PLAINTIFF'S EXHIBIT

UTX-87

CHUBB

Liability Insurance

Declarations

Chubb Group of Insurance Companies
15 Mountain View Road
Warren, NJ 07059

Named Insured and Mailing Address

UTEX INDUSTRIES
P O BOX 79227
HOUSTON, TX 77079

Policy Number 3534-59-69

Effective Date JUNE 1, 1998

Issued by the stock insurance company indicated below, herein called the company.

GREAT NORTHERN INSURANCE COMPANY

Incorporated under the laws of MINNESOTA

Producer No. 0093561

Producer MARSH & MCLENNAN INC. - IBC/DALLAS
2200 ROSS AVE. STE. 3400
DALLAS, TX 75201-7900

Policy Period

From: JUNE 1, 1998 To: JUNE 1, 1999
12:01 A.M. standard time at the Named Insured's mailing address shown above.

Liability Coverage	Limit Of Insurance	
GENERAL LIABILITY		
GENERAL AGGREGATE LIMIT	2,000,000	
PRODUCTS/COMPLETED OPERATIONS AGGREGATE LIMIT	2,000,000	
EACH OCCURRENCE LIMIT	1,000,000	
ADVERTISING INJURY AND PERSONAL INJURY LIMIT	1,000,000	
PERSONAL INJURY LIMIT	1,000,000	
MEDICAL EXPENSE LIMIT	10,000	
EMPLOYEE BENEFITS ERRORS OR OMMISSIONS	1,000,000	
PER CLAIM	1,000,000 AGG	
DEDUCTIBLE-EACH CLAIM		1,000
RETROACTIVE DATE		JUNE 1, 1998

UTEX 000775

Contract

Words and phrases that appear in **bold** print have special meanings and are defined in the Definitions section of this contract.

Throughout this contract the words "you" and "your" refer to the Named **Insured** shown in the Declarations of this policy, and any other person or organization qualifying as a Named **Insured** under this contract. The words "we," "us" and "our" refer to the company providing this insurance.

In addition to the Named **Insured**, other persons or organizations qualify as **insureds**. Those persons or organizations and the conditions under which they qualify are identified in the Who Is Insured section of this contract.

Who Is Insured

Sole Proprietorship

If you are an individual, you and your spouse are **insureds**, but only with respect to the conduct of a business of which you are the sole owner.

Partnership Or Joint Venture

If you are a partnership or joint venture, you are an **insured**. Your members, your partners, and their spouses are also **insureds**, but only with respect to the conduct of your business.

Other Organizations

If you are an organization other than a partnership, joint venture or limited liability company, you **are an insured**. **Your executive officers and directors are insureds**, but only with respect to their duties as your officers or directors. Your stockholders are also **insureds** but only with respect to their liability as stockholders.

Employees

Your **employees**, other than your **executive officers**, are **insureds**, but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business.

No **employee** is an **insured** for:

A. **bodily injury** or **personal injury**:

1. to you, your partners or members (if you are a partnership, joint venture or limited liability company), or to a co-**employee** while in the course of his or her employment or while performing duties related to the conduct of your business;

2. to the spouse, child, parent, brother or sister of that co-**employee** as a consequence of paragraph A.1. above; or

3. for which there is any obligation to share damages with or repay someone else who must pay damages because of an injury described in A.1. or A.2. above;

Paragraphs A.1., A.2., and A.3. do not apply to officers or supervisors.

B. **property damage** to property owned or occupied by or rented or loaned to that **employee**, any of your other **employees**, or any of your partners or members (if you are a partnership, joint venture or limited liability company).

UTEX 000776

Who Is Insured
(continued)

Volunteer Workers

Your volunteer workers (at your option) are **insureds**.

Real Estate Manager

Any person (other than your **employee**) or any organization while acting as your real estate manager are **insureds**.

Custodian

Any person or organization having proper temporary custody of your property if you die are **insureds**, but only with respect to the maintenance or use of that property until your legal representative has been appointed.

Legal Representative

Your legal representative is an **insured**, if you die. That representative will have all of your rights and duties, but is an **insured** only with respect to his duties as your legal representative.

Permissive User Of Mobile Equipment

With respect to **mobile equipment** registered in your name under any motor vehicle registration law:

- any person is an **insured** while driving such equipment along a public highway with your permission; and
- any other person or organization responsible for the conduct of such person is also an **insured**, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability.

No person or organization is an **insured** with respect to:

- **bodily injury** to a co-**employee** of the person driving the equipment; or
- **property damage** to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an **insured** under this provision.

Vendors

Any vendor is an **insured**, but only with respect to **bodily injury** or **property damage** arising out of the distribution or sale of **your products** in the regular course of that vendor's business and only if products/completed operations coverage is provided under this contract.

No vendor is an **insured** with respect to:

- **bodily injury** or **property damage** for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
- any express warranty unauthorized by you;
- any physical or chemical change in **your products** made intentionally by the vendor;

UTEX 000777

Who Is Insured

Vendors (continued)

- repacking, unless unpacked solely for the purpose of inspection, demonstration, testing or the substitution of parts under instruction from the manufacturer and then repacked in the original container;
- demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of **your products**;
- **your products** which after distribution or sale by you have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance, by or for the vendor;
- any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of **your products**;
- any of **your products** or completed operations contained within the **products-completed operations hazard** which have been excluded from this insurance; or
- any **occurrence** which takes place after the contract with the vendor expires or the end of the policy period, whichever comes first.

This insurance does not apply to any person or organization, as **insured**, from whom you have acquired **your products** or any ingredient, part or container, entering into, accompanying or containing **your products**.

Lessors Of Premises

Any lessor of leased premises is an **insured**, but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you and only if you are contractually obligated to provide such coverage as is afforded by this contract.

No lessor is an **insured** with respect to:

- any **occurrence** which takes place after you cease to be a tenant in the premises or the end of the policy period, whichever comes first;
- structural alterations, new construction, or demolition operations performed by or on behalf of the lessor; or
- **bodily injury**, **property damage**, **advertising injury**, or **personal injury** arising out of the sole negligence of the lessor.

Lessors Of Leased Equipment

Any lessor of equipment leased to you is an **insured**, but only with respect to **bodily injury** or **property damage** arising out of the maintenance, operation or use by you of the equipment and only if you are contractually obligated to provide such coverage as is afforded by this contract.

No lessor is an **insured** with respect to:

- any **occurrence** which takes place after any equipment lease expires or the end of the policy period, whichever comes first; or
- **bodily injury** or **property damage** arising out of the sole negligence of the lessor.

Subsidiaries Or Newly Acquired Or Formed Organizations

If there is no other similar insurance available, the following will qualify to be a named **insured**:

- Any financially controlled subsidiary of yours; or

UTEX 000778

Who Is Insured

Subsidiaries Or Newly Acquired Or Formed Organizations (continued)

- any organization you newly acquired or formed during the policy period, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest. This coverage is effective on the acquisition or formation date and is afforded only until the end of the policy period during which the acquisition or formation took place.

No subsidiary or newly acquired or formed organization is an **insured** with respect to:

- **bodily injury** or **property damage** that occurred before you acquired or formed the organization; or
- **advertising injury** or **personal injury** arising out of an offense committed before you acquired or formed the organization.

Limitation On Who Is Insured

No one is an **insured** for the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a named **insured** in the Declarations.

Coverage

Bodily Injury, Property Damage, Advertising Injury, And Personal Injury

Subject to the applicable Limits Of Insurance, we will pay damages the **insured** becomes legally obligated to pay by reason of liability imposed by law or assumed under an **insured contract** for:

- **bodily injury** or **property damage** to which this insurance applies caused by an **occurrence**; or
- **advertising injury** or **personal injury** to which this insurance applies caused by an offense.

This insurance applies to:

- **bodily injury** or **property damage** which occurs during the policy period; and
- **advertising injury** or **personal injury** caused by an offense committed during the policy period.

Damages for **bodily injury** include damages claimed by any person or organization for care or loss of services resulting at any time from the **bodily injury**.

Medical Expense

Subject to the applicable Limits Of Insurance, we will pay each person who sustains **bodily injury** caused by an accident all **medical expenses** incurred and reported to us within three years from the date of the accident.

The accident must take place during the policy period and the **bodily injury** must arise out of premises or operations for which you are afforded **bodily injury** liability coverage under this contract. The injured person must submit to examination, at our expense, by physicians of our choice as often as we reasonably require.

Limits Of Insurance

The Limits Of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

- **insureds**;
- claims made or **suits** brought; or

UTEX 000779

Limits Of Insurance
(continued)

- persons or organizations making claims or bringing **suits**.

The Limits Of Insurance apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits Of Insurance.

General Aggregate Limit

Subject to the Each Occurrence Limit and the Advertising Injury And Personal Injury Limit, the General Aggregate Limit is the most we will pay for the sum of:

- damages under **bodily injury** and **property damage** coverage, except damages because of **bodily injury** and **property damage** included in the **products-completed operations hazard**;
- damages under **advertising injury** and **personal injury** coverage; and
- **medical expenses** under Medical Expense coverage.

Products-Completed Operations Aggregate Limit

Subject to the Each Occurrence Limit, the Products-Completed Operations Aggregate Limit is the most we will pay for damages under **bodily injury** and **property damage** coverage included in the **products-completed operations hazard**.

Advertising Injury And Personal Injury Limit

The Advertising Injury And Personal Injury Limit is the most we will pay under **advertising injury** and **personal injury** coverage for the sum of all damages involving the same oral or written publication of material, or the same act, regardless of the frequency or repetition thereof, the number or kind of media used, and the number of claimants.

Any amount paid for damages arising out of an offense will reduce the amount of the applicable Aggregate Limit available for payment of damages arising out of any other offense.

If the applicable Aggregate Limit has been reduced by payment of damages to an amount that is less than the Advertising Injury And Personal Injury Limit stated in the Declarations, the remaining Aggregate Limit is the most that will be available for payment of damages arising out of any other offense.

Each Occurrence Limit

The Each Occurrence Limit is the most we will pay for the sum of:

- damages under **bodily injury** and **property damage** coverage; and
- **medical expenses** under Medical Expense coverage

because of all **bodily injury** and **property damage** arising out of any one **occurrence**.

Any amount paid for damages arising out of an **occurrence** will reduce the amount of the applicable Aggregate Limit available for payment of damages arising out of any other **occurrence**.

If the applicable Aggregate Limit has been reduced by payment of damages to an amount that is less than the Each Occurrence Limit stated in the Declarations, the remaining Aggregate Limit is the most that will be available for payment of damages arising out of any other **occurrence**.

UTEX 000780

Limits Of Insurance
(continued)

Medical Expense Limit

Subject to the Each Occurrence Limit described above, the Medical Expense Limit is the most we will pay under Medical Expense coverage for all **medical expense** because of **bodily injury** sustained by one person.

Investigation, Defense And Payment Of Damages

We will have the right and duty to defend any **insured** against a **suit** seeking damages for **bodily injury**, **property damage**, **advertising injury**, or **personal injury**. However, we will have no duty to defend any **insured** against a **suit** seeking damages to which this insurance does not apply. We may at our discretion investigate any **occurrence** or offense and settle any claim or **suit** that may result.

The amount we will pay for damages is limited as described in Limits Of Insurance. Our right and duty to defend end when we have used up the applicable Limit Of Insurance in the payment of judgements or settlements under **bodily injury**, **property damage**, **advertising injury**, **personal injury** or **medical expense**.

We have no further obligation or liability to pay sums or perform acts or services unless explicitly provided for under Supplementary Payments shown below.

Supplementary Payments

We will pay, with respect to any claim we investigate or settle, or any **suit** against an **insured** we defend:

- all expenses we incur;
- up to $2000 for the cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the **bodily injury** liability coverage applies. We do not have to furnish these bonds;
- the premium amount of bonds to release attachments, but only for premium amounts within the amount of insurance available. We do not have to furnish these bonds;
- reasonable expenses incurred by the **insured** at our request to assist us in the investigation or defense of the claim or **suit**, including actual loss of earnings up to $300 a day because of time off from work;
- costs taxed against the **insured** in the **suit**;
- prejudgment interest awarded against the **insured** on that part of the judgment we pay. If we make an offer to pay the applicable Limit Of Insurance, we will not pay any prejudgment interest based on that period of time after the offer; and
- all interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable Limit Of Insurance.

These payments will not reduce the Limits Of Insurance.

Coverage Territory

This insurance applies anywhere. However, the **insured**'s responsibility to pay damages must be determined in a **suit** on the merits, in the United States of America, its territories or possessions, Canada or Puerto Rico, or in a settlement we agree to.

UTEX 000781

Bodily Injury/Property Damage Exclusions

None of the following exclusions, except Contractual Liability and Expected or Intended Injury, apply to damage to premises rented to you.

Aircraft, Auto Or Watercraft

This insurance does not apply to **bodily injury** or **property damage** arising out of the ownership, maintenance, use, operation, **loading or unloading**, or entrustment to others of any:

- aircraft;
- **auto**; or
- watercraft

which any **insured** owns, operates, rents or borrows.

This exclusion does not apply to:

A. watercraft on land at your premises;

B. watercraft that you do not own that is:

   1. less than 55 feet long; and
   2. not being used to carry persons or property for a charge;

C. parking an **auto** on, or on the ways next to, premises you own or rent, provided the **auto** is not owned by or rented or loaned to you or the **insured**;

D. liability assumed under any **insured contract** for the ownership, maintenance, or use of aircraft, or watercraft;

E. **bodily injury** or **property damage** arising out of the operation of any of the equipment listed in paragraph F.2. or F.3. of the definition of **mobile equipment**; or

F. aircraft you do not own, provided:

   1. the pilot in command holds a currently effective certificate, issued by the duly constituted authority of the United States of America or Canada, designating him or her a commercial or airline transport pilot;
   2. it is rented with a trained, paid crew; and
   3. it is not being used to carry persons or property for a charge.

Contractual Liability

This insurance does not apply to **bodily injury** or **property damage** for which the **insured** is obligated to pay damages by reason of the assumption of liability in a contract or agreement.

This exclusion does not apply to liability for damages:

- that the **insured** would have in the absence of the contract or agreement; or
- assumed in an oral or written contract or agreement that is an **insured contract**, provided the **bodily injury** or **property damage** occurs subsequent to the execution of the contract or agreement. When a claim for such **bodily injury** or **property damage** is made, we will defend that claim provided the **insured** has assumed the obligation to defend such claim in the **insured contract**. Such defense payments will not reduce the Limits of Insurance.

UTEX 000782

Bodily Injury/Property Damage Exclusions
(continued)

Damage To Impaired Property

This insurance does not apply to **property damage** to **impaired property** or property that has not been physically injured arising out of:

- a defect, deficiency, inadequacy, or dangerous condition in **your product** or **your work**; or
- a delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to **your product** or **your work** after it has been put to its intended use.

Damage To Property Of Others (Care, Custody Or Control)

This insurance does not apply to **property damage** to:

- personal property of others you rent;
- property of others you hold for sale or entrusted to you for storage or safekeeping;
- property of others on your premises for the purpose of having operations performed on such property by you or on your behalf;
- tools or equipment of others while being used by you in performing your operations; or
- property of others in your custody which you will be installing, erecting, or using in construction.

This exclusion does not apply to liability assumed under a sidetrack agreement.

Damage To Your Product

This insurance does not apply to **property damage** to **your product** arising out of it or any part of it.

Damage To Your Work

This insurance does not apply to **property damage** to **your work** arising out of it or any part of it and included in the **products-completed operations hazard**.

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

Employer's Liability

This insurance does not apply to **bodily injury** to:

A. an **employee** of the **insured** arising out of and in the course of:

1. employment by the **insured**; or
2. performing duties related to the conduct of the **insured**'s business; or

B. the spouse, child, parent, brother or sister of that **employee** as a consequence of A. above.

This exclusion applies:

- whether the **insured** may be liable as an employer or in any other capacity; and

UTEX 000783

Bodily Injury/Property Damage Exclusions

Employer's Liability (continued)

- to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the **insured** under an **insured contract**.

Expected Or Intended Injury

This insurance does not apply to **bodily injury** or **property damage** which results from an act that:

- is intended by the insured; or
- can be expected from the standpoint of a reasonable person

to cause **bodily injury** or **property damage**, even if the injury or damage is of a different degree or type than actually intended or expected.

This exclusion does not apply to **bodily injury** resulting from the use of reasonable force to protect persons or property.

Liquor Liability

This insurance does not apply to **bodily injury** or **property damage** for which any **insured** may be held liable by reason of:

- causing or contributing to the intoxication of any person;
- the furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

Product Recall

This insurance does not apply to **bodily injury** or **property damage** claimed for any loss, cost, or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- **your product**;
- **your work**; or
- **impaired property**

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy, or dangerous condition in it.

UTEX 000784

Bodily Injury/Property Damage Exclusions
(continued)

Property Formerly Owned

This insurance does not apply to **property damage** to premises you sell, give away or abandon, if the **property damage** arises out of any part of those premises.

This exclusion does not apply if the premises are **your work** and were never occupied, rented, or held for rental by you.

Property Owned

This insurance does not apply to **property damage** to property you own.

Transportation Of Mobile Equipment

This insurance does not apply to **bodily injury** or **property damage** arising out of the transportation of **mobile equipment** by an **auto** owned or operated by or rented or loaned to any **insured**.

Workers' Compensation And Similar Laws

This insurance does not apply to any obligation of the **insured** under a workers compensation, disability benefits or unemployment compensation law or any similar law.

Advertising Injury/ Personal Injury Exclusions

Advertising, Broadcasting, Publishing, Telecasting or Telemarketing Business

This insurance does not apply to **advertising injury** or **personal injury** arising out of an offense committed by an **insured** whose business is advertising, broadcasting, publishing, telecasting or telemarketing.

This exclusion does not apply to offenses A, B, or C. under the definition of **personal injury**.

Breach Of Contract

This insurance does not apply to **advertising injury** arising out of breach of contract.

Contractual Liability

This insurance does not apply to **advertising injury** or **personal injury** for which the **insured** is obligated to pay damages by reason of the assumption of liability in a contract or agreement.

This exclusion does not apply to liability for damages:

- that the **insured** would have in the absence of the contract or agreement; or
- assumed in a written contract or agreement that is an **insured contract**, provided the **advertising injury** or **personal injury** results from an offense committed subsequent to the execution of the contract or agreement. When a claim for such **advertising injury** or **personal injury** is made, we will defend that claim provided the **insured** has assumed the obligation to defend such claim in the **insured contract**. Such defense payments will not reduce the Limits of Insurance.

UTEX 000785

Advertising Injury/ Personal Injury Exclusions
(continued)

Failure To Conform To Advertising

This insurance does not apply to **advertising injury** arising out of the failure of goods, products or services to conform with advertised quality or performance.

Intentional Falsehoods

This insurance does not apply to **advertising injury** or **personal injury** arising out of oral or written publication of material if done by or at the direction of the **insured** with knowledge of its falsity.

Prior Acts

This insurance does not apply to **advertising injury** or **personal injury** arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.

Willful Violations

This insurance does not apply to **advertising injury** or **personal injury** arising out of the willful violation of a penal statute or ordinance committed by or with the knowledge or consent of the **insured**.

Wrong Description

This insurance does not apply to **advertising injury** arising out of the **wrong** description of the price of goods, products or services.

Medical Expense Exclusions

Athletic Activities

This insurance does not apply to **medical expense** for **bodily injury** to any person taking part in athletics.

Injury To An Insured

This insurance does not apply to **medical expense** for **bodily injury** to any **insured**.

Products-Completed Operations

This insurance does not apply to **medical expense** for **bodily injury** included within the **products-completed operations hazard**.

Workers' Compensation And Similar Laws

This insurance does not apply to **medical expense** for **bodily injury** to a person, whether or not an **employee** of any **insured**, if benefits for the **bodily injury** are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

UTEX 000786

Policy Exclusions

Intellectual Property

This insurance does not apply to **bodily injury**, **property damage**, **advertising injury** or **personal injury** arising out of or directly or indirectly related to the actual or alleged publication or utterances of oral or written statements, whether made in **advertising** or otherwise, which is claimed as an infringement, violation or defense of any of the following rights or laws:

- copyright, other than infringement of copyrighted advertising materials;
- patent;
- trade dress;
- trade secrets; or
- trademark or service mark or certification mark or collective mark or trade name, other than trademarked or service marked titles or slogans.

Nuclear Energy

A. This insurance does not apply to **bodily injury**, **nuclear property damage**, **advertising injury** or **personal injury**:

1. with respect to which an **insured** under the policy is also an **insured** under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an **insured** under any such policy but for its termination upon exhaustion of its 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 Expense coverage, this insurance does not apply 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. This insurance does not apply to **bodily injury**, **nuclear property damage**, **advertising injury**, or **personal injury** 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 **nuclear 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**, **nuclear property damage**, **advertising injury** or **personal injury** arises out of the furnishing by an **insured** of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of 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 **nuclear property damage** to such **nuclear facility** and any property therein.

UTEX 000787

Policy Exclusions
(continued)

Pollution

A. This insurance does not apply to **bodily injury**, **property damage**, **advertising injury**, or **personal injury** arising out of the actual, alleged, or threatened discharge, dispersal, seepage, migration, release, or escape of **pollutants**:

1. at or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any **insured**;

2. at or from any premises, site or location which is or was at any time used by or for any **insured** or others for the handling, storage, disposal, processing or treatment of waste;

3. which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any **insured** or any person or organization for whom you may be legally responsible; or

4. at or from any premises, site or location on which any **insured** or any contractors or subcontractors working directly or indirectly on any **insured**'s behalf are performing operations:

   a. if the **pollutants** are brought on or to the premises, site or location in connection with such operations by such **insured**, contractor or subcontractor; or

   b. if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of **pollutants**.

Subparagraphs A.1. and A.4.a. do not apply to **bodily injury**, **property damage**, **advertising injury**, or **personal injury** arising out of heat, smoke or fumes from a **hostile fire**.

B. This insurance does not apply to any loss, cost or expense arising out of any

1. request, demand or order that any **insured** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of **pollutants**; or

2. claim or **suit** by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, or neutralizing or in any way responding to, or assessing the effects of **pollutants**.

This exclusion does not apply to damage to premises rented to you caused by fire, explosion, smoke or leakage from fire protective equipment.

Liability Conditions

Arbitration

We are entitled to exercise all of the **insured**'s rights in the choice of arbitrators and the conduct of any arbitration proceeding, except when the proceeding is between us and the **insured**.

Bankruptcy

Bankruptcy or insolvency of the **insured** or the **insured**'s estate will not relieve us of any obligation to which this insurance applies.

UTEX 000788

Duties In The Event Of Occurrence, Offense, Claim Or Suit

A. You must see to it that we are notified as soon as practicable of an **occurrence** or an offense which may result in a claim. To the extent possible, notice should include:

1. how, when and where the **occurrence** or offense took place;
2. the names and addresses of any injured persons and witnesses; and
3. the nature and location of any injury or damage arising out of the **occurrence** or offense.

B. If a claim is made or **suit** is brought against any **insured**, you must:

1. immediately record the specifics of the claim or **suit** and the date received; and
2. notify us in writing as soon as practicable.

C. You and any other involved **insured** must:

1. immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or **suit**;
2. authorize us to obtain records and other information;
3. cooperate with us in the:
   a. investigation or settlement of the claim or
   b. defense of the **suit**; and
4. assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the **insured** because of injury or damage to which this insurance may also apply.

D. No **insureds** will, except at that **insured**'s own cost, make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

E. Notice given by or on behalf of:

1. the **insured**;
2. the injured person; or
3. any other claimant;

to any licensed agent of ours with particulars sufficient to identify the **insured** shall be deemed notice to us.

F. Knowledge of an **occurrence** or offense by any agent or **employee** of the **insured** will not constitute knowledge by the **insured**, unless an officer or his designee receives such notice from its agent or **employee**.

G. Failure of an agent or **employee** of the **insured**, other than an officer or his designee, to notify us of any **occurrence** or offense which he knows about will not affect the insurance afforded you by this contract.

H. If the **insured** reports any **occurrence** or offense as a Workers Compensation claim which later develops into a liability claim, the failure to report such **occurrence** or offense to us will not violate this provision provided the **insured** gives us immediate notice as soon as they are made aware of the fact that the **occurrence** or offense is a claim under this contract.

UTEX 000789

Liability Conditions
(continued)

Legal Action Against Us

No person or organization has a right under this insurance:

- to join us as a party or otherwise bring us into a **suit** asking for damages from an **insured**; or
- to sue us on this insurance unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an **agreed settlement** or on a final judgment against an **insured** obtained after:

- an actual trial in a civil proceeding;
- an arbitration proceeding; or
- an alternative resolution proceeding,

but we will not be liable for damages that are not payable under the terms of this insurance or that are in excess of the applicable Limits of Insurance.

Other Insurance

If other valid and collectible insurance is available to the **insured** for a loss we cover under **bodily injury**, **property damage**, **advertising injury** or **personal injury** coverage of this insurance, our obligations are limited as follows:

Primary Insurance

This insurance is primary except when the Excess Insurance provision described below applies.

If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then we will share with all that other insurance by the method described in the Method of Sharing provision described below.

Excess Insurance

This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis:

A. that is Fire, Extended Coverage, Builders' Risk, Installation Risk or similar coverage for **your work**;

B. that is Fire insurance for premises rented to you;

C. if the loss arises out of the maintenance or use of aircraft, **autos** or watercraft to the extent not subject to the Aircraft, Auto Or Watercraft exclusion; or

D. that is valid and collectible **bodily injury**, **property damage**, **advertising injury**, or **personal injury** insurance:

  1. provided you by anyone working under contract for you; or

  2. provided by another party's policy to which you have been added as an additional insured.

When this insurance is excess, we will have no duty under **bodily injury**, **property damage**, **advertising injury** or **personal injury** coverages to defend any **insured** against a **suit** that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to the **insured**'s rights against all those other insurers.

UTEX 000790

Other Insurance (continued)

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- the total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- the total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not purchased specifically to apply in excess of the Limits Of Insurance shown in the Declarations of this insurance.

Method of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this method each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

Premium Audit

We will compute all premiums for this insurance in accordance with our rules and rates.

In accordance with the Estimated Premiums section of the Premium Summary, premiums identified by an asterisk are estimated premiums and are subject to audit. In addition to or in lieu of such designation in the Premium Summary, premiums may be designated as estimated premiums in the Liability Insurance Section of this policy. In that event, these premiums will also be subject to audit and the second paragraph of the Estimated Premiums section of the Premium Summary will apply.

Separation Of Insureds

Except with respect to the Limits Of Insurance and any rights or duties specifically assigned in this insurance to the first named **insured**, this insurance applies:

- as if each named **insured** were the only named **insured**; and
- separately to each **insured** against whom claim is made or **suit** is brought.

Transfer Of Rights Of Recovery

If the **insured** has rights to recover all or part of any payment we have made under this insurance, those rights are transferred to us. The **insured** must do nothing after loss to impair them. At our request, the **insured** will bring **suit** or transfer those rights to us and help us enforce them.

This condition does not apply to **medical expense**.

UTEX 000791

Definitions

WHEN USED WITH RESPECT TO INSURANCE UNDER THIS CONTRACT:

Advertising

Advertising means any advertisement, publicity article, broadcast or telecast.

Advertising Injury

Advertising injury means injury, other than **bodily injury** or **personal injury**, arising solely out of one or more of the following offenses committed in the course of **advertising** of your goods, products or services:

- oral or written publication of advertising material that slanders or libels a person or organization;
- oral or written publication of advertising material that violates a person's right of privacy; or
- infringement of copyrighted advertising materials or infringement of trademarked or service marked titles or slogans.

Agreed Settlement

Agreed settlement means a settlement and release of liability signed by us, the **insured** and the claimant or the claimant's legal representative.

Auto

Auto means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment. But **auto** does not include **mobile equipment**.

Bodily Injury

Bodily injury means physical:

- injury,
- sickness, or
- disease

sustained by a person and, if arising out of the foregoing, mental anguish, mental injury, shock, humiliation or death at any time.

Employee

Employee includes a **leased worker** but does not include a **temporary worker**.

Executive Officer

Executive officer means a person holding any of the officer positions created by your charter, constitution or by-laws.

Hazardous Properties

Hazardous properties includes radioactive, toxic or explosive properties.

Hostile Fire

Hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be.

Impaired Property

Impaired property means tangible property, other than **your product** or **your work**, that cannot be used or is less useful because:

- it incorporates **your product** or **your work** that is known or thought to be defective, deficient, inadequate, or dangerous; or

Definitions

WHEN USED WITH RESPECT TO INSURANCE UNDER THIS CONTRACT:

Impaired Property
(continued)

- you have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by:

- the repair, replacement, adjustment, or removal of **your product** or **your work**; or
- your fulfilling the terms of the contract or agreement.

Insured

Insured means any person or organization qualifying as an insured under the Who Is Insured provision and against whom claim is made or **suit** is brought.

Insured Contract

Insured contract means:

- a lease of premises;
- a sidetrack agreement;
- an easement or license agreement;
- an obligation as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- an elevator maintenance agreement;
- that part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for **bodily injury**, **property damage**, **advertising injury**, or **personal injury** to a third person or organization.

An **insured contract** does not include that part of any contract or agreement that indemnifies an architect, engineer or surveyor for injury or damage arising out of:

- preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or
- giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage.

Leased Worker

Leased worker means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. **Leased worker** does not include a **temporary worker**.

Loading or Unloading

Loading or unloading means the handling of property;

- after it is moved from the place where it is accepted for movement into or onto an aircraft, **auto** or watercraft;
- while it is in or on an aircraft, **auto** or watercraft; or
- while it is being moved from an aircraft, **auto** or watercraft to the place where it is finally delivered.

Loading or unloading does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, **auto** or watercraft.

Definitions
(continued)

WHEN USED WITH RESPECT TO INSURANCE UNDER THIS CONTRACT:

Medical Expense

Medical expenses means reasonable expenses for:

- first aid administered at the time of an accident;
- necessary medical, surgical, x-ray, and dental services, including prosthetic devices; and
- necessary ambulance, hospital, professional nursing and funeral services.

Mobile Equipment

Mobile equipment means 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, maintained primarily to provide mobility to 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 raise or lower workers; and

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 **autos**:

   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 raise or lower workers; and
   3. air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

UTEX 000794

WHEN USED WITH RESPECT TO INSURANCE UNDER THIS CONTRACT:

Nuclear Facility

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 **nuclear 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 **nuclear 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 Material

Nuclear material means **source material**, **special nuclear material** or **by-product material**.

Nuclear Property Damage

Nuclear property damage means **property damage** including all forms of radioactive contamination of property.

Nuclear Reactor

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.

Nuclear Waste

Nuclear waste means any waste material:

A. containing **by-product material** other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its **source material** content; and

B. resulting from the operation by any person or organization of any **nuclear facility** included within the definition of **nuclear facility** under paragraph A. or B.

Occurrence

Occurrence means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

UTEX 000795

Definitions
(continued)

WHEN USED WITH RESPECT TO INSURANCE UNDER THIS CONTRACT:

Personal Injury

Personal injury means injury, other than **bodily injury**, arising out of one or more of the following offenses committed in the course of your business, other than your **advertising**:

A. false arrest, detention or imprisonment;

B. malicious prosecution;

C. the wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person or persons occupy, by or on behalf of its owner, landlord or lessor;

D. oral or written publication of material that slanders or libels a person or organization;

E. oral or written publication of material that violates a person's right of privacy; or

F. discrimination (unless insurance thereof is prohibited by law) based on race, color, religion, sex, age or national origin; except when alleged, charged or suffered by any:

   1. applicant for employment;
   2. present or former **employee**; or
   3. prospective **employee**.

Pollutants

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be disposed of, recycled, reconditioned or reclaimed.

Products-Completed Operations Hazard

1. **Products-completed operations hazard** includes all **bodily injury** and **property damage** occurring away from premises you own or rent and arising out of **your product** or **your work** except:
   - products that are still in your physical possession; or
   - work that has not yet been completed or abandoned.
2. **Your work** will be deemed completed at the earliest of the following times:
   - when all of the work called for in your contract has been completed.
   - when all of the work to be done at the site has been completed if your contract calls for work at more than one site;
   - when that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

   Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.
3. This hazard does not include **bodily injury** or **property damage** arising out of:
   - the transportation of property, unless the injury or damage arises out of a condition in or on a vehicle created by the **loading or unloading** of it;

UTEX 000796

Definitions	WHEN USED WITH RESPECT TO INSURANCE UNDER THIS CONTRACT:

Products-Completed Operations Hazard (continued)

- the existence of tools, un-installed equipment or abandoned or unused materials;
- products or operations for which the classification in our manual rules includes products or completed operations.

Property Damage

Property damage means:

- physical injury to tangible property including the resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the **occurrence** that caused it.

Source Material Special Nuclear Material, and 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

Spent fuel means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a **nuclear reactor**.

Suit

Suit means a civil proceeding in which damages because of **bodily injury, property damage, advertising injury** or **personal injury** to which this insurance applies are alleged. **Suit** also includes:

- an arbitration proceeding in which such damages are claimed and to which the **insured** must submit or does submit with our consent; or
- any other alternative dispute resolution proceeding in which such damages are claimed and to which the **insured** submits with our consent.

Temporary Worker

Temporary worker means a person who is furnished to you for a finite time period to support or supplement your work force in special work situations such as **employee** absences, temporary skill shortages and seasonal workloads.

Your Product

Your product means:

A. any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
   1. you;
   2. others trading under your name; or
   3. a person or organization whose business or assets you have acquired; and

B. containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

UTEX 000797

Definitions

WHEN USED WITH RESPECT TO INSURANCE UNDER THIS CONTRACT:

Your Product
(continued)

Your product includes:

- warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of **your product**; and .
- the providing of or failure to provide warnings or instructions

Your product does not include vending machines or other property rented to or located for the use of others but not sold.

Your Work

Your work means:

- work or operations performed by you or on your behalf; and
- materials, parts or equipment furnished in connection with such work or operations.

Your work includes:

- warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of **your work**; and
- the providing of or failure to provide warnings or instructions.

UTEX 000798

Liability Insurance Section

Endorsements

UTEX 000799

CHUBB

Liability Insurance

Endorsement

Policy Period	JUNE 1, 1998 TO JUNE 1, 1999
Effective Date	JUNE 1, 1998
Policy Number	3534-59-69
Insured	UTEX INDUSTRIES
Name of Company	GREAT NORTHERN INSURANCE COMPANY
Date Issued	JUNE 17, 1998

This Endorsement applies to the following forms:

GENERAL LIABILITY

The following changes are made as respects exposures in the state of Texas.

Under Liability Conditions, the following provision is added:

Liability Conditions

Conditions Requiring Notice

With regard to **bodily injury** and **property damage** liability, unless we are prejudiced by the **insured**'s failure to comply with any provisions of this insurance requiring you or any **insured** to give notice of an occurrence, claim or **suit**, or forward demands, notices, summonses or legal papers in connection with a claim or **suit**, such failure will not bar coverage under this insurance.

Under Liability Conditions, the provision titled Legal Action Against Us is deleted and replaced by the following:

Liability Conditions

Legal Action Against Us

No person or organization has a right under this insurance:

- to join us as a party or otherwise bring us into a **suit** asking for damages from an **insured**; or
- to sue us on this insurance unless all of its terms have been fully complied with.

UTEX 000800

Liability Conditions

Legal Action Against Us (continued)

A person or organization may sue us to recover on an **agreed settlement** or on a final judgment against an **insured** obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this insurance or that are in excess of the applicable Limits Of Insurance.

Under Liability Conditions, the following provision is added:

Liability Conditions

Notice Of Settlement Of A Liability Claim

We shall notify you in writing of any initial offer to compromise or settle a claim against the **insured** made under this policy. The notice shall be given not later than the 10th day after the date on which the offer is made.

We shall notify you in writing of any settlement of a claim against the **insured** made under this policy. The notice shall be given not later than the 30th day after the date of the settlement.

This provision does not apply if this policy requires your consent to settlement of a claim against the **insured**.

All other terms and conditions remain unchanged.

Authorized Representative Robert Hamburger

UTEX 000801

CHUBB

Liability Insurance

Endorsement

Policy Period	JUNE 1, 1998 TO JUNE 1, 1999
Effective Date	JUNE 1, 1998
Policy Number	3534-59-69
Insured	UTEX INDUSTRIES
Name of Company	GREAT NORTHERN INSURANCE COMPANY
Date Issued	JUNE 17, 1998

This Endorsement applies to the following forms:

The following changes are made as respects exposures in the state of Texas.

Under Exclusions, the following exclusion is added:

Exclusions

Seizure

This insurance does not apply to **loss** due to or as a consequence of a seizure of an **auto** by federal or state law enforcement officers as evidence in a case against the **insured** under the Texas Controlled Substances Act or the federal Controlled Substances Act if the **insured** is convicted in such case.

All other terms and conditions remain unchanged.

Authorized Representative Robert Hamburger

UTEX 000802

CHUBB

Liability Insurance

Endorsement

Policy Period	JUNE 1, 1998 TO JUNE 1, 1999
Effective Date	JUNE 1, 1998
Policy Number	3534-59-69
Insured	UTEX INDUSTRIES
Name of Company	GREAT NORTHERN INSURANCE COMPANY
Date Issued	JUNE 17, 1998

This Endorsement applies to the following forms:

GENERAL LIABILITY

The following changes are made as respects exposures in the state of Texas.

Under Bodily Injury/Property Damage Exclusions, the following exclusion is added:

Bodily Injury/Property Damage Exclusions

Pollution

A. This insurance does not apply to **bodily injury** or **property damage** arising out of the actual, alleged, or threatened discharge, dispersal, seepage, migration, release, or escape of **pollutants**;

1. at or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any **insured**;

2. at or from any premises, site or location which is or was at any time used by or for any **insured** or others for the handling, storage, disposal, processing or treatment of waste;

3. which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any **insured** or any person or organization for whom you may be legally responsible; or

4. at or from any premises, site or location on which any **insured** or any contractors or subcontractors working directly or indirectly on any **insured**'s behalf are performing operations:

   a. if the **pollutants** are brought on or to the premises, site or location in connection with such operations by such **insured**, contractor or subcontractor; or

UTEX 000803

Bodily Injury/Property Damage Exclusions

Pollution (continued)

b. if the operations are to test for, monitor, clean up, remove, contain, treat detoxify, or neutralize, or in any way respond to, or assess the effects of **pollutants**.

Subparagraphs A.1 and A.4a. do not apply to **bodily injury** or **property damage** arising out of heat, smoke or fumes from a **hostile fire**.

B. This insurance does not apply to any loss, cost or expense arising out of any

1. request, demand or order that any **insured** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of **pollutants**; or

2. claim or **suit** by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, or neutralizing or in any way responding to, or assessing the effects of **pollutants**.

This exclusion does not apply to damage to premises rented to you caused by fire, explosion, smoke or leakage from fire protective equipment.

Under Advertising Injury/Personal Injury Exclusions, the exclusion for Breach Of Contract is deleted and replaced by the following:

Advertising Injury/ Personal Injury Exclusions

Breach Of Contract

This insurance does not apply to **advertising injury** arising out of breach of contract.

This exclusion does not apply to **advertising injury** arising out of the misappropriation of advertising ideas under an implied contract.

Under Policy Exclusions, the exclusions for Intellectual Property and Pollution are deleted.

Policy Exclusions

Intellectual Property

Pollution

All other terms and conditions remain unchanged.

UTEX 000804

Robert Hamburger

Authorized Representative

CHUBB

Liability Insurance

Endorsement

Policy Period	JUNE 1, 1998 TO JUNE 1, 1999
Effective Date	JUNE 1, 1998
Policy Number	3534-59-69
Insured	UTEX INDUSTRIES
Name of Company	GREAT NORTHERN INSURANCE COMPANY
Date Issued	JUNE 17, 1998

This Endorsement applies to the following forms:

GENERAL LIABILITY

The following changes are made as respects exposures in the state of Texas.

Under Bodily Injury/Property Damage Exclusions, the following exclusion is added:

Bodily Injury/Property Damage Exclusions

Employment Related Practices

This insurance does not apply to **bodily injury** arising out of any:

1. refusal to employ;
2. termination of employment;
3. coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or other employment related practices, policies, acts or omissions; or
4. consequential **bodily injury** as a result of 1. through 3. above.

This exclusion applies whether the insured may be held liable as an employer or in any other capacity and to any obligation to share damages with or to repay someone else who must pay damages because of the injury.

UTEX 000805

Under Advertising Injury/Personal Injury Exclusions, the following exclusion is added:

Advertising Injury/ Personal Injury Exclusions

Employment Related Practices

This insurance does not apply to **personal injury** arising out of any:

1. refusal to employ;
2. termination of employment;
3. coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or other employment related practices, policies, acts or omissions; or
4. consequential **personal injury** as a result of 1. through 3. above.

All other terms and conditions remain unchanged.

Authorized Representative Robert Hamburger

UTEX 000806

Endorsement

Policy Period	JUNE 1, 1998 TO JUNE 1, 1999
Effective Date	JUNE 1, 1998
Policy Number	3534-59-69
Insured	UTEX INDUSTRIES
Name of Company	GREAT NORTHERN INSURANCE COMPANY
Date Issued	JUNE 17, 1998

This Endorsement applies to the following forms:

GENERAL LIABILITY

The following changes are made as respects exposures in the state of Texas.

Under Bodily Injury/Property Damage Exclusions, the exclusion for Aircraft, Auto Or Watercraft is deleted and replaced by the following:

Bodily Injury/Property Damage Exclusions

Aircraft, Auto Or Watercraft

This insurance does not apply to **bodily injury** or **property damage** arising out of the ownership, maintenance, use, operation, **loading or unloading**, or entrustment to others of any:

- aircraft;
- **auto**; or
- watercraft

which any **insured** owns, operates, rents or borrows.

This exclusion does not apply to:

A. watercraft on land at your premises;

B. watercraft that you do not own that is:

   1. less than 55 feet long; and

   2. not being used to carry persons or property for a charge;

C. parking an **auto** on, or on the ways next to, premises you own or rent, provided the **auto** is not owned by or rented or loaned to you or the **insured**.

UTEX 000807

Bodily Injury/Property Damage Exclusions

Aircraft, Auto Or Watercraft (continued)

D. liability assumed under an **insured contract** for the ownership, maintenance, or use of aircraft, or watercraft; or

E. **bodily injury** or **property damage** arising out of the operation of any of the equipment listed in paragraph F.2. or F.3. of the definition of **mobile equipment**.

All other terms and conditions remain unchanged.

Authorized Representative Robert Hamburger

UTEX 000808

CHUBB

Liability Insurance

Endorsement

Policy Period	JUNE 1, 1998 TO JUNE 1, 1999
Effective Date	JUNE 1, 1998
Policy Number	3534-59-69
Insured	UTEX INDUSTRIES
Name of Company	GREAT NORTHERN INSURANCE COMPANY
Date Issued	JUNE 17, 1998

This Endorsement applies to the following forms:

GENERAL LIABILITY

The following changes are made as respects exposures in the state of Texas.

Under Who Is Insured, provision for Volunteer Workers is deleted and replaced by the following:

Who Is Insured

Volunteer Workers

Your volunteer workers are **insureds**.

All other terms and conditions remain unchanged.

Authorized Representative Robert Hamburger

UTEX 000809

Liability Insurance

CHUBB

Endorsement

Policy Period	JUNE 1, 1998 TO JUNE 1, 1999
Effective Date	JUNE 1, 1998
Policy Number	3534-59-69
Insured	UTEX INDUSTRIES
Name of Company	GREAT NORTHERN INSURANCE COMPANY
Date Issued	JUNE 17, 1998

This Endorsement applies to the following forms:

GENERAL LIABILITY
EMPLOYEE BENEFITS ERRORS OR OMISSIONS

The following changes are made as respects exposures in the state of Texas.

Under Bodily Injury/Property Damage Exclusions, the exclusion for Expected Or Intended Injury is deleted and replaced by the following:

Bodily Injury/Property Damage Exclusions

Expected Or Intended Injury

This insurance does not apply to **bodily injury** or **property damage** which results from an act that is expected or intended from the standpoint of the **insured** to cause **bodily injury** or **property damage**, even if the injury or damage is of a different degree or type than actually intended or expected.

This exclusion does not apply to **bodily injury** resulting from the use of reasonable force to protect persons or property.

All other terms and conditions remain unchanged.

Authorized Representative Robert Hamburger

UTEX 000810

CHUBB

Liability Insurance

Endorsement

Policy Period	JUNE 1, 1998 TO JUNE 1, 1999
Effective Date	JUNE 1, 1998
Policy Number	3534-59-69
Insured	UTEX INDUSTRIES
Name of Company	GREAT NORTHERN INSURANCE COMPANY
Date Issued	JUNE 17, 1998

This Endorsement applies to the following forms:

GENERAL LIABILITY

The following changes are made as respects exposures in the state of Texas.

Under Bodily Injury/Property Damage Exclusions, the following exclusion is added:

Bodily Injury/Property Damage Exclusions

Nuclear Energy

A. This insurance does not apply to **bodily injury** or **nuclear property damage**:

1. with respect to which an **insured** under the policy is also an **insured** under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an **insured** under any such policy but for its termination upon exhaustion of its limit of liability; or

2. resulting from the **hazardous properties** of **nuclear material** and with respect to which (a) any person or organizations 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 Expense coverage, this insurance does not apply 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.

UTEX 000811

C. This insurance does not apply to **bodily injury** or **nuclear 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 **nuclear 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 **nuclear 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 **nuclear property damage** to such **nuclear facility** and any property therein.

Liability Conditions

Under Liability Conditions, Other Insurance is deleted and replaced by the following:

Other Insurance

If other valid and collectible insurance is available to the **insured** for a loss we cover under **bodily injury**, **property damage** , **advertising injury** or **personal injury** coverage of this insurance, our obligations are limited as follows:

Primary Insurance

This insurance is primary except when the Excess Insurance provision described below applies.

If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then we will share with all that other insurance by the method described in the Method of Sharing provision described below.

Excess Insurance

This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis:

A. that is Fire, Extended Coverage, Builders' Risk, Installation Risk or similar coverage for **your work**;

B. that is Fire insurance for premises rented to you; or

C. if the loss arises out of the maintenance or use of aircraft, **autos** or watercraft to the extent not subject to the Aircraft, Auto Or Watercraft exclusion.

UTEX 000812

CHUBB

Liability Insurance

Endorsement

Effective Date JUNE 1, 1998

Policy Number 3534-59-69

When this insurance is excess, we will have no duty under **bodily injury**, **property damage**, **advertising injury** or **personal injury** coverages to defend any **insured** against a **suit** that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to the **insured**'s rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- the total amount that all such other insurance would pay or the loss in the absence of this insurance; and
- the total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not purchased specifically to apply in excess of the Limits Of Insurance shown in the Declarations of this insurance.

Method of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this method each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

Policy Exclusions

Nuclear Energy

Under Policy Exclusions, the Nuclear Energy exclusion is deleted.

All other terms and conditions remain unchanged.

Authorized Representative Robert Hamburger

UTEX 000813

CHUBB

Liability Insurance

Endorsement

Policy Period	JUNE 1, 1998 TO JUNE 1, 1999
Effective Date	JUNE 1, 1998
Policy Number	3534-59-69
Insured	UTEX INDUSTRIES
Name of Company	GREAT NORTHERN INSURANCE COMPANY
Date Issued	JUNE 17, 1998

This Endorsement applies to the following forms:

GENERAL LIABILITY

The following changes are made as respects exposures in the state of Texas.

Under Who Is Insured, the provision titled Employees is deleted and replaced by the following:

Who Is Insured

Employees

Your **employees**, other than your **executive officers**, are **insureds**, but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business.

No **employee** is an **insured** for:

A. **bodily injury** or **personal injury**:

1. to you, your partners or members (if you are a partnership or joint venture); or
2. to a co-**employee** while in the course of his or her employment or while performing duties related to the conduct of your business;
3. to the spouse, child, parent, brother or sister of that co-**employee** as a consequence of paragraph A.1. above; or
4. for which there is any obligation to share damages with or repay someone else who must pay damages because of an injury described in A.1. or A.2. above;

Paragraphs A.1., A.2., and A.3. do not apply to officers.

UTEX 000814

Liability Insurance
(continued)

B. **property damage** to property owned or occupied by or rented or loaned to that **employee**, any of your other **employees** or any of your partners or members (if you are a partnership or joint venture).

All other terms and conditions remain unchanged.

Authorized Representative Robert Hamburger

UTEX 000815

CHUBB

Liability Insurance

Endorsement

Policy Period	JUNE 1, 1998 TO JUNE 1, 1999
Effective Date	JUNE 1, 1998
Policy Number	3534-59-69
Insured	UTEX INDUSTRIES
Name of Company	GREAT NORTHERN INSURANCE COMPANY
Date Issued	JUNE 17, 1998

This Endorsement applies to the following forms:

EMPLOYEE BENEFITS ERRORS OR OMISSIONS

Under Limits Of Insurance, the provisions titled Aggregate Limit and Each Claim Limit are deleted and replaced by the following:

Limits Of Insurance

Aggregate Limit

Subject to the Each Claim Limit, the Aggregate Limit is the most we will pay for the sum of damages for all **claims**.

Each Claim Limit

The Each Claim Limit is the most we will pay for all damages for each **claim,** in excess of the deductible stated in the Declarations.

Any amount paid for damages for each **claim** will reduce the amount of the Aggregate Limit available for payment of damages for any other **claim.**

If the Aggregate Limit has been reduced by payment of damages for **claims** to an amount that is less than the Each Claim Limit, the remaining Aggregate Limit is the most that will be available for payment of damages for any other **claim.**

Under Investigation, Defense And Payment Of Damages, the provisions are deleted and replaced by the following:

UTEX 000816

Liability Endorsement
(continued)

Investigation, Defense And Payment Of Damages

We will have the right and duty to defend any **insured** against a **suit** seeking damages for any **claim** arising out of a negligent act, error, or omission. However, we will have no duty to defend any **insured** against a **suit** seeking damages to which this insurance does not apply. We may at our discretion investigate any negligent act, error, or omission and settle any **claim** or **suit** that may result.

The amount we will pay for damages is limited as described in Limits Of Insurance. Our right and duty to defend end when we have used up the applicable Limit Of Insurance in the payment of judgments or settlements.

We have no further obligation or liability to pay sums or perform acts or services unless explicitly provided for under Supplementary Payments shown below.

Under Supplementary Payments, the provisions of the second paragraph are deleted and replaced by the following:

Supplementary Payments

These payments will not reduce the Limits Of Insurance.

All other terms and conditions remain unchanged.

Authorized Representative Robert Hamburger

UTEX 000817

CHUBB

Liability Insurance

Endorsement

Policy Period	JUNE 1, 1998 TO JUNE 1, 1999
Effective Date	JUNE 1, 1998
Policy Number	3534-59-69
Insured	UTEX INDUSTRIES
Name of Company	GREAT NORTHERN INSURANCE COMPANY
Date Issued	JUNE 17, 1998

This Endorsement applies to the following forms:

GENERAL LIABILITY

Under Bodily Injury/Property Damage Exclusions, the following exclusion is added:

Bodily Injury/Property Damage Exclusions

Aircraft Products

This insurance does not apply to **bodily injury** or **property damage** included within the **products-completed operations hazard** arising out of aircraft, missiles or spacecraft and any article or spare part used in connection therewith, including:

- air navigation systems or guidance systems;
- ground handling tools and equipment;
- training aids, instructions, manuals, blueprints, engineering or other data or advice; or
- services or labor relating to the foregoing.

All other terms and conditions remain unchanged.

Authorized Representative Robert Hamburger

UTEX 000818

CHUBB

Liability Insurance

Endorsement

Policy Period	JUNE 1, 1998 TO JUNE 1, 1999
Effective Date	JUNE 1, 1998
Policy Number	3534-59-69
Insured	UTEX INDUSTRIES
Name of Company	GREAT NORTHERN INSURANCE COMPANY
Date Issued	JUNE 17, 1998

This Endorsement applies to the following forms:

GENERAL LIABILITY

Bodily Injury/Property Damage Exclusions

Employer's Liability

Under Bodily Injury/Property Damage Exclusions, the exclusion titled Employer's Liability is deleted.

A section titled Bodily Injury/Property Damage/Personal Injury Exclusions is added to the contract and the following exclusion is added:

Bodily Injury/Property Damage/Personal Injury Exclusions

Employer's Liability

This insurance does not apply to any **bodily injury**, **property damage** or **personal injury** to:

A. an **employee** of the **insured** arising out of and in the course of:

1. employment by the **insured**; or
2. performing duties related to the conduct of the **insured**'s business;

B. an **employee** or former **employee** of any **insured**, whether or not arising out of or in the course of employment by any **insured**, or an applicant for employment with any **insured**, if the **bodily injury**, **property damage** or **personal injury** arises out of any:

1. Refusal to employ;

UTEX 000819

Bodily Injury/Property Damage/Personal Injury Exclusions

Employer's Liability (continued)

2. Termination of employment;
3. Breach of any express or implied covenants;
4. Coercion;
5. Demotion;
6. Evaluation;
7. Reassignment;
8. Discipline;
9. Defamation;
10. Harassment;
11. Humiliation;
12. Discrimination; or
13. Other employment related practices, policies, acts or omissions; or
14. Consequential **bodily injury** or **personal injury** as a result of 1. through 13;

C. The spouse, child, parent, brother or sister of that **employee**, former **employee** or any applicant for employment as a consequence of A. or B. above.

This exclusion applies:

- whether the **insured** may be held liable as an employer or in any other capacity; and
- to any obligation to share damages with or repay someone else who must pay damages because of the injury.

Exclusion A., above, does not apply to liability for **bodily injury** assumed by the **insured** under an **insured contract**.

All other terms and conditions remain unchanged.

Authorized Representative Robert Hamburger

UTEX 000820

CHUBB

Liability Insurance

Endorsement

Policy Period	JUNE 1, 1998 TO JUNE 1, 1999
Effective Date	JUNE 1, 1998
Policy Number	3534-59-69
Insured	UTEX INDUSTRIES
Name of Company	GREAT NORTHERN INSURANCE COMPANY
Date Issued	JUNE 17, 1998

This Endorsement applies to the following forms:

COMMON POLICY CONDITIONS
GENERAL LIABILITY

GL RATE ENDORSEMENT

IT IS HEREBY UNDERSTOOD AND AGREED THAT THIS POLICY IS SUBJECT TO A RATE OF 1.45 PER 1000 OF SALES.

All other terms and conditions remain unchanged.

Authorized Representative Robert Hamburger

UTEX 000821

Common Policy Conditions Section

COMMON POLICY CONDITIONS

UTEX 000822

CHUBB

Policy Conditions

Schedule of Forms

Policy Period	JUNE 1, 1998 TO JUNE 1, 1999
Effective Date	JUNE 1, 1998
Policy Number	3534-59-69
Insured	UTEX INDUSTRIES
Name of Company	GREAT NORTHERN INSURANCE COMPANY
Date Issued	JUNE 17, 1998

The following is a schedule of forms issued as of the date shown above:

Form Number	Edition Date	Form Name	Effective Date	Date Issued
80-02-9090	4-94	COMMON POLICY CONDITIONS	06/01/98	06/17/98
80-02-9728	4-94	TEXAS MANDATORY - COMMON SECT.- CANCEL. TERMS	06/01/98	06/17/98

UTEX 000823

last page

CHUBB

Common Policy Conditions

Contract

Conditions

The following Conditions are included under each part of the policy, unless stated otherwise.

Audit Of Books And Records

We may audit your books and records as they relate to this insurance at any time during the term of this policy and up to three years afterwards.

Cancellation

The first named insured may cancel this policy or any of its individual coverages at any time by sending us a written request or by returning the policy and stating when thereafter cancellation is to take effect.

We may cancel this policy or any of its individual coverages at any time by sending to the first named insured a notice 60 days (20 days in the event of non-payment of premium) in advance of the cancellation date. Our notice of cancellation will be mailed to the first named insured's last known address, and will indicate the date on which coverage is terminated. If notice of cancellation is mailed, proof of mailing will be sufficient proof of notice.

The earned premium will be computed on a pro rata basis. Any unearned premium will be returned as soon as practicable.

Changes

This policy can only be changed by a written endorsement that becomes part of this policy. The endorsement must be signed by one of our authorized representatives.

Compliance By Insureds

We have no duty to provide coverage under this policy unless you and any other involved insured have fully complied with all of the terms and conditions of the policy.

Conformance

Any terms of this insurance which are in conflict with the applicable statutes of the State in which this policy is issued are amended to conform to such statutes.

First Named Insured

The person or organization first named in the Declarations is primarily responsible for payment of all premiums. The first named insured will act on behalf of all other named insureds for the giving and receiving of notice of cancellation or nonrenewal and the receiving of any return premiums that become payable under this policy.

Inspections And Surveys

We may:

- make inspections and surveys at any time;
- give you reports on the conditions we find; and
- recommend changes.

UTEX 000824

Conditions

Inspections And Surveys (continued)

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

- are safe or healthful; or
- comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations for us.

Titles Of Paragraphs

The titles of the various paragraphs of this policy and endorsements, if any, attached to this policy are inserted solely for convenience or reference and are not to be deemed in any way to limit or affect the provisions to which they relate.

Transfer Of Rights And Duties

Your rights and duties under this insurance may not be transferred without our written consent. However, if you die, then your rights and duties will be transferred to your legal representative, but only while acting within the scope of duties as your legal representative, or to anyone having temporary custody of your property until your legal representative has been appointed.

When We Do Not Renew

If we decide not to renew this policy, we will mail or deliver to the first named insured stated in the Declarations written notice of the nonrenewal not less than 60 days before the expiration date. If notice of nonrenewal is mailed, proof of mailing will be sufficient proof of notice.

UTEX 000825

COMMON POLICY ENDORSEMENTS

Common Policy Conditions Section

Endorsements

UTEX 000826

CHUBB

Policy Conditions

Endorsement

Policy Period	JUNE 1, 1998 TO JUNE 1, 1999
Effective Date	JUNE 1, 1998
Policy Number	3534-59-69
Insured	UTEX INDUSTRIES
Name of Company	GREAT NORTHERN INSURANCE COMPANY
Date Issued	JUNE 17, 1998

This Endorsement applies to the following forms:

COMMON POLICY CONDITIONS

The following changes are made as respects exposures in the state of Texas.

Under Conditions, the provisions titled Cancellation and When We Do Not Renew are deleted and replaced by the following:

Conditions

Cancellation

The first named insured may cancel this policy or any of its individual coverages at any time by sending us a written request or by returning the policy and stating when thereafter cancellation is to take effect.

Cancellation By Us Of Policies In Effect For 60 Days Or Less

If this policy has been in effect for 60 days or less and is not a renewal or continuation of a policy issued by us, we may cancel this policy or any of its individual coverages for any reason by mailing or delivering to the first named insured written notice of cancellation, stating the reason for cancellation, at least:

- 20 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- 60 days before the effective date of cancellation if we cancel for any other reason.

We may not cancel this policy solely because the named insured is an elected official.

Cancellation By Us Of Policies In Effect For More Than 60 Days

If this policy has been in effect for more than 60 days or is a renewal or continuation of a policy we issued, we may cancel this policy only for one or more of the following reasons:

1. failure to pay premiums when due;

UTEX 000827

Conditions

Cancellation
(continued)

2. fraud in obtaining coverage;
3. an increase in hazard within the control of the insured which would produce an increase in rate;
4. loss of our reinsurance covering all or part of the risk covered by the policy; or
5. if we have been placed in suspension, conservatorship or receivership and the cancellation is approved or directed by the supervisor, conservator or receiver.

If we cancel, we will mail or deliver written notice of cancellation, stating the reason for cancellation, to the first named insured at least:

- 20 days before the effective date of the cancellation, if we cancel for nonpayment of premium; or
- 60 days before the effective date of the cancellation, if we cancel for any other reason.

Our notice of cancellation will be mailed to the first named insured's last mailing address known to us and will indicate the date on which coverage is terminated. If notice is mailed, proof of mailing will be sufficient proof of notice.

The earned premium will be computed on a pro rata basis. Any unearned premium will be returned as soon as practicable.

When We Do Not Renew

We may elect not to renew this policy for any reason. However, we may not refuse to renew this policy solely because the named insured is an elected official.

If we decide not to renew this policy, we will mail or deliver to the first named insured written notice of nonrenewal, along with the reason for nonrenewal, at least 60 days before the expiration date. If notice is mailed or delivered less than 60 days before the expiration date, this policy will remain in effect until the 61st day after the date on which the notice is mailed or delivered. Earned premium for any period of coverage that extends beyond the expiration date will be computed pro-rata based on the previous year's premium.

Any notice of nonrenewal will be mailed or delivered to the named insured's last known mailing address. If notice is mailed, proof of mailing will be sufficient proof of notice.

All other terms and conditions remain unchanged.

Authorized Representative Robert Hamburger

UTEX 000828