Shand Morahan & Company, Inc.
Specified Medical Professional and General Liability Policy

Underwriting Manager: Shand Morahan & Company, Inc.

Insurer:

EVANSTON INSURANCE COMPANY

[A stock insurance company, herein called the Company, which except in Illinois is a non-admitted insurer, writing pursuant to the surplus lines laws and not under the jurisdiction of the Insurance Commissioner.]
2. CLAIM HISTORY

Please attach details for any "Yes" answers.

a. List any professional liability claims actually made against you in the past five years, including status of claim, amount demanded or paid, date of claim, and action taken to prevent the same type of claim in the future.

b. Has any professional liability claim been brought against you in the past five years?

( ) Yes ( ) No

c. Has any insurance carrier refused to renew any similar insurance during the past five years?

( ) Yes ( ) No

d. Previous coverage

<table>
<thead>
<tr>
<th>Policy Period</th>
<th>Insurer</th>
<th>Type</th>
<th>Limits of Liability</th>
<th>Cancellation</th>
<th>Retro Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-01</td>
<td>Evanston Inc.</td>
<td>Occ</td>
<td>$2m/$2m</td>
<td>-0-</td>
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</tr>
<tr>
<td>2000-01</td>
<td>Evanston Inc.</td>
<td>Occ</td>
<td>$2m/$2m</td>
<td>-0-</td>
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<tr>
<td>1999-00</td>
<td>Frontier Ins.</td>
<td>Occ</td>
<td>$2m/$2m</td>
<td>-0-</td>
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<tr>
<td>1998-99</td>
<td>Frontier Ins.</td>
<td>Occ</td>
<td>$1m/$1m</td>
<td>-0-</td>
<td></td>
</tr>
</tbody>
</table>

4. ADDITIONAL INFORMATION

a. Please attach a list of:

(i) Names, key employees, etc., and their professional qualifications;

(ii) Professional associations and organizations in which you or you belong;

(iii) Yearly largest losses in the past three years

b. Please attach copies of:

(i) Marketing literature;

(ii) Samples of contracts between you and your clients;

(iii) Latest financial data (annual report of balance sheet and income statement)

NOTICE TO APPLICANT: The coverage applies for SOLELY AS STATED IN THE POLICY, which provides coverage for "CLAIMS MADE" DURING THE POLICY PERIOD unless the extended reporting period option is exercised in accordance with the terms of the policy.

WARRANTY: We warrant to the insurer that we understand and accept the limits stated above and that the information contained herein is true and that it shall be the basis of the policy of insurance and deemed incorporated therein. Should the insurer evidence its acceptance of this application by issuance of a policy, we authorize the release of claims information from any prior insurer to Strand Marshall & Company, Inc., Underwriting manager for the Company.

Name of Applicant:

[Signature]

Title (Owner, partner, etc.):

[Signature]

Date: October 9, 2002

[Signature]

Information shall not be filed with the Applicant or the insurer or the Underwriting Manager to complete the insurance. One copy of the application will be attached to the policy issued.
## Programs Requiring Liability Insurance

<table>
<thead>
<tr>
<th>Code</th>
<th>Curriculum</th>
<th>Full-time</th>
<th>Part-time</th>
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</thead>
<tbody>
<tr>
<td>341-1</td>
<td>American Sign Language: Interpreter for the Deaf</td>
<td>17</td>
<td>55</td>
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<tr>
<td>388</td>
<td>Chemical Dependency Counseling</td>
<td>45</td>
<td>74</td>
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<tr>
<td>309</td>
<td>Community Service Assistant</td>
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<td>29</td>
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<tr>
<td>380</td>
<td>Early Childhood</td>
<td>130</td>
<td>197</td>
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<tr>
<td>210</td>
<td>Fitness Specialist</td>
<td>6</td>
<td>10</td>
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<tr>
<td>320</td>
<td>Food Service Administration: Dietetic Technician</td>
<td>12</td>
<td>15</td>
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<tr>
<td>349</td>
<td>Health Information Technology/Medical Records</td>
<td>4</td>
<td>34</td>
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<td>370</td>
<td>Medical Assisting</td>
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<td>13</td>
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<tr>
<td>308</td>
<td>Nursing (Day)</td>
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<tr>
<td>348</td>
<td>Nursing (Day) - West</td>
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<td>338</td>
<td>Nursing (Evening)</td>
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<td>391</td>
<td>Occupational Therapy Assistant</td>
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<td>19</td>
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<tr>
<td>389</td>
<td>Ophthalmic Dispensing</td>
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<td>14</td>
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<tr>
<td>210</td>
<td>Physical Therapy Assistant</td>
<td>12</td>
<td>10</td>
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<tr>
<td>311</td>
<td>Recreation Leadership: Therapeutic Recreation</td>
<td>8</td>
<td>22</td>
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<tr>
<td>390</td>
<td>Veterinary Science Technology</td>
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<td>48</td>
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</table>

**Total:** 397

*These numbers are estimated based on spring 2002 enrollment reports from the Office of Institutional Research.
9/23/02
CLAIMS/HISTORY

Please attach details for any "Yes" answers:

a. List any professional liability claims actually made against you in the past five years, including status of claim, amounts demanded or paid, date of claim, and action taken to prevent the same type of claim in the future. If none, please check \[X\] None.

b. Please list any known incidents which might give rise to a professional liability claim. If none, please check \[X\] None.

c. Has any insurer canceled or refused to renew any similar insurance during the past five years? \[ ] Yes \[ ] No.

d. Previous coverage:

<table>
<thead>
<tr>
<th>Year</th>
<th>Policy Period</th>
<th>Issuer</th>
<th>Claims made or Occurrence Policy</th>
<th>Limit of Liability</th>
<th>Deductible</th>
<th>Retro Date</th>
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<tr>
<td>2001-02</td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

ADDITIONAL INFORMATION

Please attach a list of:

1. Partners, key employees, etc., and their professional qualifications;
2. Professional accreditations and organizations to which they or you belong(s); and
3. Your five largest jobs in the past three years.

Please attach a list of:

1. Advertisements, brochures, descriptive literature;
2. Supporting documents for evidence between you and your clients;

NOTICE TO APPLICANT: The coverage applies for SOLELY AS STATED IN THE POLICY, which provides coverage on a "CLAIMS MADE" basis for ONLY THOSE CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD. UNDER THE ABOVE STATED POLICY EACH IS AUTHORIZED TO COCO IN ORDER TO COMPLY WITH THE TERMS OF THE POLICY.

WARRANTY: I/We warrant that the insurer, or I/We understand and accept the rates stated above and that the information contained herein is true and that it shall be the basis on which insurance and desired incorporated therein, should the insurer evidence its acceptance of this application by issuance of a policy. I/We authorize the release of claim information from any prior insurer to Shand Morgan & Company, Inc., underwriting managing for the company.

Name of Applicant:

Signature of Applicant:

Date:

VP for Academic & Campus Affairs

Title (Officer, partner, etc.):

October 9, 2002

This application does not bind the applicant or the insurer or the underwriting manager to complete the insurance, but one copy of this application will be attached to the policy issued.

Page 2 of 3
DECLARATIONS - Specified Medical Professional and Specified General Liability

Claims Made Policy: This policy is limited to liability for only those CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD. Please review the policy carefully.

THIS POLICY CONTAINS PROVISIONS THAT REDUCE THE LIMITS OF LIABILITY STATED IN THE POLICY BY THE COSTS OF LEGAL DEFENSE AND PERMIT LEGAL DEFENSE COSTS TO BE APPLIED AGAINST THE DEDUCTIBLE.

1. NAMED INSURED: SUFFOLK COUNTY COMMUNITY COLLEGE
   A Corporation

2. ADDRESS: 533 COLLEGE ROAD
   OLDEN, NY 11704

3. PROFESSIONAL SERVICES OF THE INSURED:
   Student Practicums, courses and internships (medical and non medical) which are Scheduled and offered by the Named Insured

4. SPECIFIED OPERATIONS, GOODS OR PRODUCTS OF THE INSURED: NOV 27 2002
   all premises and operations of the Named Insured which are normal or incidental thereto.

5. POLICY PERIOD: From September 1, 2002 to September 1, 2003
   12:01 A.M. Standard Time at address of Insured stated above.

6. RETROACTIVE DATE: Coverage 1-Professional Liability-October 31, 2000
   Coverage 2-General Liability-September 1, 2002

7. LIMITS OF LIABILITY:
   Coverage 1: Each Claim, including claim expenses: $2,000,000
   Coverage 1: Each Occurrence, including claim expenses: $2,000,000
   Coverage 2: Each Occurrence, including claim expenses: $2,000,000

8. DEDUCTIBLE:
   Coverage 1: Each Claim, Including claim expenses: $0
   Coverage 2: Each Occurrence, including claim expenses: $0

9. RATE: Flat
10. The Insured is not a proprietor, superintendent, executive officer, director, partner, trustee or employee of any hospital, sanitarium, clinic with bed-and-board facilities, laboratory, or any business enterprise not named in Item 1 hereinabove, except as follows: None

11. PREMIUM:
   Minimum and Deposit: $ 46,363.00
   3.6% NY Surplus Lines Tax 1,669.07

12. OPTIONAL EXTENSION PERIOD:

   If the Named Insured meets the eligibility requirements of THE COVERAGE 5, and exercises the option, the premium for the Extension Discovery Period for a 12 calendar month period is 125% of the full annual premium hereunder.

13. ENDORSEMENTS ATTACHED AT POLICY INCEPTION:
   1. Clarification of Coverage
   2. Additional Insured Endorsement
   3. EIC 1114 Additional Insured
   4. Restriction of Coverage
   5. EIC 3078 ADC: Sex Abuse Liability
   6. EIC 4116 Minimum Earned Premium Endorsement
   7. ZZ-44002-01 Mold Exclusion
CLARIFICATION OF COVERAGE – THE INSURED

In consideration of the premium paid, it is hereby understood and agreed that The Insured is amended to include the following as Insureds to the extent set forth below:

(c) Students of the healthcare and non-medical curriculums offered by the Named Insured, but only while said students are participating in activities which are a part of and a requirement of the student’s curriculum at the school or university specified as the Named Insured in the Declarations;

(d) Faculty members, including employed or contracted physicians, surgeons, dentists and nurses, of the school or university specified as the Named Insured in the Declarations, but solely with respect to Claims arising out of the supervision/instruction of the students engaged in healthcare and non-medical curriculums offered by the Named Insured;

(e) The Named Insured school or university appearing in the Declarations, but solely with respect to Claims arising out of the supervision/instruction of the students engaged in healthcare and non-medical curriculums offered by the Named Insured.

All other terms and conditions remain unchanged.

Michael A. Rosenberg
Authorized Representative
Endorsement

Named Insured: SUFFOLK COUNTY COMMUNITY COLLEGE  
Policy No.: SM-817401  
Endorsement No.: 2  
Effective Date: September 1, 2002

ADDITIONAL INSURED ENDORSEMENT

In consideration of the premium paid, it is hereby understood and agreed that the following are Additional Insureds hereunder solely with respect to the Professional Services described in Item 3. of the Declarations:

All medical practices and facilities, including physicians, surgeons, dentists and other allied healthcare professionals employed therein while engaged in the supervision of students of Suffolk Community College participating in off-site practice internships.

All other terms and conditions remain unchanged.

Michael A. Rosenberg  
Authorized Representative
ADDITIONAL INSURED

In consideration of the premium charged it is understood and agreed that:

ANY AND ALL FUNDING SOURCES WITH RESPECT TO INSURED’S OPERATIONS

is an additional insured hereunder but only in respect to claims and claim expenses arising from professional services indicated in Item 3 of the Declarations performed by the Named Insureds listed in Item 1 of the Declarations.

All other terms and conditions remain unchanged.

[Signature]
Authorized Representative
RESTRICTION OF COVERAGE

In consideration of the premium charged, it is agreed that such insurance as is afforded by this policy applies solely with respect to Claims arising out of the conduct of student practicums attendant to scheduled healthcare non-medical curriculums offered by the named insured.

All other terms and conditions remain unchanged.

Michael A. Rosenberg
Authorized Representative
SEXUAL ABUSE LIABILITY ENDORSEMENT

In consideration of the premium paid, it is understood and agreed that the following is added to the policy:

COVERAGE FOR SEXUAL ABUSE LIABILITY

1. Insuring Agreement

   We will pay those sums that you become legally obligated to pay as damages for mental injury, mental anguish, shock, sickness, disease, disability, sexual dysfunction, unlawful detention, false imprisonment, public humiliation, invasion of right of privacy or assault and battery arising from sexual abuse, sexual molestation, sexual exploitation, sexual injury or allegations that you were negligent in your hiring, training and supervision practices with respect to sexual abuse, sexual molestation, sexual exploitation, sexual injury.

2. Exclusions

   This insurance does not apply to:

   a. Any insured who actively participates in inflicting sexual abuse, sexual molestation, sexual exploitation or sexual injury upon another person; or

   b. any insured who remains passive upon gaining knowledge of any alleged or actual sexual abuse, sexual molestation, sexual exploitation, or sexual injury; or

   c. any claim arising out of any sexual abuse, sexual molestation, sexual exploitation or sexual injury, involving the same individual or individuals, which initially occurred after knowledge of any actual or alleged sexual abuse, sexual molestation, sexual exploitation or sexual injury by said individual(s) is received by the Named Insured.
3. Limits of Insurance

The most we will pay for the sum of all defense expenses and damages arising from an incident(s) of sexual abuse, sexual molestation, sexual exploitation or sexual injury or allegations that you were negligent in your hiring, training and supervision practices with respect to sexual abuse, sexual molestation, sexual exploitation, sexual injury is limited to:

a. $100,000 Per claimant for all such incidents; and

b. $300,000 For all claimants for all such incidents.

4. Other Terms and Conditions

a. Multiple incidents of sexual abuse, sexual molestation, sexual exploitation or sexual injury to one person shall be deemed to be one incident and shall be subject to the coverage and limits in effect at the time of the first incident.

b. Our right and duty to defend pursuant to this coverage ends when we have used up the applicable limit of insurance in the payment of judgements, settlements or defense expenses under this coverage.

All other terms and conditions remain unchanged.

Michael A. Rosenberg
Authorized Representative
MINIMUM EARNED PREMIUM ENDORSEMENT

In the event that this policy is cancelled by the insured, the policy premium is subject to a minimum earned premium of 25% of the total premium. The minimum 25% earned premium shall apply in all cases except cancellation at the direction of the Company.

All other terms and conditions remain unchanged.

Authorized Representative
MOLD EXCLUSION

In consideration of the premium paid, it is hereby understood and agreed that this policy does not apply to any Claim based upon, arising out of, or in any way involving Mold or Mold Event.

Solely for the purposes of this endorsement:

Mold means any permanent or transient fungus, mold, mildew or mycotoxin, or any of the spores, scents or by-products resulting therefrom that exist, emanate from or move anywhere indoors or outdoors, regardless of whether they are proved to cause disease, injury or damage.

Mold Event means any actual, alleged or threat of contact with, exposure to, or inhalation, ingestion, absorption, discharge, dispersal, seepage, migration, release, escape, presence, growth or reproduction of Mold.
Specified Medical Professional Liability and General Liability
Insurance Policy

In consideration of the payment of the premium and the deductible when due, and in reliance upon the
underwriting information submitted on behalf of the Insured, and subject to the limits of liability shown in the
Declarations, and subject to all the terms of this insurance, the Company agrees with the Named Insured as
follows:

THE INSURED

The Insured: The unqualified word "Insured", whenever used in this policy, means:

1. As respects Coverages 1 and 2:
   (a) the Named Insured as designated in the Declarations;
   (b) the Named Insured as designated in the Declarations defined as a partnership, joint venture, corporation; however, this Policy does not apply to any claim arising out of the conduct of any partnership or joint venture of which the Insured is a partner or member and which is not
designated in the Declaration as Named Insured;
   (c) any principal, partner, officer, director, medical director, employee or volunteer worker of the
   Named Insured, while acting within the scope of his duties as such;
   (d) any former partner, director, medical director, or employee of the firm or predecessor firms
designed in the declarations solely while acting within his professional capacity on behalf of
said firm(s);
   (e) the heirs, executors, administrators, assigns and legal representatives of each Insured in the
   event of death, incapacity or bankruptcy of such Insured, but only while acting within the scope
   of their duties as such on behalf of the Insured or of the Insured's estate;

2. As respects Coverage 1 only:
   (a) any employee or volunteer or the firm or predecessor firm designated in the Declarations
   solely while acting in his professional capacity on behalf of said firms; however, this 
   insurance shall not apply to any claim made against any Insured who is a physician, surgeon
   or dentist arising out of the rendering of or failure to render professional services in his
   capacity as a physician, surgeon or dentist.

3. As respects Coverage 2 only:
   (a) any person (other than an employee of the Named Insured) or organization while acting as 
   real estate manager for the Named Insured; and
   (b) with respect to the operation, for the purpose of locomotion upon a public highway, of Mobile
   Equipment registered under any motor vehicle registration law,
   (i) an employee of the Named Insured while operating any such equipment in the course
   of his employment, and
   (ii) any other person while operating with the permission of the Named Insured any such
   equipment registered in the name of the Named Insured and any person or
   organization legally responsible for such operation, but only if there is no other valid
   and collectible insurance available, either on a primary or excess basis, to such person
   or organization,

provided that no person or organization shall be an Insured under this paragraph (b) with
respect to:

1. Personal Injury to any fellow employee of such person injured in the course of his
   employment, or
2. Property Damage to property owned by, rented to, in charge of or occupied by the Named Insured or the employer of any person described in subparagraph (ii).

THE COVERAGE

1. Professional Liability and Claims Made Clause: To pay on behalf of the Insured all sums in excess of the deductible amount stated in the Declarations which the Insured shall become legally obligated to pay as Damages as a result of CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD for Personal Injury arising out of any act, error, or omission in professional services rendered or that should have been rendered by the Insured or by any person for whose acts, errors or omissions the Insured is legally responsible, and arising out of the conduct of the Insured's profession as described in the Declarations provided always that such act, error or omission happens subsequent to the Retroactive Date as stated in the Declarations.

(a) the Occurrence takes place subsequent to the Retroactive Date as stated in the Declarations; and

(b) solely in respect to Products Hazard or Completed Operations Hazard, as defined herein, such Personal Injury or Property Damage arises out of only these operations, goods or products specified in the Declarations.

It is a condition precedent to coverage under this policy that all Claims be reported in compliance with the section CLAIMS 1. Notice of Claim or Suit.

3. Defense, Settlement: With respect to the insurance afforded by this policy, the Company shall defend any Claim or suit against the Insured seeking Damages to which this insurance applies, even if any of the allegations of the suit are groundless, false or fraudulent. It is further agreed that the Company may make such investigation and settlement of any Claim or suit as it deems expedient, but the Company shall not be obligated to pay any Claim, judgment or Claim Expenses or to defend or continue to defend any suit or Claim after the applicable limit of the Company's liability has been exhausted by payment of judgment, settlement, or Claim Expenses.

4. Discovery Clause: If during the Policy Period or any Optional Extended Discovery Period purchased hereunder, the Insured first becomes aware of a special act, error or omission in professional services for which coverage is provided under THE COVERAGE 1, or an Occurrence which may result in Claims for which coverage is provided under THE COVERAGE 2 and if the Insured shall during the Policy Period or the Optional Extended Discovery Period purchased hereunder give written notice to the Company of:

(a) the specific act, error or omission; or the specific Occurrence; and

(b) the injury or damage which has or may result from such act, error or omission, or Occurrence; and

(c) the circumstances by which the Insured first became aware of such act, error, omission or Occurrence;

then any Claim subsequently made against the Insured arising out of such Occurrence shall be deemed for the purpose of this insurance to have been made on the date on which such written notice was given to the Company.

The Insured shall cooperate fully with the Company as provided in CLAIMS 1 and 2, and any investigation conducted by the Company or its representatives shall be subject to the terms set forth in this policy. It is a condition precedent to coverage under this policy that all Claims be reported in compliance with the section CLAIMS 1. Notice of Claim or Suit.
5. **Option to Purchase an Extended Discovery Period**: If the Named Insured does not renew this policy after complying with all terms and conditions thereof, including payment of all premiums and/or deductibles when due or if the Company shall cancel this policy or terminate it by refusing to renew for reasons other than the Named Insured's non-payment of premiums and/or deductibles or non-compliance with the terms and conditions of this policy, the Named Insured upon payment of an additional premium calculated at that percentage shown in the Declarations of the ADJUSTED Premium for the Policy Period (but in no event less than that percentage shown in the Declarations of the minimum and deposit premium stated in the Declarations) shall have the option to extend such insurance as is afforded by this policy to apply to CLAIMS FIRST MADE AGAINST THE INSURED DURING TWELVE (12) CALENDAR MONTHS following immediately upon the effective date of such cancellation or non-renewal, but only by reason of:

(a) An act, error or omission in professional services as specified in the Declarations committed subsequent to the Retroactive Date as stated in the Declarations, or

(b) Personal Injury or Property Damage sustained subsequent to the Retroactive Date;

and prior to the effective date of such cancellation or non-renewal, and which is otherwise covered by this insurance. The extension of coverage for Claims made subsequent to termination of the Policy Period, if purchased, must be endorsed hereto and shall be referred to as the "OPTIONAL EXTENDED DISCOVERY PERIOD".

If, however, this insurance is immediately succeeded by similar CLAIMS MADE insurance coverage on which the Retroactive Date is the same as or earlier than that shown in the Declarations of this policy, the succeeding insurance shall be deemed to be a renewal hereof and, in consequence, the Named Insured shall have no right to secure an Optional Extended Discovery Period.

The quotation of a different premium and/or deductible and/or limit of liability for renewal does not constitute a cancellation or refusal to renew for the purpose of this provision.

This Optional Extended Discovery Period shall not be available when any Insured's license or right to practice his profession is revoked, suspended or surrendered.

As a condition precedent to the Named Insured's right to purchase the Optional Extended Discovery Period, the Named Insured must have paid all deductibles when due and must have tendered payment of all premiums due for the Policy Period in accordance with OTHER CONDITIONS 7. Premium and Audit.

The Named Insured's right to purchase the Optional Extended Discovery Period must be exercised in writing not later than thirty (30) days after the cancellation or termination date of this policy and must include tender of the entire premium for the Optional Extended Discovery Period, as well as payment of all premiums and/or deductibles due the Company. If such written notice and tender is not so given to the Company, directed to Shand Morahan & Company, Inc., the Named Insured shall not at a later date be able to exercise such right.

At the commencement of any Optional Extended Discovery Period, the entire premium therefor shall be deemed earned, and in the event the Named Insured terminates the Optional Extended Discovery Period before its term for any reason, the Company shall not be liable to return the Named Insured any portion of the premium paid for the Optional Extended Discovery Period. It is understood that OTHER CONDITIONS 6. Cancellations, is superseded only to the extent of the intention expressed herein.

The fact that this insurance afforded by this policy must be extended by virtue of the Optional Extended Discovery Period shall not in any way increase the limits of liability set forth in the Declarations.
THE EXCLUSIONS

1. With respect to both Coverage 1 and 2, this policy does not apply:
   
   (a) to any Claim based upon or arising out of 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;
   
   (b) to any Claim based upon or arising out of Personal Injury to any employee of the Insured arising out of and in the course of his employment by the Insured or to any obligation of the Insured to indemnify another because of damages arising out of such injury;
   
   (c) to any Claim based upon or arising out of discrimination by any Insured on the basis of race, creed, age, sex, sexual preference, physical handicap or national origin or marital status.
   
   (d) to any Claim based upon or arising out of Personal 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 materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water.

   It is further agreed that this policy shall not apply to claims for or cost or expenses of or in connection with:
   
   (i) cleaning up, containing orremediating the premises of the Insured; and/or
   
   (ii) neutralizing, restoring, landfilling, cleaning up or inactivating any site due to dumping, the disposal, storage treatment, destruction or reclamation of wastes or by-products.

2. With respect to Coverage 1 only, this policy does not apply:
   
   (a) to any Claim based upon or arising out of any dishonest, fraudulent, criminal, malicious or knowingly wrongful acts, errors or omissions intentionally committed by or at the direction of the Insured;
   
   (b) to liability arising out of the Insured's activities in his capacity as proprietor, superintendent, executive officer, director, medical director, partner, trustee or employee of any hospital, sanitarium, clinic with bed and board facilities, laboratory, business enterprise, or any governmental body, sub-division or agency not named as an Insured under this Policy unless such activities are mentioned in the application and listed in Item 10 of the Declarations;
   
   (c) to the performance of either general anesthesia or any procedure carried out under general anesthesia unless performed in a hospital accredited by the Joint Commission of Accreditation of Hospitals, for the United States, or by the Canadian Council on Hospital Accreditation, for Canada;
   
   (d) to the liability of others assumed by the Insured under any contract or agreement, unless such liability would have attached to the Insured even in the absence of such contract or agreement;
   
   (e) to any Claim based upon or arising out of or resulting from either undue familiarity, sexual abuse or licentious, immoral or sexual behavior intended to lead to, or culminating in any sexual act, whether caused by, or at the instigation of, or at the direction of, either known or unknown by the Insured, his employees, or patrons;

3. With respect to Coverage 2 only, this policy does not apply:
   
   (a) to liability assumed by the Insured under any contract or agreement except an Incidental Contract; but this exclusion does not apply to a warranty of fitness or quality of the Named Insured's Products or a warranty that work performed by or on behalf of the Named Insured will be done in a workmanlike manner;
   
   (b) to any Claim based upon or arising out of Property Damage to premises alienated by the Named Insured arising out of such premises or any part thereof;
   
   (c) to any Claim based upon or arising out of loss of use of tangible property which has not been physically injured or destroyed resulting from:
(i) a delay in or lack of performance by or on behalf of the Named Insured of any contract or agreement; or

(ii) the failure of the Named Insured's Products or work performed by or on behalf of the Named Insured to meet the level of performance, quality, fitness or durability warranted or represented by the Named Insured;

but this exclusion does not apply to loss of use of other tangible property resulting from the sudden and accidental physical injury to or destruction of the Named Insured's Products or work performed by or on behalf of the Named Insured after such products or work have been put to use by any person or organization other than an Insured;

(c) to any Claim based upon or arising out of Property Damage to the Named Insured's Products, or for the cost of inspecting, repairing or replacing any defective or allegedly defective product or part thereof or for loss of use of any defective or allegedly defective product;

(e) to any Claim for Property Damage to work performed by or on behalf of the Named Insured arising out of the work or any portion thereof, or out of materials, parts or equipment furnished in connection therewith;

(f) to any Claim for Damages for the withdrawal, inspection, repair, replacement, or loss of use of the Named Insured's Products or work completed by or for the Named Insured or of any property of which such products or work form a part, if such products, work or property are withdrawn from the market or from use because of any known or suspected defect or deficiency therein;

(g) to any Claim based upon or arising out of Personal Injury or Property Damage arising out of ownership, maintenance, operation, use, loading or unloading of:

(i) any Automobile, aircraft or watercraft owned or operated by or rented or loaned to any Insured; or

(ii) any other Automobile, aircraft or watercraft operated by any person in the course of his employment by an Insured;

but this exclusion does not apply to the parking of any Automobile on premises owned by, rented to or controlled by the Named Insured or the ways immediately adjoining, if such Automobile is not owned by or rented or loaned to any Insured, and this exclusion does not apply to watercraft while ashore on premises owned by, rented to or controlled by the Named Insured;

(h) to any Claim based upon or arising out of Personal Injury or Property Damage arising out of:

(i) the ownership, maintenance, operation, use, loading or unloading of any Mobile Equipment while being used in any prearranged or organized racing, speed or demolition contest or in any stunting activity or in practice or preparation for such contest or activity; or

(ii) the operation or use of any snowmobile, moped or motorized bicycle, or trailer designed for use therewith;

(i) to any Claim based upon or arising out of Personal Injury or Property Damage arising out of and in the course of the transportation of Mobile Equipment by any Automobile owned or operated by or rented or loaned to any Insured;

(g) to any Claim based upon or arising out of Property Damage to:

(i) property owned or occupied or rented to the Insured;

(ii) property used by the Insured; or

(iii) property in the care, custody or control of the Insured or as to which the Insured is for any purpose exercising physical control;
but parts (ii) and (iii) of this exclusion do not apply with respect to liability under a written
sidetrack agreement and part (iii) of this exclusion does not apply with respect to Property
Damage (other than to Elevators) arising out of the use of an Elevator at premises owned by,
rented to or controlled by the Named Insured;

(k) to any Claim based upon or arising out of the Insured’s activities as a fiduciary under the
Employee Retirement Income Security Act of 1974 and its amendments or any regulation or
order issued pursuant thereto,

(l) to any Claim based upon or arising out of Personal Injury or Property Damage for which the
Insured or his indemnitee may be held liable:
   (i) as a person or organization engaged in the business of manufacturing, distributing,
         selling or serving alcoholic beverages; or
   (ii) if not so engaged, as an owner or lessor of premises used for such purposes, if such
        liability is imposed by, or because of the violation of, any statute, ordinance
        or regulation pertaining to the sale, gift, distribution or use of any alcoholic beverage;

(m) to any Claim based upon or arising out of Personal Injury or Property Damage due to war,
whether or not declared, civil war, insurrection, rebellion or revolution or to any act or
condition incident to any of the foregoing with respect to liability assumed by the Insured
under an Incidental Contract;

(n) to any Claim based upon or arising out of Aircraft Products including consequential loss of
use thereof resulting from Grounding;

(o) to any Claim arising out of the rendering of or failure to render professional services by the
Insured or by any person or organization for whose acts or omissions the Insured is legally
responsible;

(p) to any Claim based upon or arising out of Personal Injury or Property Damage resulting from
the use of force expected or intended from the standpoint of the Insured; however, this
exclusion does not apply to Personal Injury resulting from the use of reasonable force to
protect persons or property.

TERRITORY

The insurance afforded by this policy applies worldwide, provided the Claim is made in the United States
of America, its territories or possessions, or Canada.

LIMITS OF LIABILITY

Regardless of the number of persons or entities insured hereunder, the liability of the company for
CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD including the Optional
Extended Discover Period, if purchased, is limited as follows:

1. Coverage 1 - Professional Liability Coverage - Each Claim: The total liability of the Company for
   the combined total of loss payments and Claim Expenses for each Claim insured herein shall not
   exceed the Limit of Liability stated in Item 7 of the Declarations as applicable to "Each Claim."

2. Coverage 2 - General Liability - Each Occurrence: The total liability of the Company for the
   combined total of loss payments and Claim Expenses for all Claims insured herein because of all
   Personal Injury and Property Damages sustained by one or more persons or entities as the result of
   any one Occurrence shall not exceed the Limit of Liability stated in Item 7 of the Declarations as
   applicable to "Each Occurrence."

3. Coverage 1 and 2 - Policy Aggregate: Subject to the above provisions respecting "Each Claim"
   under Coverage 1 and "Each Occurrence" under Coverage 2, the total liability of the Company for
   the combined total of loss payments and Claim Expenses for all Claims insured herein shall not
   exceed the Limit of Liability stated in Item 7 of the Declarations as "Policy Aggregate."
4. Limit of Liability - Reduction for Refusal to Settle - Applicable to Coverage 1 Only: The Company shall not settle any Claim without the consent of the Insured. If, however, the Insured is a partnership, professional association or professional corporation, the written consent of an Insured who was formerly but is no longer a member of the partnership or professional association or director, officer, stockholder or employee of a professional corporation will not be required, provided the written consent of the remaining insured partner or partners, professional association members or corporate directors, officers, stockholders or employees of a professional corporation, or their duly appointed representatives, has been obtained. If, however, the Insured shall refuse to consent to any settlement recommended by the Company and shall elect to contest the Claim or continue any legal proceedings in connection with such Claim, then the Company's liability for the Claim shall not exceed the amount for which the Claim could have been settled including Claim Expenses incurred up to the date of such refusal. Such amounts are subject to the provisions of the sections the LIMITS OF LIABILITY 1 and the LIMITS OF LIABILITY 3.

5. Deductible: With respect to Coverage 1 and 2 individually, the deductible amounts stated in the Declarations shall be paid by the Named Insured and shall be applicable to each Claim or to each Occurrence and shall include loss payments and Claim Expenses, whether or not loss payments are made.

Such amounts shall, upon written demand by the Company, be paid by the Named Insured within ten (10) days. The total payments requested from the Named Insured in respect of each Claim or each Occurrence shall not exceed the deductible amount stated in the Declarations. Solely for the purpose of determining the Company's limit of liability, the deductible amount shall be deemed to be applied first to the loss payment.

The determination of the Company as to the reasonableness of the Claim Expenses shall be conclusive on the Named Insured.

6. Multiple Incurred, Claims and Claimants: The inclusion herein of more than one Incurred or the making of Claims or the bringing of suits by more than one person or organization shall not operate to increase the Company's limit of liability.

With respect to Coverage 1, two or more Claims arising out of a single act, error or omission or a series of related acts, errors or omissions shall be treated as a single Claim. All such Claims, whenever made, shall be treated as a single Claim. All such Claims, whenever made, shall be considered first made on the date on which the earliest Claim arising out of such acts, errors or omissions was first made, and all such Claims shall be subject to the same limit of liability and deductible.

With respect to Coverage 2, two or more Claims arising out of a single Occurrence shall be treated as a single Claim. All such Claims, whenever made, shall be treated as a single Claim. All such Claims, whenever made, shall be considered first made on the date on which the earliest Claim arising out of such Occurrence was first made, and all such Claims shall be subject to the same limit of liability and deductible.

7. Payment of Claim Expenses: Subject to the Named Insured's obligation to pay the deductible as set forth in LIMITS OF LIABILITY 3, which includes an obligation to pay loss payments and Claim Expenses, the Company shall pay loss payments and Claim Expenses subject to the applicable limits of liability. The total of such loss payments and Claim Expenses for each Claim or each Occurrence shall not exceed the applicable limit of liability stated on the Declarations.

DEFINITIONS

Admissions means, whenever used as a premium basis, the total number of persons, other than employees of the Coverage 1 and Coverage 2 Named Insureds, admitted to the event insured or to events conducted on the premises whether on paid admission tickets, complimentary tickets or passes.

Aircraft Products means, whenever used in this policy, any aircraft whether or not heavier than air (including spacecraft and missiles) and any ground support, guidance, control or communications equipment used in connection therewith, and also includes parts, supplies or equipment installed in or on
or used in connection with aircraft, including tools, training aids, instructions, manuals, blueprints and other data, engineering and other advice, services and labor used in the operation, maintenance or manufacture of aircraft products.

**Automobile** means, whenever used in this policy, a land motor vehicle, trailer or semitrailer designed for travel on public roads (including any machinery or apparatus attached thereto), but does not include Mobile Equipment, as hereinafter defined.

**Claim** means, whenever used in this policy:

(a) Under Coverage A, a demand received by the Insured for compensation for Damages, including the service of suit or institution of arbitration proceedings against the Insured.

(b) Under Coverage B, a notice received by the Insured of an intention to hold the Insured responsible for an Occurrence involving this policy and shall include the service of suit or institution of arbitration proceedings against the Insured.

**Claim Expenses** means, whenever used in this policy:

(a) fees charged by any lawyer designated by the Company,

(b) all other fees, cost and expenses resulting from the investigation, adjustment, defense and appeal of a Claim, if incurred by the Company;

(c) fees charged by any lawyer designated by the Insured with the written consent of the Company.

However, "Claim Expenses" does not include salary charges of regular employees or officials of the Company or of any supervisory counsel retained by the Company.

**Completed Operations Hazard** means, whenever used in this policy, Personal Injury and Property Damage arising out of only those operations specified in the Declarations or reliance upon a representation or warranty with respect thereto, but only if the Personal Injury or Property Damage occurs after the Retroactive Date set forth in the Declarations and after such operations have been completed or abandoned and occurs away from premises owned by or rented to the Insured. "Operations" includes 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 Insured under the contract have been completed;

(b) when all operations to be performed by or on behalf of the 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 another contractor or sub-contractor 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 complete. THE COMPLETED OPERATIONS HAZARD DOES NOT INCLUDE Personal Injury or Property Damage arising out of:

(a) operations in connection with the transportation of property, unless the Personal Injury or Property Damage arises out of a condition in or on a vehicle created by the loading or unloading thereof; or

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

**Cost** means, whenever used as a premium basis, the total cost to the Named Insured with respect to operations performed for such Named Insured during the Policy Period by independent contractors on work let or sublet in connection with each specific project, including the cost of all labor, materials and equipment furnished, used or delivered for use in the execution of such work, whether furnished by the
owner, contractor or subcontractor, including all fees, allowances, bonuses or commissions made, paid or due.

**Damages** means, whenever used in this policy, money which an Insured is legally obligated to pay for any claim to which this insurance applies and shall include judgments, awards, and settlements entered into with the Company's prior written consent. Such damages shall not include statutory fines, statutory penalties, sanctions, taxes, or judicially or statutorily imposed or multiplied damages, or amounts which may be deemed insurable under the law pursuant to which this policy shall be construed. Nor shall damages include the return or restitution of fees, profits, or charges for services rendered.

**Elevator** means, whenever used in this policy, 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.

**Gross Receipts** means, whenever used as a premium basis, not only “Sales” as defined elsewhere in this policy, but also total income, exclusive of deductions, from any other source, insofar as the Sales or other Gross Receipts relate to or emanate from operations or services specified in the Declarations performed during the Policy Period by or on behalf of the Insured.

**Grounding** means, whenever used in this policy, the withdrawal of one or more aircraft from flight operations or the imposition of speed, passenger or load restrictions on such aircraft because of the existence or alleged existence of a defect, fault or condition in any Aircraft Product.

**Incidental Contract** means, whenever used in this policy, 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) sidetrack agreement; or (5) Elevator maintenance agreement.

**Mobile Equipment** means, whenever used in this policy, any of the following types of land vehicles, including any attached machinery or equipment:

(a) bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;

(b) vehicles maintained for use solely on or next to premises you own or rent;

(c) vehicles that travel on crawler treads;

(d) vehicles, whether self-propelled or not, on which are permanently mounted:
   (1) power cranes, shovels, loaders, diggers, or drills; or
   (2) road construction or resurfacing equipment such as graders, scrapers or rollers;

(e) vehicles not described in (a), (b), (c), or (d) above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
   (1) air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
   (2) cherry pickers and similar devices used to lift workers to heights;

(f) vehicles not described in (a), (b), (c), or (d) above maintained primarily for purposes other than the transportation of persons or cargo;

However, self-propelled vehicles with the following types of permanently attached equipment are not "Mobile Equipment" but will be considered "Automobiles":

(1) equipment designed primarily for:
   (a) snow removal;
   (b) road maintenance, but not construction or resurfacing;
   (c) street cleaning;
(2) cherry pickers and similar devices mounted on automobile or truck chassis and used to lift workers to heights; and

(3) air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

**Named Insured's Products** means, whenever used in this policy, 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 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, whenever used in this policy an accident, including continuous or repeated exposure to substantially the same general harmful condition, which results in personal injury or property damage sustained after the Retroactive Date stated in the Declarations.

**Personal Injury** means, whenever used in this policy:

(c) bodily injury, disfigurement or disfigurement resulting therefrom sustained by any person;

(b) false arrest, detention or imprisonment, wrongful entry or eviction or other invasion of private occupancy, malicious prosecution or humiliation, except when maliciously inflicted by, at the direction of, or with the consent or acquiescence of the Insured;

(c) the publication or utterance of libel or slander or other defamatory or disparaging material, or a publication or utterance in violation of an individual's right of privacy except when maliciously published or uttered by, at the direction of, or with the consent or acquiescence of the Insured.

**Policy Period** means, whenever used in this policy, the period from the inception date of this policy to the policy expiration date as set forth in the Declarations or its earlier termination date, if any.

**Products Hazard** means, whenever used in this policy, Personal Injury or Property Damage arising out of only those goods or products specified in the Declarations which are the Named Insured’s Products or reliance upon a representation or warranty with respect thereto, but only if the Personal Injury or Property Damage occurs after the Retroactive Date set forth in the Declarations and 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, whenever used in this policy, physical injury to or destruction of tangible property, including consequential loss of use thereof, or loss of use of tangible property which has not been physically injured or destroyed provided such loss of use is caused by an Occurrence.

**Receipts** means, whenever used as a premium basis, the gross amount of money charged by the Named Insured for such operations performed by such Named Insured or by others during the Policy Period as are rated on a receipts basis other than receipts from telecasting, broadcasting or motion pictures, and includes taxes, other than taxes which the Named Insured collects as a separate item and remits directly to a governmental division.

**Remuneration** means, whenever used as a premium basis, the entire remuneration earned during the Policy Period by proprietors and by all employees of the Named Insured, other than chauffeurs (except operators of Mobile Equipment) and aircraft pilots and co-pilots, subject to any overtime earnings or limitation of remuneration rule applicable in accordance with the manuals in use by the Company.

**Sales** means, whenever used as a premium basis, the gross amount of money charged by the Named Insured or by others trading under such Insured’s name for all goods and products sold or distributed during the Policy Period and charged during the Policy Period for installation, servicing or repair, and includes taxes, other than taxes which the Named Insured and such others collect as a separate item and remit directly to a governmental division.

**Workers' Compensation Payroll** means, whenever used in this policy, the entire remuneration earned during the Policy Period by all employees of the Coverage A and Coverage B Named Insureds, subject to any overtime earnings or limitation of remuneration rule applied by the workers' compensation insurers.
CLAIMS

1. **Notice of Claim or Suit:** As a condition precedent to the right to the protection afforded by this insurance, the Insured shall, as soon as practicable, give to the Company written notice directed to SHAND MORAHAN & COMPANY INC., Ten Parkway North, Deerfield, Illinois 60015, of any Claim made against him.

   In the event suit is brought against the Insured, the Insured shall IMMEDIATELY forward to the Company through SHAND MORAHAN & COMPANY INC. every demand, notice, summons or other process received by him or by his representatives.

2. **Assistance and Cooperation of the Insured:** The Insured shall cooperate with the Company and upon the Company's request shall submit to examination and interrogation by a representative of the Company, under oath if required, and shall attend hearings, depositions and trials and shall assist in effecting settlement, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits, as well as in the giving of a written statement or statements to the Company's representatives and meeting with such representatives for the purpose of investigation and/or defense, all without charge to the Company. The Insured shall further cooperate with the Company and do whatever is necessary to secure and affect any right of indemnity, contribution or apportionment which the Insured may have. The Insured shall not, except at his own cost, make any payment, admit any liability, settle any Claims, assume any obligation or incur any expense without the written consent of the Company.

3. **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 the Claim to prejudice such rights.

   The Company shall not exercise any such rights against any person, firms or corporations included in the definition of "Insured." Notwithstanding the foregoing, however, the Company reserves the right to exercise any rights of subrogation against an Insured in respect of any Claim brought about or contributed to by the intentional, dishonest, fraudulent, criminal or malicious act or omission of such Insured.

   Any amount so recovered shall be apportioned as follows:

   Any recovery shall first be used for the repayment of expenses incurred toward subrogation; second, to any loss and expense payment by the Insured in excess of any deductible(s); third, to any loss and expense payments by any excess carrier on behalf of the Insured; fourth, to any loss and expense payments by any primary carrier on behalf of the Insured; and, last, to repayment of the Insured's deductible.

4. **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 shall have been fully and finally determined either by judgment against the Insured after actual trial or by written agreement of the Insured, the claimant and the Company.

   Nothing contained in this policy shall give any person or organization any right to join the Company as a co-defendant in any action against the Insured to determine the Insured's liability. Bankruptcy or insolvency of the Insured or of the Insured's estate shall not relieve the Company of any of its obligations hereunder.

5. **False or Fraudulent Claims:** If any Insured shall commit fraud in proffering any Claim as regards amount of otherwise, this insurance shall become void as to such Insured from the date such fraudulent Claim is proffered.

OTHER CONDITIONS

1. **Application:** By acceptance of this policy, the Insured agrees that the statements in the applications are his representations, that they shall be deemed material, 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.

2. **Prevention of Loss:** In the event of an Occurrence involving the operations/hazards covered by this policy, the Insured shall promptly, at his expense, take all reasonable steps to prevent other Personal Injury or Property Damage from arising out of the same or similar conditions.

3. **Other Insurance:** This insurance shall be in excess of the amount of the applicable deductible of this policy and any other valid and collectible insurance available to the Insured whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as a specific excess insurance over the limits of liability provided in this policy.

4. **Changes:** Notice to any agent of knowledge possessed by any agent or other person acting on behalf of the Company 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 the policy, nor shall the terms of this policy be waived or changed, except by endorsement issued to form a part of this policy.

5. **Assignment:** Assignment of interest under this policy shall not bind the Company unless its consent is endorsed thereon.

6. **Cancellation:** This policy may be cancelled by the Named Insured on behalf of all Insureds by surrender thereof to the Company or to Shand Morahan & Company Inc., Ten Parkway North, Deerfield, Illinois 60015 or by mailing to the aforementioned written notice stating when thereafter such cancellation shall be effective. If cancelled by the Named Insured, the Company shall retain the customary short rate proportion of the premium.

This policy may be cancelled by the Company or by Shand Morahan & Company Inc. by mailing to the Named Insured, at the address stated in the Declarations, written notice stating when, not less than thirty (30) days thereafter, such cancellation shall be effective. However, if the Company cancels the policy because the Named Insured has failed to pay a premium or deductible when due, this policy may be cancelled by the Company by mailing a written notice of cancellation to the Named Insured stating when, not less than ten (10) days thereafter, such cancellation shall be effective. The mailing of notice as aforementioned shall be sufficient notice and the effective date of cancellation stated in the notice shall become the end of the Policy Period. Such notice shall be conclusive on all Insureds. Delivery of such written notice by the Named Insured, the Company or Shand Morahan & Company Inc. shall be equivalent to mailing. If cancelled by the Company or Shand Morahan & Company Inc., earned premium shall be computed pro rata. Premium adjustment may be made at the time cancellation is effected or as soon as practicable thereafter.

7. **Premium and Audit:** Upon expiration of this policy, the Named Insured shall furnish to the person(s) specified for the purpose in the Declarations, on behalf of the Company, with a statement of the Insured's actual total Sales or other premium base as specified in Item 9 of the Declarations for the Policy Period. The actual earned premium shall be computed thereon at the premium rate stipulated in the Declarations. If the actual earned premium is more than the deposit premium, the Insured shall pay the difference to the Company; if less, the Company shall refund the difference to the Insured except that the Company shall be entitled to the minimum premium as stated in the Declarations. The Company or its authorized representatives shall have the right to require of the Insured, at any time within the said Policy Period or one year thereafter, a sworn statement of the entire amount (or number) of such total Sales or other premium base during the whole or any specific part of the said period, and the Named Insured shall furnish said statement within ten (10) days after request. The statement referred to shall be subject to verification and audit by a duly authorized representative of the Company, who shall have the right and opportunity to examine the books and records of the Insured as respects such total Sales or other base of premium, and such examination may be made at any time during the said period and within three (3) years thereafter. The rendition of any estimate or statement or the making of any previous omissions shall not bar the examination herein provided for, nor the Company's right to additional premium.

8. **Inspection:** Any of the Company's authorized representatives shall have the right and opportunity, whenever the Company so desires, to inspect at any reasonable time the Insured's premises and
operations, but the Company assumes no responsibility or duty by reason of such inspection or the omission thereof. The Insured agrees to provide appropriate personnel to assist the Company's representatives during such inspection without cost to the Company.

9. **Authorization:** By acceptance of this policy, the first person or entity named in Item 1. of the Declarations agrees to act as Named Insured with respect to the giving and receiving of all notice as provided herein; the exercising of the Optional Extended Discovery Period, the cancellation of this policy, the payment of premiums and deductibles, the receiving of any return premiums that may become due; and the Insureds agree that such person or entity shall act on their behalf.

10. **Reporting of Changes in Premises or Operations:** The premium charged for this policy is based on those premises and operations identified in the underwriting information submitted to the Company on behalf of the Insured at the time of policy inception. The Insured shall report promptly to the Company any changes in premises or operations as described below, and the Company shall have the right to adjust the premium and/or deductibles for such changes, based on its sole assessment of the additional exposure(s) presented.

**Changes to report:**

1. any changes to manufacturing or servicing premises requiring structural alterations, or acquisition of additional manufacturing or servicing premises;

2. any changes in manufacturing or servicing operations which is likely to result in an annual increase in payrolls of 25% or more;

3. any change in operations which are not accurately described by the description of covered operations as shown on the Declarations.

With respect to the Products Hazard and the Completed Operations Hazard as defined herein, this policy shall apply to only those products or completed operations specified in the Declarations, irrespective of any changes reported.

11. **Service of Suit:** It is agreed that in the event of the failure of the Company to pay any amount claimed to be due hereunder, the Company, at the request of the Named Insured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this clause constitutes or should be understood to constitute a waiver of the Company's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. It is further agreed that service of process in such suit may be made upon General Counsel, Legal Department, Shand Morahan & Company, Inc., Ten Parkway North, Deerfield, Illinois 60015 and that in any suit instituted against the Company upon this contract, the Company will abide by the final decision of such court or of any appellate court in the event of an appeal.

Further, pursuant to any statute of any state, territory, or district of the United States which makes provision thereof, the Company hereby designates the Superintendent, Commissioner, or Director of Insurance or other official specified for that purpose in the statute, or his/her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Named Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designates the above-named counsel as the person to whom the said officer is authorized to mail such process or a true copy thereof.
IN WITNESS WHEREOF, the Company has caused this policy to be signed by its President and Secretary, but this policy shall not be valid unless countersigned on the Declarations page by a duly authorized representative of the Company.

[Signatures]

Colgan W. Plochin
Secretary

Michael A. Rosenberg
President
NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT (BROAD FORM)

This endorsement modifies the provisions of this policy.

It is agreed that:

1. 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 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.

2. As used in this endorsement:
   "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 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 by-product 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 (c) 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.