused materials, or

(c) operations for which the classification stated in the policy or in the company's manual specifies "including completed operations";

"elevator" means any hoisting or lowering device to connect floors or landings, whether or not in service, and all appliances thereof including any car, platform, shaft, hoistway, stairway, runway, power equipment and machinery; but does not include an **automobile** servicing hoist, or a hoist without a platform outside a building if without mechanical power or if not attached to building walls, or a hod or material hoist used in alteration, construction or demolition operations, or an inclined conveyor used exclusively for carrying property or a dumbwaiter used exclusively for carrying property and having a compartment height not exceeding four feet;

"explosion hazard" includes **property damage** arising out of blasting or explosion. The **explosion hazard** does not include **property damage** (1) arising out of the explosion of air or steam vessels, piping under pressure, prime movers, machinery or power transmitting equipment, or (2) arising out of operations performed for the **named insured** by independent contractors, or (3) included within the **completed operations hazard** or the **underground property damage hazard, or (4) for** which liability is assumed by the **insured** under an **incidental contract;**

"incidental contract" means any written (1) lease of premises, (2) easement agreement, except in connection with construction or demolition operations on or adjacent to a railroad, (3) undertaking to indemnify a municipality required by municipal ordinance, except in connection with work for the **municipality, (4) side-track** agreement, or (5) **elevator** maintenance agreement;

"insured" means any person or organization qualifying as an insured in the "Persons Insured" provision of the applicable insurance coverage. The insurance afforded applies separately to each **insured** against whom claim is made or suit is brought, except with respect to the limits of the company's liability;

"mobile equipment" means a land vehicle (including any machinery or apparatus attached thereto), whether or not self-propelled, (1) not subject to motor vehicle registration, or (2) maintained for use exclusively on premises owned by or rented to the **named insured,** including the ways immediately adjoining, or (3) designed for use principally off public roads, or (4) designed or maintained for the sole purpose of affording mobility to equipment of the following types forming an integral part of or permanently attached to such vehicle: power cranes, shovels, loaders, diggers and drills; concrete mixers (other than the mix-in-transit type); graders, scrapers, rollers and other road construction or repair equipment; air-compressors, pumps and generators, including spraying, welding and building cleaning equipment; and geophysical exploration and well servicing equipment;

"named insured" means the person or organization named in Item 1. of the declarations of this policy;

"named insured's products" means goods or products manufactured, sold, handled or distributed by the **named insured** or by others trading under his name, including any container thereof (other than a vehicle), but **"named insured's products"** shall not include a vending machine or any property other than such container, rented to or located for use of others but not sold;

"occurrence" means an accident, including continuous or repeated exposure to conditions, which results in **bodily injury** or **property damage** neither expected nor intended from the standpoint of the **insured;**

"policy territory" means:

(1) the United States of America, its territories or possessions, or Canada, or

(2) international waters or air space, provided the **bodily injury** or **property damage** does not occur in the course of travel or transportation to or from any other country, state or nation, or

(3) anywhere in the world with respect to damages because of **bodily injury** or **property damage** arising out of a product which was sold for use or consumption within the territory described in paragraph (1) above, provided the original suit for such damages is brought within such territory;

"products hazard" includes **bodily injury** and **property damage** arising out of the **named insured's products** or reliance upon a representation or warranty made at any time with respect thereto, but only if the **bodily injury** or **property damage** occurs away from premises owned by or rented to the **named insured** and after physical possession of such products has been relinquished to others;

"property damage" means (1) physical injury to or destruction of tangible property which occurs during the policy period, including the loss of use thereof at any time resulting therefrom, or (2) loss of use of tangible property which has not been physically injured or destroyed provided such loss of use is caused by an **occurrence** during the policy period;

"underground property damage hazard" includes underground property damage as defined herein and **property damage** to any other property at any time resulting therefrom. "Underground property damage" means **property damage** to wires, conduits, pipes, mains, sewers, tanks, tunnels, any similar property, and any apparatus in connection therewith, beneath the surface of the ground or water, caused by and occurring during the use of mechanical equipment for the purpose of grading land, paving, excavating, drilling, borrowing, filling, back-filling or pile driving. The **underground property damage hazard** does not include **property damage** (1) arising out of operations performed for the **named insured** by independent contractors, or (2) included within the **completed operations hazard,** or (3) for which liability is assumed by the **insured** under an **incidental contract.**

SUPPLEMENTARY PAYMENTS

The company will pay, in addition to the applicable limit of liability:

(a) all expenses incurred by the company, all costs taxed against the **insured** in any suit defended by the company and all interest on the entire amount of any judgment therein which accrues after entry of the judgment and before the company has paid or tendered or deposited in court that part of the judgment which does not exceed the limit of the company's liability thereon;

(b) premiums on appeal bonds required in any such suit, premiums on bonds to release attachments in any such suit for an amount not in excess of the applicable limit of liability of this policy, and the [illegible] of bail bonds required of the **insured** because of accident or traffic law violation arising out of the use of any vehicle to which this policy applies, not to exceed $250 per bail bond, but the company shall have no obligation to apply for or furnish any such bonds;

(c) expenses incurred by the **insured** for first aid to others at the time of an accident, for **bodily injury** to which this policy applies;

(d) reasonable expenses incurred by the **insured** at the company's request in assisting the company [illegible] the investigation or defense of any claim or suit, including actual loss of [illegible] ings not to exceed $25 per day.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT
(BROAD FORM)

This endorsement modifies the provisions of this policy relating to **ALL AUTOMOBILE LIABILITY, GENERAL LIABILITY AND MEDICAL PAYMENTS INSURANCE OTHER THAN FAMILY AUTOMOBILE, SPECIAL PACKAGE AUTOMOBILE, COMPREHENSIVE PERSONAL AND FARMER'S COMPREHENSIVE PERSONAL INSURANCE.**

It is agreed that:

I. This policy does not apply:

A. Under any Liability Coverage, to **bodily injury** or **property damage**

(1) 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 limit of liability; or

(2) resulting from the **hazardous properties** of **nuclear material** and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) 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 organization.

B. Under any Medical Payments Coverage, or under any Supplementary Payments provision relating to first aid, to expenses incurred with respect to **bodily injury** resulting from the **hazardous properties** of **nuclear material** and arising out of the operation of a **nuclear facility** by any person or organization.

C. Under any Liability Coverage, to **bodily injury** or **property damage** resulting from the **hazardous properties** of **nuclear material**, if

(1) the **nuclear material** (a) is at any **nuclear facility** owned by, or operated by or on behalf of, an **insured** or (b) has been discharged or dispersed therefrom;

(2) the **nuclear material** is contained in **spent fuel** or **waste** at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an **insured**; or

(3) the **bodily injury** or **property damage** 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 any **nuclear facility**, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to **property damage** to such **nuclear facility** and any property thereat.

II. As used in this endorsement:

"hazardous properties" include radioactive, toxic or explosive properties;

"nuclear material" means **source material, special nuclear material** or **byproduct material**;

"source material", **"special nuclear material"**, and **"byproduct material"** have the meanings given them in the Atomic Energy Act of 1954 or in any 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 (1) containing **byproduct material** and (2) resulting from the operation by any person or organization of any **nuclear facility** included within the definition of **nuclear facility** under paragraph (a) or (b) thereof;

"nuclear facility" means

(a) any **nuclear reactor**,

(b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing **spent fuel**, or (3) handling, processing or packaging **waste**,

(c) 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 the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,

(d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of **waste**,

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

"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;

"property damage" includes all forms of radioactive contamination of property.

NEW YORK EXCEPTION: The "Nuclear Energy Liability Exclusion Endorsement (Broad Form)" does not apply to Automobile Liability Insurance in New York.

Attach Coverage Part(s) and Endorsement(s) (If Any) Here

CONDITIONS

1. Premium: All premiums for this policy shall be computed in accordance with the company's rules, rates, rating plans, premiums and minimum premiums applicable to the insurance afforded herein.

Premium designated in this policy as "advance premium" is a deposit premium only which shall be credited to the amount of the earned premium due at the end of the policy period. At the close of each period (or part thereof terminating with the end of the policy period) designated in the declarations as the audit period the earned premium shall be computed for such period and, upon notice thereof to the **named insured**, shall become due and payable. If the total earned premium for the policy period is less than the premium previously paid, the company shall return to the **named insured** the unearned portion paid by the **named insured.**

The **named insured** shall maintain records of such information as is necessary for premium computation, and shall send copies of such records to the company at the end of the policy period and at such times during the policy period as the company may direct.

2. Inspection and Audit: The company shall be permitted but not obligated to inspect the **named insured's** property and operations at any time. Neither the company's right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the **named insured** or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

The company may examine and audit the **named insured's** books and records at any time during the policy period and extensions thereof and within three years after the final termination of this policy, as far as they relate to the subject matter of this insurance.

3. Financial Responsibility Laws: When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, such insurance as is afforded by this policy for **bodily injury** liability or for **property damage** liability shall comply with the provisions of such law to the extent of the coverage and limits of liability required by such law. The **insured** agrees to reimburse the company for any payment made by the company which it would not have been obligated to make under the terms of this policy except for the agreement contained in this paragraph.

4. Insured's Duties in the Event of Occurrence, Claim or Suit:

(a) In the event of an **occurrence,** written notice containing particulars sufficient to identify the **insured** and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the injured and of available witnesses, shall be given by or for the **insured** to the company or any of its authorized agents as soon as practicable.

(b) If claim is made or suit is brought against the **insured,** the insured shall immediately forward to the company every demand, notice, summons or other process received by him or his representative.

(c) The **insured** shall cooperate with the company and, upon the company's request, assist in making settlements, in the conduct of suits and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the **insured** because of injury or damage with respect to which insurance is afforded under this policy; and the **insured** shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The **insured** shall not, except at his own cost, voluntarily make any payment, assume any obligation or incur any expense other than for first aid to others at the time of accident.

5. Action Against Company: No action shall lie against the company unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this policy, nor until the amount of the **insured's** obligation to pay shall have been finally determined either by judgment against the **insured** after actual trial or by written agreement of the **insured,** the claimant and the company.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. No person or organization shall have any right under this policy to join the company as a party to any action against the **insured** to determine the **insured's** liability, nor shall the company be impleaded by the **insured** or his legal representative. Bankruptcy or insolvency of the **insured** or of the **insured's** estate shall not relieve the company of any of its obligations hereunder.

6. Other Insurance: The insurance afforded by this policy is primary insurance, except when stated to apply in excess of or contingent upon the absence of other insurance. When this insurance is primary and the **insured** has other insurance which is stated to be applicable to the loss on an excess or contingent basis, the amount of the company's liability under this policy shall not be reduced by the existence of such other insurance.

When both this insurance and other insurance apply to the loss on the same basis, whether primary, excess or contingent, the company shall not be liable under this policy for a greater proportion of the loss than that stated in the applicable contribution provision below:

(a) **Contribution by Equal Shares.** If all of such other valid and collectible insurance provides for contribution by equal shares, the company shall not be liable for a greater proportion of such loss than would be payable if each insurer contributes an equal share until the share of each insurer equals the lowest applicable limit of liability under any one policy or the full amount of the loss is paid, and with respect to any amount of loss not so paid the remaining insurers then continue to contribute equal shares of the remaining amount of the loss until each such insurer has paid its limit in full or the full amount of the loss is paid.

(b) **Contribution by Limits.** If any of such other insurance does not provide for contribution by equal shares, the company shall not be liable for a greater proportion of such loss than the applicable limit of liability under this policy for such loss bears to the total applicable limit of liability of all valid and collectible insurance against such loss.

7. Subrogation: In the event of any payment under this policy, the company shall be subrogated to all the **insured's** rights of recovery therefor against any person or organization and the **insured** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The **insured** shall do nothing after loss to prejudice such rights.

8. Changes: Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy or estop the company from asserting any right under the terms of this policy; nor shall the terms of this policy be waived or changed, except by endorsement issued to form a part of this policy.

9. Assignment: Assignment of interest under this policy shall not bind the company until its consent is endorsed hereon; if, however, the **named insured** shall die, such insurance as is afforded by this policy shall apply (1) to the **named insured's** legal representative, as the **named insured,** but only while acting within the scope of his duties as such, and (2) with respect to the property of the **named insured,** to the person having proper temporary custody thereof, as **insured,** but only until the appointment and qualification of the legal representative.

10. Three Year Policy: If this policy is issued for a period of three years any limit of the company's liability stated in this policy as "aggregate" shall apply separately to each consecutive annual period thereof.

11. Cancellation: This policy may be cancelled by the **named insured** by surrender thereof to the company or any of its authorized agents or by mailing to the company written notice stating when thereafter the cancellation shall be effective. This policy may be cancelled by the company by mailing to the **named insured** at the address shown in this policy, written notice stating when not less than ten days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of surrender or the effective date and hour of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the **named insured** or by the company shall be equivalent to mailing.

If the **named insured** cancels, earned premium shall be computed in accordance with the customary short rate table and procedure. If the company cancels, earned premium shall be computed pro rata. Premium adjustment may be made either at the time cancellation is effected or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

12. Declarations: By acceptance of this policy, the **named insured** agrees that the statements in the declarations are his agreements and representations, that this policy is issued in reliance upon the truth of such representations and that this policy embodies all agreements existing between himself and the company or any of its agents relating to this insurance.

In Witness Whereof, the company 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 company.

George J. Maly Jr. *Secretary*

President.

INSURING AGREEMENT

COVERAGE A - BODILY INJURY LIABILITY

COVERAGE B - PROPERTY DAMAGE LIABILITY

COVERAGE C - ERRORS AND OMISSIONS LIABILITY

COVERAGE D - PERSONAL INJURY LIABILITY

THE "COMPANY" WILL INDEMNIFY THE INSURED FOR ULTIMATE NET LOSS IN EXCESS OF THE RETAINED LIMIT HEREINAFTER STATED WHICH THE INSURED SHALL BECOME LEGALLY OBLIGATED TO PAY BY REASON OF LIABILITY IMPOSED BY LAW, OR LIABILITY ASSUMED BY CONTRACT, INSOFAR AS THE NAMED INSURED MAY LEGALLY DO SO, FOR DAMAGES BECAUSE OF:

A. BODILY INJURY OR

B. PROPERTY DAMAGE OR

C. ERRORS AND OMISSIONS OR

D. PERSONAL INJURY

TO WHICH THIS POLICY APPLIES, CAUSED BY AN OCCURRENCE WHICH TAKES PLACE DURING THE POLICY PERIOD.

DEFENSE, SETTLEMENT AND SUPPLEMENTARY PAYMENTS

THE "COMPANY" SHALL HAVE THE RIGHT AND OPPORTUNITY TO ASSOCIATE WITH THE INSURED IN THE DEFENSE AND CONTROL OF ANY CLAIM OR PROCEEDING ARISING OUT OF AN OCCURRENCE REASONABLY LIKELY TO INVOLVE THE "COMPANY". IN SUCH EVENT, THE INSURED AND THE "COMPANY" SHALL COOPERATE FULLY.

SHOULD ANY OCCURRENCE APPEAR LIKELY TO EXCEED THE RETAINED LIMIT, NO LOSS EXPENSES OR LEGAL EXPENSES SHALL BE INCURRED ON BEHALF OF THE "COMPANY" WITHOUT ITS PRIOR CONSENT. SUCH CONSENT SHALL NOT BE UNREASONABLY WITHHELD. SHOULD ANY CLAIM ARISING FROM SUCH OCCURRENCE BE ADJUSTED PRIOR TO TRIAL COURT JUDGEMENT FOR A TOTAL AMOUNT NOT MORE THAN THE RETAINED LIMIT, THEN NO LOSS EXPENSE OR LEGAL EXPENSE SHALL BE PAYABLE BY THE "COMPANY". HOWEVER, SHOULD THE TOTAL AMOUNT FOR WHICH SUCH CLAIM MIGHT BE ADJUSTED PRIOR TO SUCH JUDGEMENT EXCEED THE RETAINED LIMIT, THEN, IF THE "COMPANY" CONSENTS TO FURTHER TRIAL COURT PROCEEDINGS, IT SHALL CONTRIBUTE TO LEGAL EXPENSES IN THE RATIO WHICH ITS PROPORTION OF THE LIABILITY FOR THE JUDGEMENT RENDERED, OR SETTLEMENT MADE, BEARS THE WHOLE AMOUNT OF SAID JUDGEMENT OR SETTLEMENT, HOWEVER, IN NO EVENT SHALL THE INSURED'S PARTICIPATION IN SUCH LEGAL EXPENSES EXCEED THE RETAINED LIMIT SHOWN IN [illegible] 1A AND 1B OF THE DECLARATIONS.

RETAI) LIMIT THE COMPANY'S LIMIT O. :ABILITY

REGARDLESS OF THE NUMBER OF (1) INSUREDS UNDER THIS POLICY, (2) PERSONS OR ORGANIZATIONS WHO SUSTAIN INJURY OR DAMAGE, OR (3) CLAIMS MADE OR SUITS BROUGHT ON ACCOUNT OF BODILY INJURY, PROPERTY DAMAGE, ERRORS AND OMISSIONS OR PERSONAL INJURY, THE "COMPANY'S" LIABILITY IS LIMITED AS FOLLOWS:

> WITH RESPECT TO BODILY INJURY OR PROPERTY DAMAGE OR ERRORS AND OMISSIONS OR PERSONAL INJURY OR ANY COMBINATION THEREOF, THE "COMPANY'S" LIABILITY SHALL BE ONLY FOR THE ULTIMATE NET LOSS IN EXCESS OF THE INSURED'S RETAINED LIMIT AS SPECIFIED IN ITEM 1 OF THE LIMITS OF LIABILITY SECTION OF THE DECLARATIONS AS THE RESULT OF ANY ONE OCCURENCE,AND THEN FOR AN AMOUNT NOT EXCEEDING THE AMOUNT SPECIFIED IN ITEM 2 OF THE LIMITS OF LIABILITY SECTION OF THE DECLARATIONS AS THE RESULT OF ANY ONE OCCURRENCE.

THERE IS NO LIMIT TO THE NUMBER OF OCCURRENCES DURING THE POLICY PERIOD FOR WHICH CLAIMS MAY BE MADE, EXCEPT THAT THE LIABILITY OF THE "COMPANY" ARISING OUT OF EITHER THE PRODUCTS HAZARD OR THE COMPLETED OPERATIONS HAZARD, OR BOTH COMBINED, OR OUT OF ERRORS AND OMISSIONS, BECAUSE OF ALL OCCURRENCES DURING EACH POLICY YEAR SHALL NOT EXCEED THE AMOUNT SPECIFIED IN ITEM 3 OF THE LIMIT OF LIABILITY SECTION OF THE DECLARATIONS.

FOR THE PURPOSE OF DETERMINING THE LIMIT OF THE "COMPANY'S" LIABILITY, ALL DAMAGES ARISING OUT OF CONTINUOUS OR REPEATED EXPOSURE TO SUBSTANTIALLY THE SAME GENERAL CONDITIONS SHALL BE CONSIDERED AS ARISING OUT OF ONE OCCURRENCE.

PERSONS INSURED

EACH OF THE FOLLOWING IS AN INSURED TO THE EXTENT SET FORTH BELOW:

A. THE NAMED INSURED;

B. WHILE ACTING WITHIN THE SCOPE OF HIS EMPLOYMENT AS SUCH:

(1) ANY OFFICER, SERVANT OR EMPLOYEE OF THE NAMED INSURED, EXCEPT THAT THE INSURANCE SO PROVIDED ANY OFFICER, SERVANT OR EMPLOYEE DOES NOT APPLY TO BODILY INJURY OR TO DEATH OF ANOTHER OFFICER, SERVANT OR EMPLOYEE OF THE NAMED INSURED INJURED IN THE COURSE OF AND ARISING OUT OF HIS EMPLOYMENT;

(2) ANY MEMBER OF BOARDS OR COMMISSIONS OF THE NAMED INSURED;

C. UNDER COVERAGE A AND B, ANY PERSON WHILE USING AN OWNED AUTOMOBILE OR HIRED AUTOMOBILE AND ANY PERSON OR ORGANIZATION LEGALLY RESPONSIBLE FOR THE USE THEREOF, PROVIDED THE ACTUAL USE OF THE AUTOMOBILE IS BY OR WITH THE PERMISSION OF THE NAMED INSURED.

THE INSURANCE WITH RESPECT TO ANY PERSON OR ORGANIZATION OTHER THAN THE NAMED INSURED DOES NOT APPLY UNDER DIVISION (C) OF THIS INSURING AGREEMENT:

(1) TO ANY PERSON OR ORGANIZATION, OR TO ANY AGENT OR EMPLOYEE THEREOF, ENGAGED IN SELLING, REPAIRING, SERVICING, DELIVERING, TESTING, ROAD TESTING, PARKING OR STORING AUTOMOBILES, WITH RESPECT TO ANY OCCURRENCE ARISING OUT OF ANY SUCH OCCUPATION, IF THERE IS OTHER VALID AND COLLECTIBLE INSURANCE AVAILABLE TO SUCH PERSON AS NAMED INSURED OR AS AN AGENT OR EMPLOYEE OF A NAMED INSURED UNDER THE POLICY WITH LIMITS AT LEAST EQUAL TO THE REQUIREMENTS OF THE APPLICABLE FINANCIAL RESPONSIBILITY LAWS;

(2) WITH RESPECT TO ANY HIRED AUTOMOBILE, TO THE OWNER, OR A LESSEE THEREOF OTHER THAN THE NAMED INSURED, OR TO ANY AGENT OR EMPLOYEE OF SUCH OWNER OR LESSEE.

EXCLUSIONS

THIS POLICY DOES NOT APPLY:

A. TO BODILY INJURY OR PROPERTY ARISING OUT OF THE OWNERSHIP, MAINTENANCE, OPERATION, USE, LOADING OR UNLOADING OF ANY AIRCRAFT OWNED OR OPERATED BY OR RENTED OR LOANED TO ANY INSURED, OR ANY OTHER AIRCRAFT OPERATED BY ANY PERSON IN THE COURSE OF HIS EMPLOYMENT BY AN INSURED;

B. TO ANY OBLIGATION FOR WHICH THE INSURED OR ANY CARRIER AS HIS INSURER MAY BE HELD LIABLE UNDER ANY WORKERS COMPENSATION, UNEMPLOYMENT COMPENSATION OR DISABILITY BENEFITS LAW, OR UNDER ANY SIMILAR LAW;

C. EXCEPT WITH RESPECT TO LIABILITY ASSUMED BY THE INSURED UNDER CONTRACT, TO BODILY INJURY TO OR SICKNESS, DISEASE OR DEATH OF ANY EMPLOYEE OF THE INSURED ARISING OUT OF AND IN THE COURSE OF HIS EMPLOYMENT BY THE INSURED;

D. TO INJURY TO OR DESTRUCTION OF (1) PROPERTY OWNED BY THE INSURED, OR (2) PROPERTY RENTED OR LEASED TO THE INSURED WHERE THE INSURED HAS ASSUMED LIABILITY FOR DAMAGE TO OR DESTRUCTION OF SUCH PROPERTY UNLESS THE NAMED INSURED WOULD HAVE BEEN LIABLE IN THE ABSENCE OF SUCH ASSUMPTION OF LIABILITY, OR (3) AIRCRAFT IN THE CARE, CUSTODY OR CONTROL OF ANY INSURED;

E. UNDER COVERAGE C TO (1) LIABILITY OF THE INSURED ARISING IN WHOLE, OR IN PART, OUT OF ANY INSURED OBTAINING REMUNERATION OR FINANCIAL GAIN TO WHICH THE INSURED WAS NOT LEGALLY ENTITLED, (2) LIABILITY ARISING OUT OF THE WILLFUL VIOLATION OF A PENAL CODE OR ORDINANCE COMMITTED BY OR WITH THE KNOWLEDGE OR CONSENT OF ANY INSURED; EXCEPT THAT ANY FACT PERTAINING TO ANY ONE INSURED SHALL NOT BE IMPUTED TO ANY OTHER INSURED FOR THE PURPOSE OF DETERMINING THE APPLICATION OF THESE EXCLUSIONS;

F. UNDER COVERAGE C TO (1) LIABILITY OF ANY INSURED ARISING OUT OF ESTIMATES OF PROBABLE COSTS OR COST ESTIMATES BEING EXCEEDED OR FAULTY PREPARATION OF BID SPECIFICATIONS OR PLANS, OR (2) TO INJURY TO, DESTRUCTION OR DISAPPEARANCE OF ANY TANGIBLE PROPERTY (INCLUDING MONEY) OR THE LOSS OF USE THEREOF;

G. TO ANY LIABILITY ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE OPERATION OF THE PRINCIPLES OF EMINANT DOMAIN, CONDEMNATION PROCEEDINGS, OR INVERSE CONDEMNATION, BY WHATEVER NAME CALLED, WHETHER SUCH LIABILITY ACCRUES DIRECTLY AGAINST THE INSURED OR BY VIRTURE OF ANY AGREEMENT ENTERED INTO BY OR ON BEHALF OF THE INSURED.

H. TO BODILY INJURY OR PROPERTY DAMAGE ARISING OUT OF THE DISCHARGE, DISPERSAL, RELEASE OR ESCAPE OF SMOKE, VAPORS, SOOT, FUMES, ACIDS, ALKALIS, TOXIC CHEMICALS, LIQUIDS OR GASES, WASTE MATERIAL OR OTHER IRRITANTS, CONTAMINANTS OR POLLUTANTS INTO OR UPON LAND, THE ATMOSPHERE OR ANY WATER COURSE OF BODY OF WATER; BUT THIS EXCLUSION DOES NOT APPLY IF SUCH DISCHARGE, DISPERSAL, RELEASE OR ESCAPE IS SUDDEN AND ACCIDENTAL.

DEFINITIONS

"AUTOMOBILE". EXCEPT WHERE STATED TO THE CONTRARY, THE WORD "AUTOMOBILE" MEANS A LAND MOTOR VEHICLE OR TRAILER AS FOLLOWS:

A. OWNED AUTOMOBILE - AN AUTOMOBILE OWNED BY THE NAMED INSURED;

B. HIRED AUTOMOBILE - AN AUTOMOBILE USED UNDER CONTRACT IN BEHALF OF, OR LOANED TO, THE NAMED INSURED PROVIDED SUCH AUTOMOBILE IS NOT OWNED BY OR REGISTERED IN THE NAME OF (A) THE NAMED INSURED OR (B) AN OFFICER, SERVANT OR EMPLOYEE OF THE NAMED INSURED WHO IS GRANTED AN OPERATING ALLOWANCE OF ANY SORT FOR THE USE OF SUCH AUTOMOBILE;

C. NON-OWNED AUTOMOBILE - ANY OTHER AUTOMOBILE

THE FOLLOWING DESCRIBED EQUIPMENT SHALL BE DEEMED AN AUTOMOBILE WHILE TOWED BY OR CARRIED ON AN AUTOMOBILE NOT SO DESCRIBED, BUT NOT OTHERWISE: IF OF THE CRAWLER-TYPE, ANY TRACTOR, POWER CRANE OR SHOVEL, DITCH OR TRENCH DIGGER; ANY FARM-TYPE TRACTOR; ANY CONCRETE MIXER OTHER THAN OF THE MIX-IN TRANSIT TYPE; ANY GRADER, SCRAPER, ROLLER OR FARM IMPLEMENT; AND, IF NOT SUBJECT TO MOTOR VEHICLE REGISTRATION, ANY OTHER EQUIPMENT NOT SPECIFIED BELOW, WHICH IS DESIGNED FOR USE PRINCIPALLY OFF PUBLIC ROADS.

THE FOLLOWING DESCRIBED EQUIPMENT SHALL BE DEEMED AN AUTOMOBILE WHILE TOWED BY OR CARRIED ON AN AUTOMOBILE AS ABOVE DEFINED SOLELY FOR PURPOSES OF TRANSPORTATION OR WHILE BEING OPERATED SOLELY FOR LOCOMOTION, BUT NOT OTHERWISE. IF OF THE NON-CRAWLER TYPE, ANY POWER CRANE OR SHOVEL, DITCH OR TRENCH DIGGER; AND ANY AIR COMPRESSING, BUILDING OR VACUUM CLEANING SPRAYING OR WELDING EQUIPMENT OR WELL DRILLING MACHINERY.

"USE". USE OF AN AUTOMOBILE OR AIRCRAFT INCLUDES THE LOADING AND UNLOADING THEREOF.

"COMPLETED OPERATIONS HAZARD". "COMPLETED OPERATIONS HAZARD" MEANS BODILY INJURY AND PROPERTY DAMAGE ARISING OUT OF OPERATIONS OR RELIANCE UPON A REPRESENTATION OR WARRANTY MADE AT ANY TIME WITH RESPECT THERETO, BUT ONLY IF THE BODILY INJURY OR PROPERTY DAMAGE OCCURS AFTER SUCH OPERATIONS HAVE BEEN COMPLETED OR ABANDONED AND OCCURS AWAY FROM PREMISES OWNED BY OR RENTED TO THE NAMED INSURED. "OPERATIONS" INCLUDE MATERIALS, PARTS OR EQUIPMENT FURNISHED IN CONNECTION THEREWITH. OPERATIONS SHALL BE DEEMED COMPLETED AT THE EARLIEST OF THE FOLLOWING TIMES:

A. WHEN ALL OPERATIONS TO BE PERFORMED BY OR ON BEHALF OF THE NAMED INSURED UNDER THE CONTRACT HAVE BEEN COMPLETED.

B. WHEN ALL OPERATIONS TO BE PERFORMED BY OR ON BEHALF OF THE NAMED INSURED AT THE SITE OF THE OPERATIONS HAVE BEEN COMPLETED, OR

C. WHEN THE PORTION OF THE WORK OUT OF WHICH THE INJURY OR DAMAGE ARISES HAS BEEN PUT TO ITS INTENDED USE BY ANY PERSON OR ORGANIZATION OTHER THAN OTHER CONTRACTOR OR SUBCONTRACTOR ENGAGED IN PERFORMING OPERATIONS FOR A PRINCIPAL AS A PART OF THE SAME PROJECT.

OPERATIONS WHICH MAY REQUIRE FURTHER SERVICE OR MAINTENANCE WORK, OR CORRECTION, REPAIR OR REPLACEMENT BECAUSE OF ANY DEFECT OR DEFICIENCY, BUT WHICH ARE OTHERWISE COMPLETE, SHALL BE DEEMED COMPLETED.

THE COMPLETED OPERATIONS HAZARD DOES NOT INCLUDE BODILY INJURY OR PROPERTY DAMAGE ARISIN OUT OF:

A. OPERATIONS IN CONNECTION WITH THE TRANSPORTATION OF PROPERTY, UNLESS THE BODILY INJURY OR PROPERTY DAMAGE ARISES OUT OF A CONDITION IN OR ON A VEHICLE CREATED BY THE LOADING OR UNLOADING THEREOF,

B. THE EXISTENCE OF TOOLS, UNINSTALLED EQUIPMENT OR A DONED OR UNUSED MATERIALS, OR

C. OPERATIONS FOR WHICH THE CLASSIFICATION STATED IN THE "COMPANY'S" MANUAL SPECIFIES "INCLUDING COMPLETED OPERATIONS".

"ERRORS AND OMISSIONS". "ERRORS AND OMISSIONS" MEANS MISFEASANCE, MALFEASANCE OR NONFEASANCE BY ANY INSURED.

"INSURED". "INSURED" MEANS ANY PERSON OR ORGANIZATION QUALIFYING AS AN INSURED UNDER THE PERSONS OR ENTITIES INSURED SECTION OF THIS POLICY. THE WORD "INSURED" INCLUDES THE NAMED INSURED.

"NAMED INSURED'S PRODUCTS". "NAMED INSURED'S PRODUCTS" MEANS GOODS OR PRODUCTS MANUFACTURED, SOLD, HANDLED OR DISTRIBUTED BY THE NAMED INSURED OR BY OTHERS TRADING UNDER HIS NAME, INCLUDING ANY CONTAINER THEREOF (OTHER THAN A VEHICLE) BUT "NAMED INSURED PRODUCTS" SHALL NOT INCLUDE A VENDING MACHINE OR ANY PROPERTY OTHER THAN SUCH A CONTAINER, RENTED TO OR LOCATED FOR USE OF OTHERS BUT NOT SOLD.

"OCCURRENCE". AS RESPECTS COVERAGES A AND B, "OCCURRENCES" MEANS AN ACCIDENT, OR EVENT INCLUDING CONTINUOUS OR REPEATED EXPOSURE TO CONDITIONS, WHICH RESULTS IN BODILY INJURY OR PROPERTY DAMAGE NEITHER EXPECTED NOR INTENDED FROM THE STANPOINT OF THE INSURED; AS RESPECT COVERAGE C, "OCCURRENCE" MEANS ANY ACTUAL OR ALLEGED ERRORS OR OMISSIONS BY AN INSURED WHICH RESULTS IN INJURY OR DAMAGE NEITHER EXPECTED NOR INTENDED FROM THE STANDPOINT OF THE INSURED; AS RESPECTS COVERAGE D "OCCURRENCE" MEANS ANY INJURY OR DAMAGES SUSTAINED BY ANY PERSON OR ORGANIZATION AND ARISING OUT OF PERSONAL INJURY AS DEFINED HEREIN.

"PERSONAL INJURY". "PERSONAL INJURY" MEANS (A) FALSE ARREST, DETENTION, OR IMPRISONMENT OR MALICIOUS PROSECUTION; (B) PUBLICATION OR UTTERANCE OF A LIBEL OR SLANDER OR OF OTHER DEFAMATORY OR DEROGATORY MATERIAL, OR A PUBLICATION OR UTTERANCE IN VIOLATION OF AN INDIVIDUAL'S RIGHT OF PRIVACY EXCEPT WHEN ANY OF THE FOREGOING OF THIS PART (B) ARISES FROM PUBLICATIONS OR UTTERANCES IN THE COURSE OF OR RELATED TO ADVERTISING, BROADCASTING, OR TELECASTING ACTIVITIES CONDUCTED BY OR ON BEHALF OF THE NAMED INSURED; (C) WRONGFUL ENTRY OR EVICTION OR OTHER INVASION OF THE RIGHT OF PRIVATE OCCUPANCY; (D) ASSAULT AND BATTERY, NOT COMMITTED BY OR AT THE DIRECTION OF THE NAMED INSURED UNLESS COMMITTED FOR THE PURPOSE OF PROTECTION OF PERSONS OR PROPERTY; (E) RACIAL OR RELIGIOUS DISCRIMINATION, NOT COMMITTED BY OR AT THE DIRECTION OF THE NAMED INSURED.

"BODILY INJURY". "BODILY INJURY" MEANS BODILY INJURY, SICKNESS, OR DISEASE, INCLUDING DEATH AT ANY TIME RESULTING THEREFROM AND ALSO INCLUDES CARE AND LOSS OF SERVICES SUSTAINED BY ANY PERSON OR PERSONS.

"POLICY TERRITORY". "POLICY TERRITORY" MEANS ANYWHERE IN THE WORLD.

"PRODUCTS HAZARD". "PRODUCTS HAZARD" INCLUDES BODILY INJURY AND PROPERTY DAMAGE ARISING OUT OF THE NAMED INSURED'S PRODUCTS OR RELIANCE UPON A REPRESENTATION OF WARRANTY MADE AT ANY TIME WITH RESPECT THERETO, BUT ONLY IF THE BODILY INJURY OR PROPERTY DAMAGE OCCURS AWAY FROM PREMISES OWNED BY OR RENTED TO THE NAMED INSURED AND AFTER PHYSICAL POSSESSIONS OF SUCH PRODUCTS HAS BEEN RELINQUISHED TO OTHERS.

"PROPERTY DAMAGE". "PROPE. DAMAGE" MEANS (1) PHYSICAL IN .Y TO OR DESTRUCTION OF TANGIBLE PROPERTY WHICH OCCURS DURING POLICY PERIOD, INCLUDING THE LOSS OF USE THEREOF AT ANY TIME RESULTING THEREFROM, OR (2) LOSS OF USE OF TANGIBLE PROPERTY WHICH HAS NOT BEEN PHYSICALLY INJURED OR DESTROYED PROVIDED SUCH LOSS OF USE IS CAUSED BY AN OCCURRENCE DURING THE POLICY PERIOD.

"ULTIMATE NET LOSS". "ULTIMATE NET LOSS" MEANS THE SUM ACTUALLY PAID OR PAYABLE IN CASH IN THE SETTLEMENT OR SATISFACTION OF LOSSES FOR WHICH THE INSURED IS LIABLE EITHER BY ADJUDICATION OR COMPROMISE WITH THE WRITTEN CONSENT OF THE "COMPANY", AFTER MAKING PROPER DEDUCTION FOR ALL RECOVERIES AND SALVAGES COLLECTIBLE, AND INCLUDES ATTORNEY'S FEES, COURT COSTS AND INTEREST ON ANY JUDGEMENT OR AWARD, BUT EXCLUDES ALL LOSS ADJUSTMENT EXPENSES AND ALL SALARIES OF EMPLOYEES AND OFFICE EXPENSES OF THE INSURED, THE "COMPANY" OR ANY UNDERLYING INSURER SO INCURRED.

CONDITIONS

1. PREMIUM

THE PREMIUM FOR THIS POLICY IS AS STATED IN THE POLICY DECLARATIONS AND IS AN ESTIMATED PREMIUM ONLY. UPON EXPIRATION, OR NOT LATER THAN THIRTY (30) DAYS AFTER EACH ANNUAL POLICY PERIOD OR UPON TERMINATION OF COVERAGE IF SOONER, THE INSURED SHALL REPORT THE "TOTAL WORKERS' COMPENSATION PAYROLL" RECORDED DURING THE POLICY PERIOD AND PAY THE PREMIUM EARNED THEREON AT THE PREMIUM RATE PREVAILING DURING THAT PERIOD. THE ADVANCE PREMIUM SHALL THEN BE RETURNED TO THE INSURED LESS ANY EARNED PREMIUM DUE TO THE "COMPANY". SUCH RETURN PREMIUM SHALL BE SUBJECT TO THE MINIMUM PREMIUM AS STATED IN THE DECLARATIONS.

2. INSPECTION AND AUDIT

THE "COMPANY" SHALL BE PERMITTED BUT NOT OBLIGATED TO INSPECT THE INSURED'S PROPERTY AND OPERATIONS AT ANY TIME. NEITHER THE "COMPANY'S" RIGHT TO MAKE INSPECTIONS NOR THE MAKING THEREOF NOR ANY REPORT THEREON SHALL CONSTITUTE AN UNDERTAKING, ON BEHALF OF OR FOR THE BENEFITS OF THE INSURED OR OTHERS, TO DETERMINE OR WARRANT THAT SUCH PROPERTY OR OPERATIONS ARE SAFE OR HEALTHFUL, OR ARE IN COMPLIANCE WITH ANY LAW, RULE OR REGULATIONS. THE "COMPANY" MAY EXAMINE AND AUDIT THE INSURED'S BOOKS AND RECORDS AT ANY TIME DURING THE POLICY PERIOD AND EXTENSIONS THEREOF AND WITHIN THREE YEARS AFTER THE FINAL TERMINATION OF THIS POLICY, AS FAR AS THEY RELATE TO THE SUBJECT MATTER OF THIS INSURANCE.

3. SEVERABILITY OF INTEREST

THE TERMS "THE INSURED" IS USED SEVERALLY AND NOT COLLECTIVELY, BUT THE INCLUSION HEREIN OF MORE THAN ONE INSURED SHALL NOT OPERATE TO INCREASE THE LIMITS OF THE "COMPANY'S" LIABILITY.

4. INSURED'S DUTIES IN THE EVENT OF OCCURRENCE, CLAIM OR SUIT

A. IN THE EVENT OF AN OCCURRENCE, WRITTEN NOTICE CONTAINING PARTICULARS SUFFICIENT TO IDENTIFY THE INSURED AND ALSO REASONABLY OBTAINABLE INFORMATION WITH RESPECT TO THE TIME, PLACE AND CIRCUMSTANCE THEREOF, AND THE NAMES AND ADDRESSES OF THE INJURED AND OF AVAILABLE WITNESSES, SHALL BE GIVEN BY OR FOR THE INSURED TO THE "COMPANY" OR ANY OF ITS AUTHORIZED AGENTS AS SOON AS PRACTICABLE.

B. IF CLAIM IS MADE OR SUIT IS BROUGHT AGAINST THE INSURED, THE INSURED SHALL IMMEDIATELY FORWARD TO THE "COMPANY" EVERY DEMAND, NOTICE, SUMMONS OR OTHER PROCESSES RECEIVED BY HIM OR HIS REPRESENTATIVE.

C. THE INSURED SHALL COOPERATE WITH THE "COMPANY" AND, UPON THE "COMPANY'S" REQUEST ASSIST IN MAKING SETTLEMENTS, IN THE CONDUCT OF SUITS AND IN ENFORCING ANY RIGHT OF CONTRIBUTION OR INDEMNITY AGAINST ANY PERSON OR ORGANIZATION WHO MAY BE LIABLE TO THE INSURED BECAUSE OF INJURY OR DAMAGE WITH RESPECT TO WHICH INSURANCE IS AFFORDED UNDER THIS POLICY; THE INSURED SHALL ATTEND HEARINGS AND TRIALS AND ASSIST IN SECURING AND GIVING EVIDENCE AND OBTAINING THE ATTENDANCE OF WITNESSES. THE INSURED SHALL NOT, EXCEPT AT HIS OWN COST, VOLUNTARILY MAKE ANY PAYMENT, ASSUME ANY OBLIGATION OR INCUR ANY EXPENSE; HOWEVER, IN THE EVENT THAT THE AMOUNT OF ULTIMATE NET LOSS BECOMES CERTAIN EITHER THROUGH TRIAL COURT JUDGEMENT OR AGREEMENT AMONG THE INSURED, THE CLAIMANT AND THE "COMPANY", THEN THE INSURED MAY PAY THE AMOUNT OF ULTIMATE NET LOSS TO THE CLAIMANT TO EFFECT SETTLEMENT AND, UPON SUBMISSION OF DUE PROOF THEREOF, THE "COMPANY" SHALL INDEMNIFY THE INSURED FOR THAT PART OF SUCH PAYMENT WHICH IS IN EXCESS OF THE RETAINED LIMIT, OR, THE "COMPANY" WILL, UPON REQUEST OF THE INSURED, MAKE SUCH PAYMENT TO THE CLAIMANT ON BEHALF OF THE INSURED.

5. APPEALS

IN THE EVENT THE INSURED OR THE INSURED'S UNDERLYING INSURER ELECTS NOT TO APPEAL A JUDGEMENT IN EXCESS OF THE RETAINED LIMIT, THE "COMPANY" MAY ELECT TO DO SO AT ITS OWN EXPENSES, AND SHALL BE LIABLE FOR THE TAXABLE COSTS, DISBURSEMENTS AND INTEREST INCIDENTAL THERETO, BUT IN NO EVENT SHALL THE LIABILITY OF THE "COMPANY" FOR ULTIMATE NET LOSS EXCEED THE AMOUNT SPECIFIED IN THE LIMIT OF LIABILITY SECTION OF THE DECLARATIONS PLUS THE TAXABLE COSTS, DISBURSEMENTS AND INTEREST INCIDENTAL TO SUCH APPEAL.

6. ACTION AGAINST THE COMPANY

NO ACTION SHALL LIE AGAINST THE "COMPANY" UNLESS, AS A CONDITION PRECEDENT THERETO, THE INSURED SHALL HAVE FULLY COMPLIED WITH ALL THE TERMS OF THIS POLICY, NOR UNTIL THE AMOUNT OF THE INSURED'S OBLIGATION TO PAY AN AMOUNT OF ULTIMATE NET LOSS IN EXCESS OF THE RETAINED LIMIT SHALL HAVE BEEN FINALLY DETERMINED EITHER BY JUDGEMENT AGAINST THE INSURED AFTER ACTUAL TRIAL OR BY WRITTEN AGREEMENT OF THE INSURED, THE CLAIMANT AND THE "COMPANY". THE INSURED SHALL MAKE A DEFINITE CLAIM FOR ANY LOSS IN WHICH THE "COMPANY" MAY BE LIABLE WITHIN A REASONABLE TIME AFTER SUCH FINAL DETERMINATION. IF ANY SUBSEQUENT PAYMENTS ARE MADE BY THE INSURED ON ACCOUNT OF THE SAME OCCURRENCE, THE INSURED SHALL MAKE ADDITIONAL CLAIMS FROM TIME TO TIME AND THESE CLAIMS SHALL BE PAYABLE WITHIN THIRTY (30) DAYS AFTER PROOF IN CONFORMITY WITH THIS POLICY. ANY PERSON OR ORGANIZATION OR THE LEGAL REPRESENTATIVE THEREOF WHO HAS SECURED SUCH JUDGEMENT OR WRITTEN AGREEMENT SHALL THEREAFTER BE ENTITLED TO RECOVER UNDER THIS POLICY TO THE EXTENT OF THE INSURANCE AFFORDED BY THIS POLICY. NOTHING CONTAINED IN THIS POLICY SHALL GIVE ANY PERSON OR ORGANIZATION ANY RIGHT TO JOIN THE "COMPANY" AS A CO-DEFENDANT IN ANY ACTION OF BANKRUPTCY, OR THE INSOLVENCY OF THE INSURED SHALL NOT RELIEVE THE "COMPANY" OF ANY OF ITS OBLIGATIONS HEREUNDER.

7. OTHER INSURANCE

IF COLLECTIBLE INSURANCE WITH ANY INSURER IS AVAILABLE TO THE INSURED COVERING A LOSS ALSO COVERED HEREUNDER, THE INSURANCE HEREUNDER SHALL BE IN EXCESS OF, AND NOT CONTRIBUTE WITH, SUCH OTHER INSURANCE PROVIDED, HOWEVER, THIS DOES NOT APPLY TO INSURANCE WHICH IS WRITTEN AS EXCESS INSURANCE OVER THE "COMPANY'S" LIMIT OF LIABILITY PROVIDED IN THIS POLICY.

WHEN BOTH THIS INSURANCE AND OTHER INSURANCE APPLY TO THE LOSS ON THE SAME BASIS, WHETHER PRIMARY, EXCESS OR CONTINGENT, THE "COMPANY" SHALL NOT BE LIABLE UNDER THIS POLICY FOR A GREATER PROPORTION OF THE LOSS THAN THAT STATED IN THE APPLICABLE CONTRIBUTION PROVISION BELOW:

(A) CONTRIBUTION BY EQUAL SHARES. IF ALL OF SUCH OTHER VALID AND COLLECTIBLE INSURANCE PROVIDES FOR CONTRIBUTION BY EQUAL SHARES, THE "COMPANY" SHALL NOT BE LIABLE FOR A GREATER PROPORTION OF SUCH LOSS THAN WOULD BE PAYABLE IF EACH INSURER CONTRIBUTES AN EQUAL SHARE UNTIL THE SHARE OF EACH INSURER EQUALS THE LOWEST APPLICABLE LIMIT OF LIABILITY UNDER ANY ONE POLICY OR THE FULL AMOUNT OF THE LOSS IS PAID, AND WITH RESPECT TO ANY AMOUNT OF LOSS NOT SO PAID THE REMAINING INSURERS THEN CONTINUE TO CONTRIBUTE EQUAL SHARE OF THE REMAINING AMOUNT OF THE LOSS UNTIL EACH SUCH INSURER HAS PAID ITS LIMIT IN FULL OR THE FULL AMOUNT OF THE LOSS IS PAID.

(B) CONTRIBUTION BY LIMITS. IF ANY OF SUCH OTHER INSURANCE DOES NOT PROVIDE FOR CONTRIBUTION BY EQUAL SHARES, THE "COMPANY" SHALL NOT BE LIABLE FOR GREATER PROPORTION OF SUCH LOSS THAN THE APPLICABLE LIMIT OF LIABILITY UNDER THIS POLICY FOR SUCH LOSS BEARS TO THE TOTAL APPLICABLE LIMIT OF LIABILITY OF ALL VALID AND COLLECTIBLE INSURANCE AGAINST SUCH LOSS.

8. SUBROGATION

THE "COMPANY" SHALL BE SUBROGATED TO THE EXTENT OF ANY PAYMENT HEREUNDER TO ALL THE INSURED'S RIGHTS OF RECOVERY THEREOF; AND THE INSURED SHALL DO NOTHING AFTER LOSS TO PREJUDICE SUCH RIGHTS AND SHALL DO EVERYTHING NECESSARY TO SECURE SUCH RIGHTS. ANY AMOUNT SO RECOVERED SHALL BE APPORTIONED AS FOLLOWS:

ANY INTEREST (INCLUDING THE INSURED'S) HAVING PAID AN AMOUNT IN EXCESS OF THE RETAINED LIMIT PLUS THE LIMIT OF LIABILITY HEREUNDER SHALL BE REIMBURSED FIRST TO THE EXTENT OF THE ACTUAL PAYMENT. THE "COMPANY" SHALL BE REIMBURSED NEXT TO THE EXTENT OF ITS ACTUAL PAYMENT HEREUNDER. IF ANY BALANCE THEN REMAINS UNPAID, IT SHALL BE APPLIED TO REIMBURSE THE INSURED OR ANY UNDERLYING INSURER, AS THEIR INTEREST MAY APPEAR. THE EXPENSES OF ALL SUCH RECOVERY PROCEEDINGS SHALL BE APPORTIONED IN THE RATIO OF RESPECTIVE RECOVERIES. IF THERE IS NO RECOVERY IN PROCEEDINGS CONDUCTED SOLELY BY THE "COMPANY", IT SHALL BEAR THE EXPENSES THEREOF.

9. CHANGES

NOTICE TO ANY AGENT OR KNOWLEDGE POSSESSED BY ANY AGENT OR BY ANY OTHER PERSON SHALL NOT EFFECT A WAIVER OR A CHANGE IN ANY PART OF THIS POLICY OR ESTOP THE "COMPANY" FROM ASSERTING ANY RIGHT UNDER THE TERMS OF THIS POLICY; NOR SHALL THE TERMS OF THIS POLICY BE WAIVED OR CHANGED, EXCEPT BY ENDORSEMENT ISSUED TO FORM A PART OF THIS POLICY.

10. ASSIGNMENT

ASSIGNMENT OF INTEREST UNDER THIS POLICY SHALL NOT BIND THE "COMPANY" UNTIL ITS CONSENT IS ENDORSED HEREON; IF, HOWEVER, THE NAMED INSURED SHALL BE ADJUDGED BANKRUPT OR INSOLVENT, SUCH INSURANCE AS IS AFFORDED BY THIS POLICY SHALL APPLY (A) TO THE NAMED INSURED'S LEGAL REPRESENTATIVE, AS THE NAMED INSURED, BUT ONLY WHILE ACTING WITHIN THE SCOPE OF HIS DUTIES AS SUCH, AND (B) WITH RESPECT TO THE PROPERTY OF THE NAMED INSURED, TO THE PERSON HAVING PROPER TEMPORARY CUSTODY THEREOF, AS INSURED, BUT ONLY UNTIL THE APPOINTMENT AND QUALIFICATION OF THE LEGAL REPRESENTATIVE.

11. THREE YEAR POLICY

IF THIS POLICY IS ISSUED FOR A PERIOD OF THREE YEARS, THE LIMITS OF THE "COMPANY'S' LIABILITY SHALL APPLY SEPARATELY TO EACH CONSECUTIVE ANNUAL PERIOD THEREOF.

12. CANCELLATION

THIS POLICY MAY BE CANCELLED BY THE NAMED INSURED BY SURRENDER THEREOF TO THE "COMPANY" OR ANY OF ITS AUTHORIZED AGENTS OR BY MAILING TO THE "COMPANY" WRITTEN NOTICE STATING WHEN THEREAFTER THE CANCELLATION SHALL BE EFFECTIVE. THIS POLICY MAY BE CANCELLED BY THE "COMPANY" BY MAILING TO THE NAMED INSURED, AT THE ADDRESS SHOWN IN THIS POLICY, WRITTEN NOTICE STATING WHEN NOT LESS THAN *SIXTY (60)* DAYS THEREAFTER SUCH CANCELLATION SHALL BE EFFECTIVE. THE MAILING OF NOTICE AS AFORESAID SHALL BE SUFFICIENT PROOF OF NOTICE. THE TIME OF SURRENDER OR THE EFFECTIVE DATE AND HOUR OF CANCELLATION STATED IN THE NOTICE SHALL BECOME THE END OF THE POLICY PERIOD. DELIVERY OF SUCH WRITTEN NOTICE EITHER BY THE NAMED INSURED OR BY THE "COMPANY" SHALL BE EQUIVALENT TO MAILING.

IF THE NAMED INSURED CANCELS, EARNED PREMIUM SHALL BE COMPUTED IN ACCORDANCE WITH THE CUSTOMARY SHORT RATE TABLE AND PROCEDURE. IF THE "COMPANY" CANCELS, THE EARNED PREMIUM SHALL BE COMPUTED PRO RATA.

WHEN THIS POLICY INSURES MORE THAN ONE NAMED INSURED, CANCELLATION MAY BE EFFECTIV BY THE FIRST NAMED OF SUCH NAMED INSUREDS FOR THE ACCOUNT OF ALL NAMED INSUREDS. NOTICE OF CANCELLATION BY THE "COMPANY" TO THE FIRST NAMED INSURED SHALL BE DEEMED NOTICE TO ALL NAMED INSUREDS AND PAYMENT OF ANY UNEARNED PREMIUM TO SUCH FIRST NAMED INSURED SHALL BE FOR THE ACCOUNT OF ALL NAMED INSUREDS.

PREMIUM ADJUSTMENT MAY BE MADE EITHER AT THE TIME CANCELLATION IS EFFECTED OR AS SOON AS PRACTICABLE AFTER CANCELLATION BECOMES EFFECTIVE, BUT PAYMENT OF TENDER OR UNEARNED PREMIUM IS NOT A CONDITION OF CANCELLATION.

IN THE EVENT OF CANCELLATION OF THIS POLICY PRIOR TO EXPIRATION, IT IS AGREED THAT THE INSURED'S ANNUAL RETAINED LIMIT AS SHOWN IN ITEM 1.B OF THE DECLARATIONS SHALL BE PRO RATED FOR THE PERIOD OF TIME COVERAGE WAS ACTUALLY IN FORCE HEREUNDER.

13. ACCEPTANCE

BY ACCEPTANCE OF THIS POLICY, THE NAMED INSURED AGREES THAT THIS POLICY EMBODIES ALL AGREEMENTS EXISTING BETWEEN HIMSELF AND THE "COMPANY" OR ANY OF ITS AGENTS RELATING TO THIS INSURANCE.

A - AUDIT PERIOD:

B - ENDORSEMENTS ATTACHED TO POLICY AT INCEPTION:

C - LIMITS OF LIABILITY:

INSURED'S RETAINED LIMIT:

ITEM 1. A. $10,000 — AS THE RESULT OF ANY ONE OCCURRENCE BECAUSE OF BODILY INJURY, PERSONAL INJURY OR PROPERTY DAMAGE, OR ERRORS AND OMISSIONS OR ANY COMBINATION THEREOF, NOT EXCEEDING:

B. NIL — AS THE RESULT OF ONE OR MORE OCCURRENCES WITHIN THE RETAINED LIMIT SHOWN IN ITEM 1A, THAT WOULD HAVE BEEN COVERED BY THIS POLICY BECAUSE OF BODILY INJURY, PERSONAL INJURY OR PROPERTY DAMAGE, OR ERRORS AND OMISSIONS OR ANY COMBINATION THEREOF OCCURRING IN ANY ONE ANNUAL POLICY PERIOD.

THE COMPANY'S LIMIT OF LIABILITY:

ITEM 2. $990,000 — AS THE RESULT OF ANY ONE OCCURRENCE BECAUSE OF BODILY INJURY, PERSONAL INJURY OR PROPERTY DAMAGE OR ERRORS AND OMISSIONS OR ANY COMBINATION THEREOF.

ITEM 3. NIL — AS THE RESULT OF ALL OCCURRENCES DURING EACH POLICY YEAR. SUBJECT TO THE AGGREGATE LIMITS PROVISIONS OF THE POLICY.

D - PREMIUM FLAT

TOTAL ADVANCE PREMIUM	MINIMUM PREMIUM
$40,000	$40,000

ATTACHED TO AND FORMING PART OF POLICY NUMBER
OF Mead Reinsurance Corporation

DATE: 9/25/81

COUNTERSIGNED BY Steven E. Beck
AUTHORIZED AGENT

ENDORSEMENT

This endorsement, effective 12:01 A. M. 9/10/81 , forms a part of

policy No. GLA 1321 issued to City of Douglas

by Mead Reinsurance Corporation

It is agreed that as respects coverages A, B, C, and D, this insurance does not apply to Bodily Injury or Property Damage due to:

1) HOSPITALS, MEDICAL MALPRACTICE AND AIRPORTS

It is agreed that the policy excludes all claims arising out of or proximately caused by the Ownership, Maintenance, Operation or use of the following:

A) Hospitals

B) Airports

2) MALPRACTICE AND PROFESSIONAL SERVICES

Under coverages A, B, C and D, liability arising out of any hospital operations, or medical malpractice.

All other terms and conditions will remain the same.

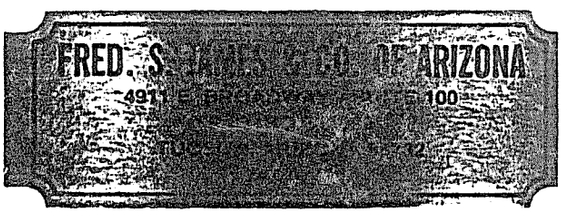
PFI-Open-1

Steven E. Beck
Authorized Representative

INSURED

INTEGRITY INSURANCE COMPANY

PARAMUS, NEW JERSEY



COMMERCIAL CATASTROPHE LIABILITY POLICY

INTEGRITY INSURANCE COMPANY
ROCHELLE PARK, NEW JERSEY

IRBY-SEAWELL COMPANY, INC.
MANAGERS

1705 Commerce Drive, N. W. Atlanta, Georgia 30318

Excess Liability Policy

DECLARATIONS

PART 1.

Policy Number XL **300- 0735** Previous Policy No. NEW

This page with "Policy Provisions — Part 2" Form XL-1000 completes this numbered Excess Liability Policy.

Item 1. CITY OF DOUGLAS
NAMED INSURED
425 Tenth Street, Douglas, Arizona 85607
ADDRESS

Name Insured is __Partnership __Corporation __Joint Venture MUNICIPALITY Other

Item 2. Policy Period: From 9/10/81 To 9/10/82 12:01 A.M. Standard Time at the address in Item 1.

Item 3. Underlying Insurance: Automobile Liability and General Liability Including Municipal Errors & Omissions Mead Reinsurance Corporation - GLA-1321 (9/10/81-82)

$990,000. Combined Single Limit for any one occurrence excess of $10,000 Combined Single Limit Self-Insured Retention

Item 4. Limit(s) of Coverage Hereunder: Excess Following Form Automobile Liability and General Liability Including Municipal Errors & Omissions

$4,000,000. Combined Single Limit for any one occurrence and in the aggregate, where applicable, excess of Item 3. above.

Item 5. Premium: $5,000.00 FLAT

Item 6. Cancellation: NINETY (90) DAYS

IN WITNESS WHEREOF the Integrity Insurance Company caused this policy to be signed by its President and Secretary, but same shall not be binding upon the Company unless countersigned by an authorized representative of the Company.

Secretary President

Producer S. J. PETRAKIS INSURANCE SERVICES, INC.

Countersigned _____ 19____

at _____

By _____
(Authorized Representative)

EFFECTIVE JAN. 1, 1981
ALEXANDER HOWDEN INSURANCE SERVICES, INC.

Approved by Irby-Seawell Company, Inc.

XL-1000

EXCESS LIABILITY POLICY

POLICY PROVISIONS—PART 2—FORM XL-1000

The Company as shown in Part 1 — Declarations (hereinafter called the Company), in consideration of the payment of the premium, in reliance upon the statements in the Declarations, made a part hereof, subject to all of the terms of this policy including the applicable limits of liability, the Company agrees with the **Named Insured** in Item 1 of the Declarations as follows:

TERMS AND CONDITIONS

INSURING AGREEMENT

1. The Company hereby indemnifies the Insured against ultimate net loss in excess of and arising out of the hazards covered and as defined and in excess of the underlying insurance as shown in Item 3 of the Declarations (hereinafter referred to as "underlying insurance") but only up to an amount not exceeding the limit(s) shown in Item 4 of the Declarations.

2. Except as may be inconsistent with this Policy, the coverage provided by this Policy shall follow the insuring agreements, conditions and exclusions of the underlying insurance (whether primary or excess) immediately preceding the layer of coverage provided by this Policy, including any change by endorsements. The Company shall be notified of any change in coverage or premium in such underlying insurance and copies thereof shall be furnished to the Company upon request.

3. The limits of the underlying insurance shall be maintained in full effect during the currency of this Policy except for reduction of such limits by exhaustion of aggregate limits (if any) contained therein solely by payment of claims resulting from accidents or occurrences happening during the period thereof. Failure of the Insured to comply with the foregoing shall not invalidate this Policy but in the event of such failure the company shall be liable only to the extent that it would have been liable had the Insured complied therewith.

4. Unless aggregate limits are specifically stated in Items 3 and 4 of the Declarations, the coverage provided by this Policy applies only with respect to each accident or occurrence for limits in excess of the amount provided for same in the underlying insurance and does not apply over any reduced amount of underlying insurance in the event of the exhaustion or reduction of aggregate limits (if any) in the underlying insurance.

5. If aggregate limits are specifically stated in Item 3 and 4 of the Declarations, this Policy will apply in excess of reduced underlying insurance provided such reduction in the underlying insurance is solely the result of accidents or occurrences happening after the inception date of this Policy. The Insured shall give the Company written notice as soon as possible of any reduction or exhaustion of such aggregate limit in the underlying insurance.

6. If more than one Insured is named in the Declarations such additional Insured(s) shall not have the effect of increasing the Company's limit of liability for each accident or occurrence stated in Item 4 of the Declarations.

PREMIUM

7. Premium due the Company for this excess insurance shall be that amount shown in Item 5 of the Declarations and is payable upon delivery of this Policy.

NOTICE OF LOSS

8. The Insured shall immediately advise the Company of any accident or occurrence which appears likely to result in liability under this Policy and of subsequent developments likely to affect the Company's liability hereunder. At no time shall the Company be called upon to assume charge of the settlement or defense of any claims made or suits brought or proceedings instituted against the Insured, but the Company shall have the right and shall be given the opportunity to associate with the Insured or its underlying insurer or insurers, or both, in the control, defense and/or trial of any claims, suits or proceedings which, in the opinion of the Company, involves or appears reasonably likely to involve the Company. If the company avails itself of such right and opportunity, the Insured, any underlying insurer or insurers and the Company shall cooperate in the control, defense and/or trial of such claims, suits or proceedings, so as to affect a final determination thereof. Failure on the part of the Insured or the underlying insurer or insurers to cooperate shall relieve the Company, at its option, of liability under this Policy.

9. The Insured shall be solely responsible for the investigation, settlement, defense and final disposition of any claim made or suit brought or proceeding instituted against the Insured to which this Policy would apply and which no underlying insurer or insurers is obligated to defend. The Insured shall use due diligence and

prudence to settle all such claims and suits which in the exercise of sound judgment should be settled, provided, however, that the Insured shall not make or agree to any settlement for any sum, in excess of the underlying insurance, without the approval of the Company.

10. The Insured shall (a) cooperate with the underlying insurer or insurers, as required by the terms of the underlying insurance, (b) comply with all the terms and conditions thereof and (c) enforce any right of contribution or indemnity against any person or organization who may be liable to the Insured, because of liability with respect to which insurance is afforded under this Policy and the underlying insurance.

LOSS PAYABLE

11. The Company's obligation to pay any ultimate net loss and costs with respect to any accident or occurrence falling within the terms of this Policy shall not attach until the amount of the applicable underlying limit has been paid by or on behalf of the Insured on account of such accident or occurrence. The Insured shall make claim for any ultimate net loss and costs under this Policy within a period of not exceeding twelve (12) months after, (a) the Insured shall have paid ultimate net loss in excess of the underlying limit, with respect to any accident or occurrence, or (b) the Insured's obligation to pay such amounts shall have been finally determined, either by judgment against the Insured after actual trial or by written agreement of the Insured, the claimant and the company.

12. All losses covered by this Policy shall be due and payable by the Company within thirty (30) days after claim has been presented and proper proof of payment of ultimate net loss and costs has been submitted, all in accordance with the terms above.

ULTIMATE NET LOSS AND COSTS

13. Ultimate net loss, as used herein, shall be understood to mean the sums paid in settlement of losses for which the Insured is liable after making deductions for all recoveries, salvages and other insurances (other than recoveries under the underlying insurance, policies of co-insurance, or policies specifically in excess hereof), whether recoverable or not, and shall exclude all "Costs".

14. The word "costs", as used herein, shall be understood to mean interest on judgments, investigation, adjustment and legal expenses including taxed court costs and premiums on bonds, for which the Insured is not covered by the underlying insurance (excluding, however, (a) all expenses for salaried employees and counsel on general retainer, (b) all office expenses of the Insured, and (c) regular fees paid to counsel on general retainer.

15. Costs incurred by the Insured, with the written consent of the Company, shall be apportioned as follows:

(a) in the event of claim or suit arising which appears likely to exceed the underlying insurance limit or limits, no Costs shall be incurred by the Insured without the written consent of the Company.

(b) should such claim or suit be settled previous to going into court for not more than the underlying insurance limit or limits, then no Costs shall be payable by the Company.

(c) should, however, the sum for which the said claim or suit may be settled exceed the underlying insurance limit or limits, then the Company, if it approves such settlement or consents to the proceedings continuing, shall contribute to the Costs incurred by the Insured in the ratio that its proportion of the ultimate net loss as finally adjusted bears to the whole amount of such ultimate net loss.

(d) in the event the Insured elects not to appeal a judgment in excess of the underlying insurance limit or limits, the Company may elect to conduct such appeal at its own cost and expense and shall be liable for the taxable court costs and interest incidental thereto, but in no event shall the total liability of the Company exceed its limit or limits of liability as stated above, plus the costs of such appeal.

(e) in the event a judgment is rendered in excess of the underlying insurance limit or limits and the underlying insurer or insurers elect to appeal such judgment, the duty of obtaining an appeal bond in regard to liability in execss of the underlying insurance limit or limits shall rest with the Insured and its underlying insurer or insurers.

SUBROGATION AND SALVAGE

16. All salvages, recoveries or payments recovered or received subsequent to a settlement under this Policy shall be applied as if recovered or received prior to such settlement and all necessary adjustments shall then be made between the Insured and the Company, provided always that nothing in this clause shall be construed to mean that losses under this Policy are not recoverable until the Insured's ultimate net loss has been finally ascertained.

17. Inasmuch as this Policy is Excess Insurance, the Insured's right of recovery against any person cannot be exclusively subrogated to the company. It is, therefore, understood and agreed that in case of any payment hereunder, the Company will act in concert with all other parties (including the Insured) concerned, in the exercise of such rights of recovery. The apportioning of any amounts which may be so recovered 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 hereunder; lastly the parties (including the Insured) of whom this coverage is in excess are entitled to claim the residue, if any. Expenses necessary to the recovery of any such amounts shall be apportioned between the parties (including the Insured) concerned, in the ratio of their respective recoveries as finally settled.

18. Nothing herein contained shall be construed to mean that the Insured shall be required to enforce by legal action any right of subrogation or indemnity before the Company shall pay any loss covered hereunder.

TERM

19. This Policy applies only to accidents or occurrences happening between the effective and expiration dates shown in Item 2 of the Declarations, unless otherwise cancelled.

NUCLEAR INCIDENT EXCLUSION

20. It is agreed that this Policy does not apply:

I. Under any Liability Coverage, to injury, sickness, disease, death or destruction

(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 an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(b) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) 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 organization.

II. Under any Medical Payments Coverage, or under any Supplementary Payments Provisions relating to immediate medical or surgical relief, to expenses incurred with respect to bodily injury, sickness, disease or death resulting from hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.

III. Under any Liability Coverage, to injury, sickness, disease, death or destruction resulting from the hazardous properties of nuclear material, if

(a) the nuclear material (1) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (2) has been discharged or dispersed therefrom;

(b) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or

(c) the injury, sickness, disease, death or destruction 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 any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (c) applies only to injury to or destruction of property at such nuclear facility.

IV. As used herein:

"hazardous properties" include radioactive, toxic or explosive properties; "nuclear ma-material" means source material, special nuclear material or byproduct material; "source material", "special nuclear material", and "byproduct material" have the meanings given them in the Atomic Energy Act of 1954 or in any 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 (1) containing byproduct material and (2) resulting from the operation by any person or organization of any nuclear facility under paragraph (a) or (b) thereof; "nuclear facility" means

(a) any nuclear reactor,

(b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste,

(c) 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 the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,

(d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste,

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations; "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;

With respect to injury to or destruction of property, the word "injury" or "destruction" includes all forms of radioactive contamination of property.

21. This Policy may be cancelled by either party upon written notice, such notice to be not less than the number of days set forth in Item 6 of the Declarations. If cancellation is at the request of the Insured, adjustment of premium shall be at short rate and if cancelled by the Company, adjustment shall be pro rata. However, in the event of cancellation or non-renewal of the underlying insurance immediately preceding this Policy, this Policy terminates as of the same date without notice to the insured. The Company may, however, cancel this Policy absolutely on five (5) days' notice for non-payment of premium due. Notice shall be given by the Insured to the Managers as indicated on the Declarations page of this policy and by the Managers to the Insured at the latter's address as shown in the Declarations. Notice by the Company to the first Named Insured, if more than one, shall be deemed notice to any other interests included as an Insured.