AEIA HR 000099795 10/1/95 - 10/1/96

LIABILITY - EXCESS
HANSON
HR000099795

10/1/96
AEIA

American Excess Insurance Association
(Herein called the "Company")

EXCESS INDEMNITY POLICY

POLICY NUMBER:HR000099795

THIS IS A REPORTED OCCURRENCE POLICY THAT CONTAINS CERTAIN FEATURES THAT ARE ANALOGOUS TO THE ONES FOUND IN CLAIMS MADE POLICIES. PLEASE READ THE ENTIRE POLICY CAREFULLY.

INSURANCE UNDER THIS POLICY IS PROVIDED BY SEVERAL SEPARATE INSURERS, WHO ARE ALL MEMBERS OF THE AMERICAN EXCESS INSURANCE ASSOCIATION. THE LIABILITY OF THESE INSURERS IS SEVERAL AND NOT JOINT AND IS SET OUT SPECIFICALLY IN ENDORSEMENT NUMBER 1 WHICH IS ATTACHED TO AND FORMS PART OF THIS POLICY.

Words and phrases that appear in all capital letters have the special meanings set forth in Section V — DEFINITIONS.

Declarations

Item 1: NAMED INSURED: HANSON PLC

Address of NAMED INSURED: 99 WOOD AVENUE, SOUTH
ISELIN, NJ 08830

Item 2: COMPANY'S Limit of Liability under this POLICY in the aggregate for all covered OCCURRENCES:
$50,000,000.00 part of $50,000,000.00. See Endorsement Number 1 to this POLICY.

Item 3: PER OCCURRENCE UNDERLYING AMOUNT:
$100,000,000.00

Item 4: POLICY PERIOD:
From 12:01 A.M.* on the 1ST day of October, 1995. ("Inception Date").
To 12:01 A.M.* on the 1ST day of October, 1996. ("Expiration Date").

Item 5: RETROACTIVE DATE:
12:01 A.M.* on the 1ST day of October, 1986.

Item 6: Flat Premium for the POLICY PERIOD:
$704,000.00

Item 7: Representative of COMPANY:

Farmington Management, Inc.
RiverBend Executive Park
77 Hartland Street
East Hartford, CT 06108
Attention: The President

"DEFENSE EXPENSES" ARE INCLUDED IN THE LIMIT OF LIABILITY OF THE POLICY AND ARE IN THE "PER OCCURRENCE UNDERLYING AMOUNT"

Declarations
continued

Item 8: Representative of NAMED INSURED:

HANSON PLC
99 WOOD AVENUE, SOUTH
ISELIN, NJ 08830
ATTN: DONALD L. SCHOENEWOLF
DIRECTOR OF RISK MANAGEMENT

Item 9: Endorsements attached at POLICY issuance:

1. Liability of Insurers Endorsement, AEIA-2
2. New Jersey Mandatory Endorsement, AEIA-S-9
3. Designated Products Endorsement, AEIA-5
4. Insurance Company Errors & Omissions Exclusion, AEIA-20
5. Owned Aircraft Endorsement, AEIA-34
6. Property Damage to Insured's Products or Operations Exclusion Revision Endorsement, AEIA-SP-1
7. Pollution Exclusion Revision Endorsement, AEIA-SP-2
8. Amendment to I. Coverage, AEIA-SP-3

American Excess Insurance Association

Countersigned by ______________________
(Authorized Representative)

*Standard Time at the address of the NAMED INSURED as stated herein.

Insuring Agreements

In consideration of the payment of the premium and in reliance on all statements made and information furnished by the NAMED INSURED to the COMPANY, including the representations and warranties made in the Application for this POLICY which is hereby made a part hereof, and subject to the foregoing Declarations which are hereby made a part hereof, and subject to all of the terms of this POLICY, the COMPANY and the NAMED INSURED agree as follows:

I. COVERAGE

(a) The COMPANY shall indemnify the INSURED for ULTIMATE NET LOSS which the INSURED shall become legally obligated to pay by reason of liability imposed upon the INSURED by law or liability of others assumed by the INSURED under contract or agreement because of PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE anywhere in the world,

(1) which results from an OCCURRENCE, notice of which shall have been first given to the COMPANY (in accordance with Condition (c) hereof):

(A) by the NAMED INSURED during the POLICY PERIOD;

(B) by the NAMED INSURED during any EXTENDED REPORTING PERIOD which the NAMED INSURED shall have elected to secure (or continue) or during the sixty day grace period provided in accordance with the following paragraph I(b); or

(C) by any former subsidiary or affiliate of the NAMED INSURED during any EXTENDED REPORTING PERIOD that may arise in accordance with Condition (m) hereof; and

(2) for which a CLAIM is made against the INSURED and of which CLAIM the NAMED INSURED has given written notice to the COMPANY within ten (10) years from the earlier of the Expiration Date stated in Item 4 of the Declarations or the effective date of cancellation of the POLICY, regardless of whether any EXTENDED REPORTING PERIOD(S) have been purchased; provided, however, that in the event a CLAIM is made against an INSURED by a claimant who is a minor or by a claimant who is otherwise incompetent under applicable law, written notice of any CLAIM may be given to the COMPANY,

(i) in the case of a CLAIM made by a minor, during the period of time during which such claimant is a minor and including any periods subsequent thereto pursuant to any law tolling the application of applicable statutes of limitations, if any, as determined by the laws of the state of such claimant's domicile at the time of the OCCURRENCE, and,

(ii) in the case of a CLAIM made by a claimant who is otherwise incompetent, within the period of time allowed by the law applicable to such claimant's disability at the time of the OCCURRENCE;

provided, however, that in no event shall there be coverage under this POLICY for any CLAIMS by a claimant who is a minor or by a claimant who is otherwise incompetent not reported to the COMPANY in writing within twenty-five (25) years from the earlier of the Expiration Date stated in Item 4 of the Declarations or the effective date of cancellation of the Policy;

and provided further, that in no event shall there be coverage under this POLICY for any liability of any INSURED with respect to any OCCURRENCE, PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE for which there is, or but for the issuance of this POLICY would be, any coverage in any amount provided under any other policy issued by the COMPANY to the INSURED, irrespective of whether such other policy is issued prior to, simultaneously with or subsequent to this POLICY.

(b) In the event of cancellation or nonrenewal of this POLICY by the NAMED INSURED or the COMPANY, other than cancellation for nonpayment of premium, the NAMED INSURED may elect to secure an EXTENDED REPORTING PERIOD for an ANNUAL PERIOD and thereafter may elect annually to continue such EXTENDED REPORTING PERIOD for no more than nine (9) additional ANNUAL PERIODS, for such INSUREDS as the NAMED INSURED shall designate, by giving the COMPANY written notice of such election not less than ten (10) days prior to the earlier of the Expiration Date stated in Item 4 of the Declarations or the effective date of cancellation of the POLICY, or the expiration date of each ANNUAL PERIOD, and by paying to the COMPANY the applicable annual premium for such EXTENDED REPORTING PERIOD as set forth in the attached Schedule B no later than the date of commencement of the corresponding ANNUAL PERIOD.

In the event that this POLICY is not renewed or is cancelled, and the INSURED does not elect to secure an EXTENDED REPORTING PERIOD, then, subject to all other terms and conditions of this POLICY, there shall be allowed a grace period of sixty (60) days during which an INSURED shall be entitled to give written notice of an OCCURRENCE to the COMPANY, which grace period shall commence immediately following the earlier of the Expiration Date stated in Item 4 of the Declarations, or the effective date of cancellation of the Policy, as applicable.

Where notice in accordance with Condition (c) of an OCCURRENCE is first given during an EXTENDED REPORTING PERIOD or the sixty day grace period, it shall be deemed to have been given during the POLICY PERIOD of this POLICY for purposes of the application of the terms of this POLICY, including, but not by way of limitation, the COMPANY'S Limit of Liability and the PER OCCURRENCE UNDERLYING AMOUNT.

II. LIMIT OF LIABILITY

(a) Subject to all of the terms hereof, in accordance with Condition (f), and as provided in Endorsement Number 1 to this POLICY, the COMPANY shall, with respect to any OCCURRENCE covered pursuant to paragraph I hereof, indemnify the INSURED for that amount of any ULTIMATE NET LOSS which is in excess of the greater of either:

(1) ULTIMATE NET LOSS in the amount of the PER OCCURRENCE UNDERLYING AMOUNT; or

(2) ULTIMATE NET LOSS in the amount payable by collectible OTHER INSURANCE with respect to any OCCURRENCE;

and then only up to the amount stated in Item 2 of the Declarations as the COMPANY'S Limit of Liability, which amount is the maximum amount payable by the COMPANY under this POLICY in the aggregate with respect to all ULTIMATE NET LOSSES arising from any and all OCCURRENCES, irrespective of the period or periods over which any OCCURRENCE, loss, PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE occurs or the number of such OCCURRENCES, losses, PERSONAL INJURIES, PROPERTY DAMAGES or ADVERTISING OFFENSES, and irrespective of whether the notice of OCCURRENCE is given during the POLICY PERIOD, during the sixty day grace period in paragraphs I.(b), or during any applicable EXTENDED REPORTING PERIOD.

(b) Only ULTIMATE NET LOSS which would be covered by this POLICY (if the terms of this POLICY were satisfied), but for the amount of such ULTIMATE NET LOSS and/or the existence of OTHER INSURANCE, is included within the ULTIMATE NET LOSS referred to in paragraphs II(a)(1) and (2) above.

(c) Neither:

(1) the inclusion or addition hereunder of more than one INSURED, nor

(2) any EXTENDED REPORTING PERIOD secured in accordance with paragraph I(b), and or arising in accordance with Condition (m) hereof,

shall operate to reinstate the COMPANY'S Limit of Liability or increase it beyond that set forth in Item 2 of the Declarations or to extend the POLICY PERIOD.

III. EXCLUSIONS

This POLICY shall not apply to any liability or alleged liability of the INSURED for:

(a) PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE for which the INSURED has assumed liability under any contract or agreement, if such PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE occurred prior to the time such contract or agreement became effective;

(b) PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE in any manner arising out of the design, construction, maintenance, manning, ownership, operation or use of any WATERCRAFT; provided, however, that this Exclusion (b) shall not apply with respect to:

(1) the loading or unloading of any WATERCRAFT at premises owned, leased or controlled by the INSURED; or

(2) WATERCRAFT or risks listed on Schedule D hereto;

(c) (1) PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE directly or indirectly arising out of:

(A) the actual, alleged or threatened discharge, dispersal, release, seepage, or escape of any POLLUTANT into or upon any person, place or thing including land or other real estate, any man-made structure, the atmosphere, any water or watercourse whether above or below ground or otherwise into the environment, however caused and whenever happening; or

(B) any direction or request, whether governmental or otherwise, that the INSURED evaluate, test for, monitor, clean up, remove, control, contain, treat, detoxify or neutralize any POLLUTANT or the actual, alleged or threatened discharge, dispersal, release, seepage or escape thereof; provided, however, except as provided in paragraph (2) of this Exclusion (c), subparagraphs (1)(A) and (B) of this Exclusion (c) shall not apply to PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE arising out of or alleged to arise out of such discharge, dispersal, release, seepage or escape caused solely by:

(x) unintended fire or explosion, or lightning;

(y) a collision or overturning of an AUTOMOBILE or railroad vehicle; or

(z) a single or intermittent discharge, dispersal, release or escape, which ceases within seven (7) days of its first commencement, of:

(i) POLLUTANTS, other than herbicides, pesticides or defoliants, which constitute the INSURED'S PRODUCTS;

(ii) POLLUTANTS, other than herbicides, pesticides or defoliants, where such discharge, dispersal, release or escape is caused by or results from the INSURED'S PRODUCTS, other than products that are specifically designed, intended or marketed to evaluate, test for, monitor, treat, detoxify or neutralize POLLUTANTS; or

(iii) POLLUTANTS from premises owned, leased, rented or controlled by the INSURED;

and provided that such discharge, dispersal, release or escape results in PERSONAL INJURY or PROPERTY DAMAGE which commences and is discovered within seven (7) days after the time such discharge, dispersal, release or escape first commences;

(2) The exception to subparagraphs (1)(A) and (B) of this Exclusion (c) which are contained in subparagraphs (1)(x), (y) and (z) of this Exclusion (c), shall in no event apply to:

(A) PROPERTY DAMAGE directly or indirectly arising out of:

(i) underground or underwater operations of the INSURED; and/or

(ii) removal of, loss of or damage to underground or underwater oil, gas or any other substance;

(B) the cost of evaluating, testing for, monitoring, cleaning up, removing, controlling, containing, treating, detoxifying and/or neutralizing the discharge, dispersal, release, seepage and/or escape of any POLLUTANT on property at any time owned, leased and/or rented by the INSURED and/or under the control of the INSURED; or

(C) PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE directly or indirectly arising out of the actual, alleged or threatened discharge, dispersal, release, seepage or escape of any POLLUTANT from any underground or underwater tank, piping or other container of any type unless the immediate cause of such discharge, dispersal, release, seepage or escape is unintended fire or explosion, or lightning, or collision or overturning of an AUTOMOBILE or railroad vehicle;

(d) ADVERTISING OFFENSE arising out of:

(1) failure of performance of contract, other than the unauthorized appropriation of ideas based upon alleged breach of implied contract;

(2) incorrect description or mistake in advertised price of goods, products or services sold, offered for sale or advertised; or

(3) the failure of goods, products or services to conform to advertised quality or performance;

(e) PERSONAL INJURY or PROPERTY DAMAGE due to "War", whether or not declared, or any act or condition incident to "War" but this Exclusion (e) applies only to liability assumed under a contract or agreement. As used in this Exclusion (e) "War" includes war, civil war, insurrection, rebellion or revolution.

(f) PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE arising out of asbestos, tobacco or tobacco products, dioxin, asbestiform talc, diethylstibesterol, urea formaldehyde or any intrauterine device;

(g) PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE arising out of the design, manufacture, construction, maintenance, service, ownership, use, operation, loading or unloading of:

(1) any "Aircraft", "Spacecraft", "Missile" or "Launch Vehicle", any component part or equipment thereof or any other navigational or aviation equipment comprising the INSURED'S PRODUCTS; or

(2) any "Aircraft" and taking place subsequent to the instant of its very first movement under its own power (regardless of whether this movement is for the purpose of flight, testing or otherwise); or

(3) any "Spacecraft", "Missile" or "Launch Vehicle" and taking place subsequent to its arrival at the site of its first launch (regardless of whether this launch is for the purpose of flight, testing or otherwise);

provided, however, that this Exclusion (g) shall not apply with respect to PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE arising out of the use, operation, loading or unloading of any "Aircraft" not comprising the INSURED'S PRODUCTS which is neither owned by an INSURED nor chartered without crew by or on behalf of an INSURED, and which is not being nor has been designed, manufactured, constructed, maintained or serviced by or on behalf of an INSURED.

As used in this Exclusion (g):

"Aircraft" means any vehicle designed to be used primarily in the air and to be supported by the dynamic reaction of the air upon the vehicle's wings or rotorblades, and/or by the vehicle's buoyancy in the air. The term "Aircraft" does not include "Spacecraft", "Missiles" and "Launch Vehicles."

"Launch Vehicle" means a manned or unmanned rocket powered vehicle (including parts detached while in flight) used to propel "Spacecraft" into space and/or orbit. The NASA Space Shuttle is deemed to be a "Launch Vehicle."

"Missile" means a vehicle which is designed to operate through the air and/or space and whose path and direction is guided during part or all of its flight by a partly or completely self-contained electronic, celestial, inertial or other remote or internal guidance system.

"Spacecraft" means a spacecraft, satellite, spaceship or space station (or a "Launch Vehicle" for such spacecraft) designed to travel to, in, or from and operate primarily in space (including parts thereof detached in flight).

(h) PERSONAL 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 any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability;

(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;

(3) resulting from the "hazardous properties" of "nuclear material", if

(A) the "nuclear material" (i) is at any "nuclear facility" owned by, or operated by or on behalf of, an INSURED or (ii) has been discharged or dispersed therefrom;

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

(C) the PERSONAL 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 subparagraph (3)(C) applies only to "property damage" to such "nuclear facility" and any property thereat.

As used in this Exclusion (h):

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

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

"source material", "special nuclear material" and "byproduct material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";

"waste" means any waste material (1) containing "byproduct material" 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 (2) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility";

"nuclear facility" means:

(1) any "nuclear reactor";

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

(3) 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;

(4) 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;

(i) PERSONAL INJURY or PROPERTY DAMAGE directly or indirectly caused by or contributed to by or arising from ionizing radiations or contamination by radioactivity outside the United States, its territories or possessions, or Canada from any nuclear fuel, any nuclear waste or from the combustion, fission or fusion of nuclear fuel;

(j) PROPERTY DAMAGE to property rented to, used or occupied by or in the care, custody or control of the INSURED:

   (1) to the extent that the INSURED has agreed to provide insurance therefor; or

   (2) if such property is owned by any person or organization controlling or coming under the control of the INSURED;

(k) (1) loss of use of tangible property which has not been physically injured or destroyed, resulting from:

      (A) a delay in or lack of performance by or on behalf of the INSURED of any contract or agreement; or

      (B) the failure of the INSURED'S PRODUCTS or OPERATIONS completed by or on behalf of the INSURED either to meet any warranty or representation by the INSURED as to the level of performance, quality, fitness or durability or to perform the function or serve the purpose intended by the INSURED:

   provided, however, that paragraph (1) of this Exclusion (k) shall not apply to loss of use of other tangible property resulting from the sudden and accidental physical injury to or destruction of the INSURED'S PRODUCTS or OPERATIONS performed by or on behalf of the INSURED after such INSURED'S PRODUCTS or OPERATIONS have been put to use by any person or organization other than an INSURED;

   (2) PROPERTY DAMAGE to any portion or section of the INSURED'S PRODUCTS or of OPERATIONS completed by the INSURED, if such PROPERTY DAMAGE arises out of that portion of such products or that section of OPERATIONS, or out of materials, parts or equipment furnished in connection therewith; or

   (3) the withdrawal, inspection, repair, replacement, or, in connection with any of the foregoing, loss of use, of the INSURED'S PRODUCTS or OPERATIONS completed by or on behalf of the INSURED or of any property of which such INSURED'S PRODUCTS or OPERATIONS form a part, if such INSURED'S PRODUCTS, OPERATIONS or property are withdrawn from the market or from use because of any known or suspected defect or deficiency therein whether caused or believed to have been caused by the INSURED or by any other person or entity;

(l) any obligation for which the INSURED or any carrier as its insurer may be held liable under any workers' compensation, unemployment compensation or disability benefits law or the Longshoremen's and Harbor Workers' Compensation Act, or under any similar state or federal law; provided, however, that this Exclusion does not apply to liability arising under the Federal Employers Liability Act or the Jones Act;

(m) PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE resulting from an OCCURRENCE if notice of such OCCURRENCE has been given prior to the Inception Date stated in Item 4 of the Declarations under any policy that has expired prior to or upon the inception of this POLICY;

(n) PERSONAL INJURY or PROPERTY DAMAGE arising out of discrimination or humiliation directly or indirectly related to employment or prospective employment of any person or persons by any INSURED;

(o) PERSONAL INJURY or PROPERTY DAMAGE directly or indirectly arising out of the actual or threatened termination of employment of any person or persons by any INSURED;

(p) PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE and/or any liability of any nature whatsoever arising out of:

(1) the purchase, sale or distribution of securities or offers to purchase or sell securities, or investment counselling or management, including, without limitation, liability under the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Public Utility Holding Company Act of 1935, the Investment Company Act of 1940, and the so-called "blue-sky" laws of the various states or other jurisdictions or any laws amendatory of any thereof;

(2) antitrust or the prohibition of monopolies, activities in restraint of trade, unfair methods of competition or deceptive acts and practices in trade and commerce including, without limitation, the Sherman Act, the Clayton Act, the Robinson-Patman Act, the Federal Trade Commission Act and the Hart-Scott-Rodino Antitrust Improvements Act and the similar or equivalent laws of the various states or other jurisdictions;

(3) fraud or breach of fiduciary duty;

(4) governmental, civil or criminal fines or penalties;

(5) the failure to pay when due any governmental tax (including, without limitation, income, excise, property, value added and sales tax) or tariff, license fee or other governmental fee which is incidental to the conduct of business or any assessment, fine or penalty related thereto;

(6) copyright or patent infringement;

(7) any defect in or impairment to title to real property, including fixtures, whether or not owned by an INSURED;

(8) disclosure or other regulation of sales of, and offers to sell, real property;

(9) employee, officer or director dishonesty or any liability of any employee, officer or director of an INSURED to such INSURED;

(10) treble damages, fines or penalties under the Racketeer Influenced Corrupt Organizations Act or any similar federal, state or local law or statute;

(q) PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE expected or intended by the INSURED or which should be expected or intended from the standpoint of a reasonable INSURED. This exclusion does not apply to PERSONAL INJURY resulting from the use of reasonable force to protect persons or property.

No inference shall be made from the exclusion of liabilities, PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE in any Exclusion that this POLICY would otherwise cover such liabilities, PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE or cover similar liabilities, PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE; nor shall any portion of any Exclusion to the POLICY be construed to be an extension of coverage otherwise provided by the POLICY.

IV. CONDITIONS

(a) *Premium*

(1) The premiums under this POLICY are flat premiums and are not subject to adjustment, except as otherwise provided in paragraph (3) of Definition (i) and Condition (q) hereof. The premium shall be paid to the COMPANY.

(2) Additional premium for an EXTENDED REPORTING PERIOD shall be fully earned, notwithstanding anything contained in this POLICY to the contrary, when the ANNUAL PERIOD to which such premium is applicable incepts.

(b) *Inspection and Audit*

(1) The COMPANY shall be permitted but not obligated to inspect the INSURED'S property and operations at any time. Neither the COMPANY'S right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for benefit of the INSURED

or others, to determine or warrant that such property or operations are safe, healthful or in compliance with any law, rule or regulation.

(2) The COMPANY may examine and audit and make copies of the INSURED'S books and records, as far as they relate to the subject matter of this POLICY, at any time while this POLICY is in force and within ten (10) years after the final termination of this POLICY or within one (1) year after final settlement of all claims arising out of any OCCURRENCE, notice of which has been given to the COMPANY during the POLICY PERIOD or any EXTENDED REPORTING PERIOD.

(c) *Notice of Occurrence or Claim*

(1) Subject to the provisions of paragraph I., COVERAGE, if any employee of the risk management or legal department or any officer or director of any INSURED shall become aware of an OCCURRENCE likely to involve this POLICY, the NAMED INSURED shall as soon as practicable, as a condition precedent to the rights of any INSURED under this POLICY, give written notice to the COMPANY, which notice shall include, but not be limited to, information as to the nature of the OCCURRENCE, the actual or anticipated injury or damage resulting therefrom, the name(s) of any claimant(s) or potential claimant(s) and the manner in which and the date on which the INSURED first became aware of the OCCURRENCE and such other detailed information as the COMPANY may reasonably request regarding the OCCURRENCE. Unless such written notice is provided as required herein, there shall be no rights to any coverage hereunder.

(2) Subject to the provisions of paragraph I., COVERAGE, as a condition precedent to the rights of any INSURED under the POLICY, the NAMED INSURED shall, as soon as practicable, give written notice to the COMPANY of any CLAIM likely to involve this POLICY which is made against any INSURED, and, if written notice of the OCCURRENCE from which the CLAIM arises has not already been given to the COMPANY, the NAMED INSURED shall give written notice in accordance with paragraph (1) of this Condition (c) of the claimed or alleged OCCURRENCE with respect to which such CLAIM is made, and the NAMED INSURED shall promptly forward to the COMPANY copies of any written CLAIM, demand, notice, summons, complaint or other process received by the INSURED or its representatives or agents. Unless such written notice is provided as required herein, there shall be no rights to any coverage hereunder.

(3) Notice to the COMPANY shall be given to the person or entity stated in Item 7 of the Declarations and shall be deemed to be given when sent by courier or by registered or certified mail with return receipt requested, by telex, provided that receipt is acknowledged, or by any express mail service where a written receipt of sending is provided.

(d) *Assistance and Cooperation*

The COMPANY shall not be called upon to assume charge of the settlement or defense of any CLAIM made against an INSURED, but the COMPANY shall have the right and shall be given the opportunity to associate at its own expense with the INSURED or the issuers of OTHER INSURANCE or both in the investigation, settlement, defense and control of any CLAIM relative to any OCCURRENCE where the CLAIM involves, or appears reasonably likely to involve, the COMPANY, in which event the INSURED and the COMPANY shall cooperate in all things in the defense of such CLAIM. In the event that the COMPANY associates with the INSURED or the issuers of OTHER INSURANCE, or elects to make an appeal as provided in Condition (e) below, the INSURED shall cooperate with the COMPANY and take all actions necessary, or in the opinion of the COMPANY, desirable, to permit the COMPANY to participate in the investigation, settlement and/or defense of any CLAIM or the making of any appeal, and, in the case of an appeal, to prosecute the appeal in the name of the INSURED.

The INSURED shall enforce or cooperate with the COMPANY to enforce any right of contribution or indemnity against any person or organization who may be liable to the INSURED because of PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE with respect to which insurance is afforded under this POLICY.

In the event that the COMPANY, in its sole discretion, chooses to exercise its rights pursuant to this Condition (d), no action taken by the COMPANY in the exercise of such rights shall serve to modify or expand in any manner the COMPANY'S liability or obligations under this POLICY beyond what the COMPANY'S liability or obligations would have been had it not exercised its rights under this Condition (d).

(e) *Appeals*

In the event the INSURED or the issuers of OTHER INSURANCE elect not to appeal a judgment in excess of the limits of liability of such OTHER INSURANCE, the COMPANY may elect to make such appeal at its own cost and expense and shall be liable for the taxable costs and disbursements and interest on judgments incidental thereto, but in no event shall the total liability of the COMPANY exceed its Limit of Liability stated in Item 2 of the Declarations plus the cost and expense of such appeal. If the COMPANY elects to make an appeal, the INSURED shall cooperate with the COMPANY and take all actions necessary, or, in the opinion of the COMPANY, desirable, to permit and authorize the COMPANY to prosecute the appeal in the name of the INSURED.

(f) *Loss Payable*

(1) Indemnity under this POLICY with respect to any OCCURRENCE shall not attach unless and until the INSURED and/or the issuers of OTHER INSURANCE shall have paid the greater of either:

(A) ULTIMATE NET LOSS in the amount of the PER OCCURRENCE UNDERLYING AMOUNT; or

(B) ULTIMATE NET LOSS with respect to any OCCURRENCE in the amount covered by collectible OTHER INSURANCE;

whichever is applicable, as provided in paragraph II(a) hereof and, unless and until the INSURED'S liability shall have been fixed and rendered certain either by final judgment against the INSURED after an adjudicatory proceeding or by settlement approved in writing by the COMPANY.

(2) The INSURED shall make a written demand for payment for any amount of the ULTIMATE NET LOSS for which the COMPANY may be liable under this POLICY as soon as practicable after the INSURED'S liability shall have been fixed and rendered certain and after such amount shall have been paid by or on behalf of the INSURED. If any subsequent payments shall be made by the INSURED on account of the same OCCURRENCE, additional written demands for payment should be made similarly from time to time. Such losses shall be due and payable by the COMPANY within a reasonable time after they are demanded and proven in conformity with this POLICY.

(3) No person or organization shall have any right under this POLICY to join the COMPANY as a party to any action against the INSURED, nor shall the COMPANY be impleaded by the INSURED or his or its legal representative.

(g) *Representation*

Such person or office as the NAMED INSURED shall designate in Item 8 of the Declarations shall represent the NAMED INSURED and any and all INSUREDS hereunder in all matters under this POLICY, including, without limitation, payment of premium, negotiation of the terms of renewal and the adjustment, settlement and payment of CLAIMS.

(h) *Other Insurance*

The insurance afforded by this POLICY shall be in excess of and shall not contribute with OTHER INSURANCE. Nothing herein shall be construed to make this POLICY subject to the terms, conditions and limitations of any OTHER INSURANCE.

(i) *Subrogation*

Inasmuch as this POLICY is excess coverage, the INSURED'S right of recovery against any person or other entity cannot be exclusively subrogated to the COMPANY. It is, therefore, understood and agreed that in case of any payment hereunder, the COMPANY will act in concert with all other interests (including the INSURED'S) concerned in the exercise of such rights of recovery. The apportioning of amounts which may be so recovered shall follow the principle that any interests (including the INSURED'S) that shall have paid an amount over and above any payment hereunder, shall first be reimbursed up to the amount paid by them; the COMPANY is then to be reimbursed out of any balance then remaining up to the amount paid hereunder and, lastly, the interests (including the INSURED'S) of which this coverage is in excess are entitled to claim the residue, if any. Expenses necessary to the recovery of any such amounts shall be apportioned between or among the interests (including the INSURED'S) concerned, in the ratio of their respective recoveries as finally settled.

(j) *Changes*

Notice to or knowledge possessed by any person shall not effect a waiver or a change in any part of this POLICY or estop the COMPANY from asserting any right under the terms of this POLICY; nor shall the terms of this POLICY be waived or changed except by endorsement signed by the COMPANY or its authorized representative and issued to form a part of this POLICY.

(k) *Assignment*

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

(l) *Cross Liability*

In the event of CLAIMS being made by reason of:

(1) PERSONAL INJURY suffered by an employee of one INSURED hereunder; or

(2) damage to property belonging to any INSURED hereunder;

for which another INSURED hereunder is or may be liable, then this POLICY shall cover, subject to the terms of this POLICY, such INSURED against whom a CLAIM is made or may be made in the same manner as if separate policies had been issued to each INSURED hereunder. Nothing contained herein shall operate to increase the COMPANY'S Limit of Liability as set forth in Item 2 of the Declarations.

(m) *Former Subsidiaries and Affiliates*

If any subsidiary or affiliate of the NAMED INSURED, which is an INSURED hereunder by virtue of Definition (i) hereof, shall cease to be such a subsidiary or affiliate of the NAMED INSURED, then, at the time of such cessation, the POLICY PERIOD shall automatically expire as to such former subsidiary or affiliate and, if the NAMED INSURED or such subsidiary or affiliate elects in advance of such expiration, an EXTENDED REPORTING PERIOD shall automatically incept as to such former subsidiary or affiliate and continue in force until expiration of the NAMED INSURED'S POLICY PERIOD under this POLICY without additional payment or return of any premium. Nothing in this Condition (m), however, shall modify the coverage otherwise provided by this POLICY to the NAMED INSURED or its other subsidiaries or affiliates for ULTIMATE NET LOSS for which they shall become legally obligated to pay with respect to such former subsidiary or affiliate.

(n) *Headings*

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

(o) *Insolvency*

(1) Bankruptcy or insolvency of the INSURED or the INSURED'S estate shall not relieve the COMPANY of any of its obligations hereunder.

(2) The insolvency, bankruptcy, receivership or any refusal or inability to pay of the INSURED and/or any insurer shall not operate to:

(A) lower the PER OCCURRENCE UNDERLYING AMOUNT; or

(B) increase the COMPANY'S liability under this POLICY; and

in no event and under no circumstances shall the COMPANY assume or be deemed to have assumed the liabilities and/or responsibilities and/or obligations of the INSURED.

(p) *Warranty*

The NAMED INSURED warrants and agrees as follows:

(1) that it has no knowledge at the Inception Date stated in Item 4 of the Declarations of any fact or circumstance not disclosed to the COMPANY in the Application for this POLICY which is likely to give rise to a claim hereunder; and

(2) that based upon reasonable inquiry and to the best of its knowledge and belief:

(A) all information provided to the COMPANY in the Application for this POLICY is true and correct; and

(B) no material information requested has been withheld.

(q) *Cancellation*

This POLICY may be cancelled:

(1) at any time by the NAMED INSURED by delivering written notice to the COMPANY stating when, not less than thirty (30) days from the date the notice is delivered, cancellation shall be effective; or

(2) at any time by the COMPANY by delivering written notice to the NAMED INSURED stating when, not less than ninety (90) days from the date notice was delivered, cancellation shall be effective; provided, however, that in the event of cancellation for nonpayment of premiums, cancellation shall become effective fifteen (15) days after the date notice is delivered. Payment or tender of unearned premium is not a condition of cancellation.

Written notice shall be delivered by courier or by registered or certified mail with return receipt requested, or by telex, provided that receipt is acknowledged, or by any express mail service where a written receipt of sending is provided. The POLICY PERIOD shall end on the effective date and hour of cancellation stated in the notice.

In the event of cancellation by the INSURED, the premium retained by the COMPANY shall be calculated in accordance with the COMPANY'S short rate table which is attached hereto as Schedule C, but in no event will the premium be less than fifty percent (50%) of the premium stated in Item 6 of the Declarations. In the event of cancellation by the COMPANY, the premium retained by the COMPANY shall be calculated pro rata based upon the duration of the POLICY PERIOD.

For purposes of notice required under this Condition (q) or pursuant to regulation, the offer by the COMPANY of renewal on terms or premiums different from those in effect during the POLICY PERIOD shall not constitute cancellation or nonrenewal of this POLICY by the COMPANY.

(r) *Arbitration*

(1) *Resolution of Disputes*: All disputes between any INSURED(S) and the COMPANY (hereafter referred to collectively as the "parties") arising out of or relating to this POLICY, whether arising before or after termination of this POLICY, shall be submitted to arbitration in the manner set forth in this Condition (r).

(2) *Composition of Panel*: Unless the parties agree upon a single arbitrator within fifteen (15) days after the receipt of a notice of intention to arbitrate, all disputes shall be submitted to an arbitration panel composed of two arbitrators and an umpire, chosen in accordance with paragraph (3) or paragraphs (3) and (4) of this Condition (r).

(3) *Appointment of Arbitrators*: The members of the arbitration panel shall be disinterested, active or retired business executives familiar with the usages and practices of the insurance industry. Unless a single arbitrator is agreed upon by the parties, the party requesting arbitration (hereafter referred to as the "initiating party") shall appoint an arbitrator and give written notice thereof, either by courier or by registered or certified mail with return receipt requested, by telex, provided that receipt is acknowledged, or by any express mail service where a written receipt of sending is provided, to the other party (hereafter referred to as the "responding party") together with the notice of intention to arbitrate. If there is more than one initiating party or responding party, such parties shall act collectively as a single initiating party or single responding party for all purposes including giving notice of intention to arbitrate or giving answer to such notice, and appointing an arbitrator. The notice of intention to arbitrate shall state with specificity the full names and addresses of the parties, the POLICY pursuant to which arbitration is sought, the nature of the dispute and the relief sought.

Within thirty (30) days after receiving the notice of intention to arbitrate, the responding party also shall appoint an arbitrator and notify the initiating party thereof in the same manner as above. Before instituting a hearing, the two arbitrators so appointed shall choose an umpire from among such persons meeting the qualifications set forth in this paragraph. If, within twenty (20) days after the appointment of the arbitrator chosen by the responding party or chosen in accordance with paragraph (4) of this Condition (r), the two arbitrators fail to agree upon the appointment of an umpire, the initiating party shall petition the Center for Public Resources, 680 Fifth Avenue, New York, N.Y. 10019 to appoint the umpire. In the event that an arbitrator or the umpire withdraws from the panel or is unable to discharge his or her duties by reason of death, illness, incompetency or otherwise, a replacement shall be selected in the same manner as provided in the original appointment.

(4) *Failure of Party to Appoint Arbitrator*: If the responding party fails to appoint an arbitrator within thirty (30) days after receiving notice of intention to arbitrate, the initiating party shall appoint such arbitrator who shall then, together with the first arbitrator appointed by the initiating party, choose an umpire as provided in paragraph (3) of this Condition (r).

(5) *Choice of Law and Forum*: Any arbitration instituted pursuant to this Condition (r) shall be held in the State of Connecticut and the arbitrators shall apply the laws of that State to the extent they deem appropriate, for purposes of interpreting this POLICY. The arbitrators are to construe the terms of this POLICY in an evenhanded fashion as between the INSURED and the COMPANY and, in the event they find the language of this POLICY ambiguous or otherwise unclear, they shall construe the POLICY in the manner most consistent with the relevant terms (without regard to authorship of the language or presumption or construction in favor of either the INSURED or the COMPANY) and in accordance with the intent of the parties. In reaching any decision, the panel shall give due consideration to the customs and usages of the insurance industry.

(6) *Submission of Dispute to Panel*: Unless otherwise directed by the panel, the initiating party shall submit its initial brief within twenty (20) days from appointment of the umpire and the responding party shall submit its brief within twenty (20) days following its receipt of the initiating party's brief. Additional reply briefs may be submitted by the parties at the discretion of the panel.

(7) *Procedure Governing Arbitration*: All proceedings before the panel shall be informal and the panel shall not be bound by strict rules of legal procedure or evidence. The panel shall have the power to fix all procedural rules relating to the arbitration proceeding but cross-examination and rebuttal shall be allowed.

(8) *Arbitration Award*: The arbitration panel shall render its decision within sixty (60) days after termination of the arbitration proceeding; the decision shall be in writing and may state the reasons therefore. The decision of the majority of the panel shall be final and binding on the parties to the arbitration and may include interest at the appropriate market rate(s). The panel shall not itself assess and award punitive or exemplary damages; however, it may order the COMPANY to pay such damages where a court of competent jurisdiction has awarded such damages against an INSURED. Judgment may be entered upon the award in any state or federal court having jurisdiction thereof.

(9) *Cost of Arbitration*: Each party shall be responsible for its own attorneys' fees and disbursements. All other fees and expenses associated with the arbitration shall be divided equally between the parties. The fees payable to the arbitrators shall be based upon the usual hourly or per diem rate charged by each for consulting or dispute resolution services, as the same may be in effect from time to time.

(s) *Currency*

(1) The premiums and losses under this POLICY are payable, and the amounts set forth in the Declarations are expressed, in United States currency.

(2) If judgment is rendered or settlement is denominated, or another element of ULTIMATE NET LOSS is stated, in a currency other than United States currency, payment under this POLICY shall be made in United States currency at the rate of exchange prevailing (as published by The Wall Street Journal) on the date the final judgment is rendered, the amount of the settlement is agreed upon or the other element of ULTIMATE NET LOSS is due, respectively.

V. DEFINITIONS

As used in this POLICY:

(a) "ADVERTISING OFFENSE" means DAMAGES arising out of the INSURED'S advertising activities on account of libel, slander, defamation, invasion of right of privacy, piracy, idea misappropriation under an implied contract, or infringement of copyright, title or slogan (other than a patent) committed in any advertisement, publicity article, broadcast or telecast;

(b) "ANNUAL PERIOD" means the period of twelve (12) months commencing at:

(1) the effective date of cancellation or the Expiration Date of the POLICY PERIOD; or

(2) the expiration date of any prior ANNUAL PERIOD;

(c) "AUTOMOBILE" means a land motor vehicle, trailer or semi-trailer;

(d) "CLAIM" means:

(1) any written demand, suit or proceeding against any INSURED by a specifically identified person, entity or asserted class for DAMAGES because of PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE; or

(2) any written notice of PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE by any specifically identified person, entity or asserted class;

(e) "COMPANY" means the American Excess Insurance Association on behalf of its member insurance companies as set forth in Endorsement Number 1 to this POLICY;

(f) "DAMAGES" mean all forms of compensatory damages, and punitive or exemplary damages, but "DAMAGES" do not include governmental, civil or criminal fines or penalties or DEFENSE EXPENSES;

(g) "DEFENSE EXPENSES" means reasonable and necessary legal fees and other expenses which are incurred by or on behalf of the INSURED in the investigation, adjustment, settlement or litigation of claims and which are paid as a consequence of an OCCURRENCE covered hereunder; excluding all salaries of the INSURED'S employees, officers and directors and office expenses;

(h) "EXTENDED REPORTING PERIOD" means the period, if applicable, commencing, with respect to the INSURED, at the effective date of cancellation or the Expiration Date stated in Item 4 of the Declarations or, with respect to a former subsidiary or affiliate of the NAMED INSURED, at the automatic expiration date provided for in Condition (m) hereof and terminating as provided in paragraph I(b) or Condition (m) hereof, whichever is applicable;

(i) "INSURED" means the following to the extent set forth below:

(1) the NAMED INSURED and, if the NAMED INSURED is designated in Item 1 of the Declarations as a partnership or joint venture, the partnership or joint venture so designated, and each partner or member thereof, but only with respect to his or its liability as a partner or member;

(2) (A) any subsidiary or affiliate of the NAMED INSURED whose accounts, as of the date of the financial statements of the NAMED INSURED submitted to the COMPANY most recently prior to the rating of the premium for the POLICY PERIOD:

(i) are consolidated in the financial statements of the NAMED INSURED in accordance with generally accepted accounting principles in the United States of America (or, in the case of any foreign NAMED INSURED, any subsidiary or affiliate whose accounts would be consolidated in the financial statements of such NAMED INSURED if such accounts would have been consolidated in accordance with generally accepted accounting principles in the United States of America); or

(ii) were eligible for such consolidation and whose financial statements were submitted to the COMPANY as of such date; and/or

(B) any subsidiary or affiliate of the NAMED INSURED listed on Schedule A hereto;

(3) any entity acquired or formed by or merged with an INSURED (a "Potential Additional INSURED") subsequent to the Inception Date stated in Item 4 of the Declarations and prior to the effective date of cancellation of the POLICY or the Expiration Date stated in Item 4 of the Declarations, provided that the total gross sales of the Potential Additional INSURED as reported in its most recent consolidated, audited financial statements does not exceed 5% of the total gross sales of the NAMED INSURED and its consolidated subsidiaries and affiliates as most recently reported to the COMPANY for rating purposes prior to the POLICY PERIOD on the NAMED INSURED's most recent consolidated audited financial statements, and provided further, that neither the operations of the Potential Additional INSURED prior to such acquisition, formation or merger nor the resultant combined or consolidated operations of such INSURED and the Potential Additional INSURED subsequent to such acquisition, formation or merger are materially different from those of such INSURED prior to such acquisition, formation or merger. In the case of an entity meeting the criteria set forth in this paragraph (3), it is agreed to automatically include such entity as an INSURED without adjustment of premium under this POLICY. Unless notice to the COMPANY shall have been given and any additional premium required by the COMPANY shall have been paid in respect of the acquisition or formation of or merger with any Potential Additional INSURED not meeting the criteria set forth in this paragraph (3) of Definition (i), such Potential Additional INSURED shall not be an INSURED hereunder. With respect to any OCCURRENCE giving rise to liability of any Potential Additional INSURED that qualifies to be an INSURED hereunder, the RETROACTIVE DATE shall be:

(A) in the case of automatic inclusion, the date of acquisition, formation or merger of the Potential Additional INSURED by an INSURED; or

(B) in the case where an additional premium is paid, the date of acquisition, formation or merger of the Potential Additional INSURED by an INSURED, or such other date as may be agreed between the NAMED INSURED and the COMPANY;

It is understood and agreed that the COMPANY shall have no obligation to insure hereunder any Potential Additional INSURED not meeting the criteria for automatic inclusion set forth in this paragraph (3) and may in its sole discretion decline to provide insurance for such Potential Additional INSURED.

(4) any entity not affiliated with the NAMED INSURED which is listed on Schedule A hereto; provided, however, that the NAMED INSURED and any such entity comply with any conditions to coverage specifically set forth in such Schedule A in addition to complying with the other terms and conditions of this POLICY;

(5) any stockholder of any entity described in paragraph (1), (2), (3) or (4) of this Definition (i), but only with respect to his or its liability as a stockholder of such entity;

(6) (A) any executive officer, other employee or director of; or

(B) any person or organization while acting as real estate manager for;

any person or entity described in paragraph (1), (2), (3) or (4) of this Definition (i) while acting within the scope of his or its duties as such; except with respect to the ownership, maintenance or use, including loading and unloading, of any AUTOMOBILE;

(7) with respect to the ownership, maintenance or use, including loading and unloading, of any AUTOMOBILE:

(A) any person (including an employee of such person or entity) while using any AUTOMOBILE owned by, lent to or hired for use by or on behalf of any person or entity described in paragraph (1), (2), (3) or (4) of this Definition (i) and any person or organization legally responsible for the use thereof, provided that the actual use of such AUTOMOBILE is with the permission of such described person or entity;

(B) any executive officer, director, partner, employee or stockholder of any person or entity described in paragraph (1), (2), (3) or (4) of this Definition (i) while using any AUTOMOBILE not owned by, lent to or hired for use by or on behalf of such described person or entity, but only while such AUTOMOBILE is being used in the business of such described person or entity;

but none of the following shall be an INSURED under this paragraph (7) of Definition (i):

(x) any person while employed in or otherwise engaged in duties in connection with an AUTOMOBILE sales agency, repair shop, service station, storage garage or public parking place not operated by any person or entity described in paragraph (1), (2), (3) or (4) of this Definition (i); or

(y) the owner or lessee (of whom such described person or entity is sub-lessee) of any AUTOMOBILE hired for use by or on behalf of, or lent to, such described person or entity, and any agent or employee of such owner or lessee;

(8) any person or organization to whom any person or entity described in paragraph (1), (2), (3) or (4) of this Definition (i) is obligated by virtue of a written contract or agreement to provide insurance such as is afforded by this POLICY, but only to the extent of such obligation and only with respect to operations (other than commercial insurance operations) performed by such described person or entity or facilities owned or used by such described person or entity; provided, however, that the following shall not be deemed to be an INSURED under this paragraph (8):

(A) any organization acquired or formed by or merged with an INSURED after the inception of the POLICY PERIOD; and/or

(B) a person or organization which is engaged in a joint venture with the NAMED INSURED.

(j) "INSURED'S PRODUCTS" means:

(1) goods or products manufactured, sold, tested, handled or distributed by the INSURED or others trading under its name if the end-use thereof occurs after possession of such goods or products has been relinquished to others by the INSURED or by others trading under its name, and if such use occurs away from premises owned, rented or controlled by the INSURED; provided such goods or products shall be deemed to include any container thereof other than an AUTOMOBILE, WATERCRAFT or AIRCRAFT; and/or

(2) materials that were the subject of completed or abandoned OPERATIONS of the INSURED;

(k) "NAMED INSURED" means the person or organization first named in Item 1 of the Declarations;

(l) "OCCURRENCE" means:

(1) an event, or a continuous, intermittent or repeated exposure to conditions, which causes, allegedly causes or is deemed to cause PERSONAL INJURY or PROPERTY DAMAGE or gives rise to, allegedly gives rise to or is deemed to give rise to ADVERTISING OFFENSE, where all of such PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE arising from such event or exposure to conditions commences on or subsequent to the RETROACTIVE DATE, and:

(A) some of such PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE commences prior to the earlier of the effective date of cancellation or the Expiration Date stated in Item 4 of the Declarations; and

(B) such event or exposure to conditions commences on or subsequent to the RETROACTIVE DATE and prior to the earlier of the effective date of cancellation or the Expiration Date stated in Item 4 of the Declarations; or

(2) a use (including a single instance or continuous or recurring use(s) by the same user) of an INSURED'S PRODUCT which causes, allegedly causes or is deemed to cause PERSONAL INJURY or PROPERTY DAMAGE, where:

(A) all of the PERSONAL INJURY and PROPERTY DAMAGE resulting from that use commences on or subsequent to the RETROACTIVE DATE and some of the PERSONAL INJURY or

PROPERTY DAMAGE commences prior to the earlier of the effective date of cancellation or the Expiration Date stated in Item 4 of the Declarations, and

(B) **except as may be specifically agreed between the NAMED INSURED and the COMPANY in an endorsement hereto,** the INSURED, at the Inception Date stated in Item 4 of the Declarations, had no knowledge or notice of any defect or hazard or any alleged defect or hazard associated with the INSURED'S PRODUCTS or with any similar products of any INSURED causing or allegedly causing PERSONAL INJURY or PROPERTY DAMAGE, which defect or hazard or alleged defect or hazard is similar to that defect or hazard or alleged defect or hazard which caused or allegedly caused or was deemed to cause the PERSONAL INJURY or PROPERTY DAMAGE for which a CLAIM has been made against an INSURED and reported to the COMPANY under this POLICY;

For purposes of this clause (2), in addition to an INSURED'S actual knowledge or notice of a fact, an INSURED shall be deemed to have knowledge that, or notice of the fact that, a defect or hazard or an alleged defect or hazard caused PERSONAL INJURY or PROPERTY DAMAGE in such circumstances where a reasonable person would have believed that such defect or hazard or alleged defect or hazard caused, could have caused or could cause PERSONAL INJURY or PROPERTY DAMAGE.

Where the INSURED becomes liable for a series of and/or several PERSONAL INJURIES, PROPERTY DAMAGES or ADVERTISING OFFENSES which result, directly or indirectly, from the same or substantially the same

(i) event or exposure to conditions or the failure or alleged failure to warn of same, or a defect, hazard or failure, an alleged defect, hazard or failure, or the failure or alleged failure to warn of same; or

(ii) usage, design, formulation, manufacture, distribution, operation, maintenance or repair of an INSURED'S PRODUCT, or the failure to warn as to the usage, operation or maintenance of an INSURED'S PRODUCT,

all such PERSONAL INJURIES, PROPERTY DAMAGES or ADVERTISING OFFENSES shall be treated as having resulted from one OCCURRENCE irrespective of the length of the period or the size of the area over which the PERSONAL INJURIES, PROPERTY DAMAGES or ADVERTISING OFFENSES occurred or the number of claimants, PERSONAL INJURIES, PROPERTY DAMAGES or ADVERTISING OFFENSES.

(m) "OPERATIONS" means operations of the INSURED away from premises owned, rented or controlled by the INSURED and includes materials, parts or equipment furnished in connection therewith. OPERATIONS shall be deemed completed at the earliest of the following types:

(1) when all OPERATIONS to be performed by or on behalf of the INSURED under the contract have been completed;

(2) when all OPERATIONS to be performed by or on behalf of the INSURED at the site of the OPERATIONS have been completed; or

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

(n) "OTHER INSURANCE" means any other insurance available to the INSURED which, irrespective of the existence of this POLICY, indemnifies the INSURED for, or pays on behalf of the INSURED, DAMAGES or DEFENSE EXPENSES with respect to an OCCURRENCE for which DAMAGES or DEFENSE EXPENSES, depending on the amount(s) thereof, may be indemnifiable or payable under this POLICY; except OTHER INSURANCE does not include insurance under any policy or policies issued by the COMPANY or insurance under any policy or policies in which this POLICY is specifically scheduled as underlying insurance or under any policy which is scheduled in this POLICY as insurance in excess of this POLICY;

(o) "PER OCCURRENCE UNDERLYING AMOUNT" means the amount stated in Item 3 of the Declarations;

(p) "PERSONAL INJURY" means:

(1) bodily injury, shock, fright, mental injury, mental anguish, disability, sickness or disease sustained by any person, including death at any time resulting therefrom;

(2) injury arising out of false arrest, detention or imprisonment, malicious prosecution, wrongful entry or eviction or other invasion of the right of private occupancy, humiliation or discrimination because of race, religion, age, sex or physical disability (unless insurance therefor is prohibited by law); and

(3) except with respect to injury occurring in the course of the INSURED'S advertising activities, injury arising out of the publication or utterance of a libel or slander or of other defamatory or disparaging material, or a publication or utterance in violation of an individual's right of privacy;

(q) "POLICY" means all the terms of insurance issued by the COMPANY to the NAMED INSURED for the POLICY PERIOD set forth in Item 4 of the Declarations including the Application herefor, the Declarations and Schedules hereto and any Endorsements at any time endorsed hereon;

(r) "POLICY PERIOD" means the period set forth in Item 4 of the Declarations commencing with the Inception Date and terminating with the effective date of cancellation or the Expiration Date;

(s) "POLLUTANT" means any solid, liquid, gaseous or thermal irritant, contaminant or toxic or hazardous substance or any substance which may, does or is alleged to affect adversely the environment, property, persons or animals, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and WASTE;

(t) "PROPERTY DAMAGE" means:

(1) physical injury to or destruction of tangible property including the loss of use thereof at any time resulting therefrom; or

(2) loss of use of tangible property which has not been physically injured or destroyed;

(u) "RETROACTIVE DATE" means the time and date stated in Item 5 of the Declarations or, with respect to any Potential Additional INSURED, the date provided for in paragraph (6) of Definition (i);

(v) "ULTIMATE NET LOSS" means the total sum which the INSURED shall become obligated to pay as DAMAGES and/or DEFENSE EXPENSES on account of PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE, either by final judgment against the INSURED after trial or by settlement approved in writing by the COMPANY after making proper deduction for all recoveries and salvages collectible;

(w) "WASTE" means POLLUTANTS that are or are to be disposed of or stored for or as disposal, or are to be or are being recycled, reconditioned or reclaimed;

(x) "WATERCRAFT" means any ship or vessel of whatever type including, but not limited to, cargo vessels, passenger vessels, other vessels used for transport, towboats and barges, vessels used in the construction of pipelines, platforms or other facilities, storage vessels, tanker vessels, drill ships, offshore drilling platforms, drilling barges (including, without limitation, submersible drill barges, semi-submersible drill barges and self-elevating drill barges) and all other vessels of whatever nature and description, all whether or not self-propelled.

IN WITNESS WHEREOF, each of the members of the COMPANY has caused this POLICY to be signed on its behalf by the President and a Secretary of the COMPANY and countersigned on the Declarations Page by a duly authorized agent of the COMPANY.

Norma C. Colgan
Secretary

John T. Mangan
President

Schedules

A. Subsidiaries or affiliates which form part of the NAMED INSURED — See Definition (i)(2)(B)

See Schedule A attached to application

B. Additional premiums for the EXTENDED REPORTING PERIOD — See Coverage (b)

Year of Extended Reporting Period	Per Cent of Premium Stated in Item 6 of the Declarations	Year of Extended Reporting Period	Per Cent of Premium Stated in Item 6 of the Declarations
1st year	10%	6th year	5 %
2nd year	8%	7th year	5 %
3rd year	6%	8th year	5 %
4th year	6%	9th year	5 %
5th year	5%	10th year	5 %

Subsequent years 5%

C. COMPANY'S Short Rate Table — See Condition (q)

Days Policy in Force	Per Cent of Premium Stated in Item 6 of the Declarations	Days Policy in Force	Per Cent of Premium Stated in Item 6 of the Declarations	Days Policy in Force	Per Cent of Premium Stated in Item 6 of the Declarations
1	5%	95-98	37%	219-223	69%
2	6	99-102	38	224-228	70
3-4	7	103-105	39	229-232	71
5-6	8	106-109	40	233-237	72
7-8	9	110-113	41	238-241	73
9-10	10	114-116	42	242-246	74
11-12	11	117-120	43	247-250	75
13-14	12	121-124	44	251-255	76
15-16	13	125-127	45	256-260	77
17-18	14	128-131	46	261-264	78
19-20	15	132-135	47	265-269	79
21-22	16	136-138	48	270-273	80
23-25	17	139-142	49	274-278	81
26-29	18	143-146	50	279-282	82
30-32	19	147-149	51	283-287	83
33-36	20	150-153	52	288-291	84
37-40	21	154-156	53	292-296	85
41-43	22	157-160	54	297-301	86
44-47	23	161-164	55	302-305	87
48-51	24	165-167	56	306-310	88
52-54	25	168-171	57	311-314	89
55-58	26	172-175	58	315-319	90
59-62	27	176-178	59	320-323	91
63-65	28	179-182	60	324-328	92
66-69	29	183-187	61	329-332	93
70-73	30	188-191	62	333-337	94
74-76	31	192-196	63	338-342	95
77-80	32	197-200	64	343-346	96
81-83	33	201-205	65	347-351	97
84-87	34	206-209	66	352-355	98
88-91	35	210-214	67	356-360	99
92-94	36	215-218	68	361-365	100

D. WATERCRAFT and risks not excluded under Exclusion (b).

See Attached

AMERICAN EXCESS INSURANCE ASSOCIATION

D. WATERCRAFT and risks not excluded under Exclusion (b):

1. Excess of $100 million, all owned and chartered or leased WATERCRAFT shown in Exhibit 3 of the renewal submission.

2. Excess of $100 million on all non-owned WATERCRAFT less than 125 feet and not used to transport third parties or products of third parties.

3. PERSONAL INJURY or PROPERTY DAMAGE arising out of a WATERCRAFT which fall within the definition of INSURED'S PRODUCTS.

4. Coverage for "Norman" is excluded.

LIABILITY OF INSURERS ENDORSEMENT

Endorsement Number 1. Effective Date of Endorsement October 1st 1995

Attached to and forming part of POLICY Number HR000099795

NAMED INSURED Hanson PLC

It is hereby understood and agreed between the NAMED INSURED and the insurance companies listed below, which are the members of AMERICAN EXCESS INSURANCE ASSOCIATION (referred to in the POLICY as "the COMPANY"), *as follows:*

(1) the insurance afforded by this POLICY is provided by the several separate insurance companies listed below (hereafter the "insurance companies") and not by the AMERICAN EXCESS INSURANCE ASSOCIATION which is not an insurance company;

(2) the liability of the insurance companies shall be several and not joint. The liability of each insurance company shall be separate and apart from the liabilities of all other insurance companies and in no event shall any insurance company participate in the liability of any other insurance company;

(3) the maximum liability of all the insurance companies shall be the total of the percentage participations of such insurance companies as listed below, which total of percentage participations is 100 % of $ 50,000,000 ;

(4) each insurance company shall only be liable under the POLICY for the percentage, set opposite its name below, of any ULTIMATE NET LOSS; provided that:

   (A) in the event that the total of the percentage participations of the insurance companies listed below is less than 100% of $ 50,000,000 , then, in respect of any ULTIMATE NET LOSS, irrespective of the amount thereof, the INSURED shall have no right of recovery under this POLICY for the uninsured percentage of such ULTIMATE NET LOSS, which uninsured percentage is the percentage by which such total of the percentage participations is less than 100%;

   (B) in no event shall any insurance company pay more than the percentage set opposite its name of the amount stated in Item 2 of the Declarations as the COMPANY'S Limit of Liability;

   (C) in the event that any insurance company for any reason whatsoever, including but not limited to the insolvency or financial impairment of such insurance company, is unable or refuses to indemnify any INSURED in respect of the percentage of any ULTIMATE NET LOSS for which such insurance company is liable, no other insurance company or companies shall be liable for such percentage and the INSURED shall have right of recovery of such percentage only from the insurance company which is so unable or so refuses.

INSURANCE COMPANIES	PERCENTAGE PARTICIPATION
The Aetna Casualty and Surety Company	19.58%
Continental Casualty Company	6.89%
Continental Insurance Company	6.65%
Employers Reinsurance Corporation	2.60%
Federal Insurance Company	5.70%
Fireman's Fund Insurance Company	5.79%
General Accident Insurance Company of America	1.04%
The General Star National Insurance Company	5.21%
The Indemnity Insurance Company of North America	10.42%
NAC Reinsurance Corporation	5.79%
North American Specialty Insurance Company	5.79%
St. Paul Fire and Marine Insurance Company	5.79%
The Travelers Indemnity Company	12.16%
Zurich Insurance Company, U.S. Branch	6.59%

C N Greene

Signature of Authorized Representative

MANDATORY ENDORSEMENT
(For Use on Policies Issued in New Jersey)

Pursuant to New Jersey Law, this POLICY cannot be canceled or non-renewed for any underwriting reason or guideline(s) which is (are) arbitrary or capricious or unfairly discriminatory or without adequate prior notice to the NAME INSURED. The underwriting reasons or guidelines that an insurer can use to cancel or non-renew this POLICY are maintained by the insurer in writing an will be furnished to the NAMED INSURED and/or the NAMED INSURED'S lawful representative upon written request. This provision shall not apply to any POLICY which has been in effect for less than 60 days at the time notice of cancellation is mailed or delivered, unless the POLICY is a renewal policy.

AMERICAN EXCESS INSURANCE ASSOCIATION
DESIGNATED PRODUCT ENDORSEMENT

In accordance with the provision of paragraph (2) (B) of Section V Definition (I) "OCCURRENCE" of this POLICY, it is understood and agreed between the NAMED INSURED and the COMPANY that this POLICY is hereby amended as indicated below. All the other items of this POLICY remain unchanged.

With respect to PERSONAL INJURY and PROPERTY DAMAGE resulting from a use of only the INSURED'S PRODUCTS which are listed in the Schedule to this Endorsement:

(1) the RETROACTIVE DATE shall be 12:01 a.m. at the address of the NAMED INSURED on the 1st day of October, 1986 ; and

(2) (A) the commencement of any PERSONAL INJURY or PROPERTY DAMAGE which results from a use of such INSURED'S PRODUCTS prior to the RETROACTIVE DATE stated in this Endorsement; or

(B) any knowledge or notice of any defect or hazard or any alleged defect or hazard associated with such INSURED'S PRODUCTS or with any similar products of any INSURED causing or allegedly causing such PERSONAL INJURY or PROPERTY DAMAGE, which knowledge or notice the INSURED had at the Inception Date stated in Item 4 of the Declarations;

shall not preclude an OCCURRENCE under this POLICY with respect to PERSONAL INJURY or PROPERTY DAMAGE which commences subsequent to the RETROACTIVE DATE stated in this Endorsement and shall not be deemed to mean that such PERSONAL INJURY or PROPERTY DAMAGE was either expected or intended by the INSURED or should have been expected or intended from the standpoint of a reasonable INSURED;

provided, however, that coverage is provided under this Endorsement only:

(1) for that PERSONAL INJURY or PROPERTY DAMAGE, resulting from that use of such INSURED'S PRODUCTS, which takes place on or subsequent to the RETROACTIVE DATE stated in this Endorsement and for which there was no coverage under any other insurance policy whose policy period has ended (regardless of whether such policy was renewed) prior to or at the Inception Date stated in Item 4 of the Declarations; and

(2) where the NAMED INSURED first becomes aware of such PERSONAL INJURY or PROPERTY DAMAGE on or subsequent to the RETROACTIVE DATE stated in this Endorsement; and

(3) if the OCCURRENCE from which such PERSONAL INJURY or PROPERTY DAMAGE arises has not resulted, to the knowledge of the NAMED INSURED at the time the NAMED INSURED signed the application for this POLICY, in PERSONAL INJURY or PROPERTY DAMAGE prior to the POLICY PERIOD to more than the number of persons or entities specified in the Schedule of this Endorsement with respect to each INSURED'S PRODUCT listed therein.

SCHEDULE

INSURED'S PRODUCTS	SPECIFIED NUMBER
All INSURED'S PRODUCTS	Not more than 200 Claims per entity per years since 1984

This Endorsement forms a part of the POLICY to which attached, effective on the Inception Date of the POLICY unless otherwise stated herein.

(The information below is required only when this Endorsement is issued subsequent to preparation of the POLICY.)

Policy No.:____________________.

Endorsement Effective Date:____________________.

Endorsement No.: 3.

NAMED INSURED:____________________.

Countersigned by:

____
Authorized Representative

AMERICAN EXCESS INSURANCE ASSOCIATION
INSURANCE COMPANY ERRORS & OMISSIONS EXCLUSION

It is agreed that the POLICY does not apply:

(1) to any obligation assumed by an INSURED or any employee or agent of an INSURED under any insurance binder or contract of insurance, suretyship, or reinsurance;

(2) to PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE, arising out of errors or omissions in writing or failing to write, continue or renew any contract of insurance, suretyship, or reinsurance;

(3) to DAMAGES arising out of the settlement of or failure to settle any claims made under any contract of insurance, suretyship or reinsurance;

(4) to PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE arising out of or resulting from the negligent, inadequate or incomplete performance of or failure to perform inspection and engineering services including the making of reports in connection with any contract of insurance, suretyship or reinsurance.

This endorsement forms a part of the POLICY to which attached, effective on the Inception Date of the POLICY unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the POLICY.)

Policy No.:__________________________.

Endorsement Effective Date:_________________.

Endorsement No.: 4 .

NAMED INSURED:_______________________.

Countersigned by:

____

Authorized Representative

AMERICAN EXCESS INSURANCE ASSOCIATION
OWNED AIRCRAFT ENDORSEMENT

It is agreed that Section III. Exclusion (g) of the POLICY is amended to include the following as its last paragraph:

(g) This Exclusion (g) does not apply to the maintenance, service, ownership, use, operation, loading or unloading of any Aircraft if such Aircraft is owned or chartered without crew by or on behalf of the NAMED INSURED, or if such Aircraft is being operated by any person in the course of his employment by the NAMED INSURED and is owned by such person;

1) As respects only the coverage which is provided by this endorsement, Item 3 of the Declarations page is amended to read as follows:

PER OCCURRENCE UNDERLYING AMOUNT:
$500,000,000.

This Endorsement forms a part of the POLICY to which attached, effective on the Inception Date of the POLICY unless otherwise stated herein.

(The information below is required only when this Endorsement is issued subsequent to preparation of the POLICY.)

Policy No.:____________________.

Endorsement Effective Date:________________.

Endorsement No.: 5 .

Named Insured:____________________.

Additional Premium: $ __________________.

Countersigned by:

____
Authorized Representative

AMERICAN EXCESS INSURANCE ASSOCIATION

PROPERTY DAMAGE TO INSURED'S PRODUCTS OR OPERATIONS EXCLUSION REVISION ENDORSEMENT

1. It is agreed that Section III Exclusion (k) (2) of the POLICY is amended to read as follows:

   (2) (A) PROPERTY DAMAGE to any portion or section of the INSURED'S PRODUCTS if such PROPERTY DAMAGE arises out of that portion or section of such products; or

   (B) PROPERTY DAMAGE to that particular part of OPERATIONS completed by the INSURED, if such PROPERTY DAMAGE arises out of that particular part of OPERATIONS, or out of materials, parts or equipment furnished in connection therewith; or

This Endorsement forms a part of the POLICY to which attached, effective on the Inception Date of the POLICY unless otherwise stated herein.

(The information below is required only when this Endorsement is issued subsequent to preparation of the POLICY.)

Policy No.:____________________.

Endorsement Effective Date:_______________.

Endorsement No.: 6.

NAMED INSURED:____________________.

Countersigned by:

____

Authorized Representative

AEIA-SP-1

AMERICAN EXCESS INSURANCE ASSOCIATION
POLLUTION EXCLUSION REVISION ENDORSEMENT

It is agreed that Section III Exclusion (c) to the POLICY is deleted in its entirety and replaced by the following:

(c) (1) PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE directly or indirectly arising out of:

(A) the actual, alleged or threatened discharge, dispersal, release, seepage, or escape of any POLLUTANT into or upon any person, place or thing including land or other real estate, any man-made structure, the atmosphere, any water or watercourse whether above or below ground or otherwise into the environment, however caused and whenever happening; or

(B) any direction or request, whether governmental or otherwise, that the INSURED evaluate, test for, monitor, clean up, remove, control, contain, treat, detoxify or neutralize any POLLUTANT or the actual, alleged or threatened discharge, dispersal, release, seepage or escape thereof;

provided, however, except as provided in paragraph (2) of this Exclusion (c), subparagraphs (1)(A) and (B) of this Exclusion (c) shall not apply to PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE arising out of or alleged to arise out of:

(x) INSURED'S PRODUCTS;

(y) a discharge, dispersal, release, seepage or escape of POLLUTANTS caused solely by unintended fire, explosion, lightning, or a collision or overturning of an AUTOMOBILE or railroad vehicle; or

(z) a single or intermittent discharge, dispersal, release or escape of POLLUTANTS, which ceases within seven (7) days of its first commencement, provided that it results in PERSONAL INJURY or PROPERTY DAMAGE which commences and is discovered within seven (7) days after the time such discharge, dispersal, release or escape first commences;

(2) The exceptions to subparagraphs (1)(A) and (B) of this Exclusion (c) which are contained in subparagraphs (1)(y) and (z) of this Exclusion (c), shall in no event apply to the cost of evaluating, testing for,

monitoring, cleaning up, removing, controlling, containing, treating, detoxifying and/or neutralizing the discharge, dispersal, release, seepage and/or escape of any POLLUTANT on property at any time owned, leased and/or rented by the INSURED and/or under the control of the INSURED;

This Endorsement forms a part of the POLICY to which attached, effective on the Inception Date of the POLICY unless otherwise stated herein.

(The information below is required only when *this Endorsement* is issued subsequent to preparation of the POLICY.)

Policy No.:______________________________.

Endorsement Effective Date:____________________.

Endorsement No.: 7

NAMED INSURED:__________________________.

Countersigned by:

____

Authorized Representative

AMERICAN EXCESS INSURANCE ASSOCIATION

AMENDMENT OF I. COVERAGE

It is agreed that I. **COVERAGE** of the POLICY is replaced by the following:

I. COVERAGE

(a) The COMPANY shall indemnify the INSURED for ULTIMATE NET LOSS which the INSURED shall become legally obligated to pay by reason of liability imposed upon the INSURED by law or liability of others assumed by the INSURED under contract or agreement because of PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE anywhere, which results from an OCCURRENCE, notice of which shall have been first given to the COMPANY (in accordance with Condition (c) hereof):

(1) by the NAMED INSURED during the POLICY PERIOD;

(2) by the NAMED INSURED during any EXTENDED REPORTING PERIOD which the NAMED INSURED shall have elected to secure (or continue) or during the sixty day grace period provided in accordance with the following paragraph I(b); or

(3) by any former subsidiary or affiliate of the NAMED INSURED during any EXTENDED REPORTING PERIOD that may arise in accordance with Condition (m) hereof;

provided, however, that in no event shall there be coverage under this POLICY for any liability of any INSURED with respect to any OCCURRENCE, PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE for which there is, or but for the issuance of this POLICY would be, any coverage in any amount provided under any other policy issued by the COMPANY to the INSURED, irrespective of whether such other policy is issued prior to, simultaneously with or subsequent to this POLICY.

(b) In the event of cancellation or nonrenewal of this POLICY by the NAMED INSURED or the COMPANY, other than cancellation for nonpayment of premium, the NAMED INSURED may elect to secure an EXTENDED REPORTING PERIOD for an ANNUAL PERIOD and thereafter may elect annually to continue such EXTENDED REPORTING PERIOD, for such INSUREDS as the NAMED INSURED shall designate, by giving the COMPANY written notice of such election not less than ten (10) days prior to the earlier of the Expiration Date stated in Item 4 of the Declarations or the effective date of cancellation of the POLICY, or the expiration date of each ANNUAL PERIOD, and by paying to the COMPANY the applicable annual premium for such EXTENDED REPORTING PERIOD as set forth in the attached Schedule B no later than the date of commencement of the corresponding ANNUAL PERIOD.

In the event that this POLICY is not renewed or is cancelled, and the INSURED does not elect to secure an EXTENDED REPORTING PERIOD, then, subject to all other terms and conditions of this POLICY, there shall be allowed a grace period of sixty (60) days during which an INSURED shall be entitled to give written notice of an OCCURRENCE to the COMPANY, which grace period shall commence immediately following the earlier of the Expiration Date stated in Item 4 of the Declarations or the effective date of cancellation of the POLICY, as applicable.

Where notice in accordance with Condition (c) of an OCCURRENCE is first given during an EXTENDED REPORTING PERIOD or the sixty day grace period, it shall be deemed to have been given during the POLICY PERIOD of this POLICY for purposes of the application of the terms of this POLICY, including, but not by way of limitation, the COMPANY'S Limit of Liability and the PER OCCURRENCE UNDERLYING AMOUNT.

This Endorsement forms a part of the POLICY to which attached, effective on the Inception Date of the POLICY unless otherwise stated herein.

(The information below is required only when this Endorsement *is issued subsequent to preparation of the* POLICY.)

Policy No.:___________________________.

Endorsement Effective Date:_________________.

Endorsement No.: 8 .

NAMED INSURED:______________________.

Countersigned by:

____
Authorized Representative

American Excess Insurance Association
(Herein called the "Company")

EXCESS INDEMNITY POLICY

POLICY NUMBER:HR000099795

THIS IS A REPORTED OCCURRENCE POLICY THAT CONTAINS CERTAIN FEATURES THAT ARE ANALOGOUS TO THE ONES FOUND IN CLAIMS MADE POLICIES. PLEASE READ THE ENTIRE POLICY CAREFULLY.

INSURANCE UNDER THIS POLICY IS PROVIDED BY SEVERAL SEPARATE INSURERS, WHO ARE ALL MEMBERS OF THE AMERICAN EXCESS INSURANCE ASSOCIATION. THE LIABILITY OF THESE INSURERS IS SEVERAL AND NOT JOINT AND IS SET OUT SPECIFICALLY IN ENDORSEMENT NUMBER 1 WHICH IS ATTACHED TO AND FORMS PART OF THIS POLICY.

Words and phrases that appear in all capital letters have the special meanings set forth in Section V — DEFINITIONS.

Declarations

Item 1: NAMED INSURED: HANSON PLC

Address of NAMED INSURED: 99 WOOD AVENUE, SOUTH
ISELIN, NJ 08830

Item 2: COMPANY'S Limit of Liability under this POLICY in the aggregate for all covered OCCURRENCES:
$50,000,000.00 part of $50,000,000.00. See Endorsement Number 1 to this POLICY.

Item 3: PER OCCURRENCE UNDERLYING AMOUNT:
$100,000,000.00

Item 4: POLICY PERIOD:
From 12:01 A.M.* on the 1ST day of October, 1995. ("Inception Date").
To 12:01 A.M.* on the 1ST day of October, 1996. ("Expiration Date").

Item 5: RETROACTIVE DATE:
12:01 A.M.* on the 1ST day of October, 1986.

Item 6: Flat Premium for the POLICY PERIOD:
$704,000.00

Item 7: Representative of COMPANY:

Farmington Management, Inc.
RiverBend Executive Park
77 Hartland Street
East Hartford, CT 06108
Attention: The President

"DEFENSE EXPENSES" ARE INCLUDED IN THE LIMIT OF LIABILITY OF THE POLICY AND ARE IN THE "PER OCCURRENCE UNDERLYING AMOUNT"

Declarations
continued

Item 8: Representative of NAMED INSURED:

HANSON PLC
99 WOOD AVENUE, SOUTH
ISELIN, NJ 08830
ATTN: DONALD L. SCHOENEWOLF
DIRECTOR OF RISK MANAGEMENT

Item 9: Endorsements attached at POLICY issuance:

1. Liability of Insurers Endorsement, AEIA-2
2. New Jersey Mandatory Endorsement, AEIA-S-9
3. Designated Products Endorsement, AEIA-5
4. Insurance Company Errors & Omissions Exclusion, AEIA-20
5. Owned Aircraft Endorsement, AEIA-34
6. Property Damage to Insured's Products or Operations Exclusion Revision Endorsement, AEIA-SP-1
7. Pollution Exclusion Revision Endorsement, AEIA-SP-2
8. Amendment to I. Coverage, AEIA-SP-3

American Excess Insurance Association

Countersigned by ____________________
(Authorized Representative)

*Standard Time at the address of the NAMED INSURED as stated herein.

Insuring Agreements

In consideration of the payment of the premium and in reliance on all statements made and information furnished by the NAMED INSURED to the COMPANY, including the representations and warranties made in the Application for this POLICY which is hereby made a part hereof, and subject to the foregoing Declarations which are hereby made a part hereof, and subject to all of the terms of this POLICY, the COMPANY and the NAMED INSURED agree as follows:

I. COVERAGE

(a) The COMPANY shall indemnify the INSURED for ULTIMATE NET LOSS which the INSURED shall become legally obligated to pay by reason of liability imposed upon the INSURED by law or liability of others assumed by the INSURED under contract or agreement because of PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE anywhere in the world,

(1) which results from an OCCURRENCE, notice of which shall have been first given to the COMPANY (in accordance with Condition (c) hereof):

(A) by the NAMED INSURED during the POLICY PERIOD;

(B) by the NAMED INSURED during any EXTENDED REPORTING PERIOD which the NAMED INSURED shall have elected to secure (or continue) or during the sixty day grace period provided in accordance with the following paragraph I(b); or

(C) by any former subsidiary or affiliate of the NAMED INSURED during any EXTENDED REPORTING PERIOD that may arise in accordance with Condition (m) hereof; and

(2) for which a CLAIM is made against the INSURED and of which CLAIM the NAMED INSURED has given written notice to the COMPANY within ten (10) years from the earlier of the Expiration Date stated in Item 4 of the Declarations or the effective date of cancellation of the POLICY, regardless of whether any EXTENDED REPORTING PERIOD(S) have been purchased; provided, however, that in the event a CLAIM is made against an INSURED by a claimant who is a minor or by a claimant who is otherwise incompetent under applicable law, written notice of any CLAIM may be given to the COMPANY,

(i) in the case of a CLAIM made by a minor, during the period of time during which such claimant is a minor and including any periods subsequent thereto pursuant to any law tolling the application of applicable statutes of limitations, if any, as determined by the laws of the state of such claimant's domicile at the time of the OCCURRENCE, and,

(ii) in the case of a CLAIM made by a claimant who is otherwise incompetent, within the period of time allowed by the law applicable to such claimant's disability at the time of the OCCURRENCE;

provided, however, that in no event shall there be coverage under this POLICY for any CLAIMS by a claimant who is a minor or by a claimant who is otherwise incompetent not reported to the COMPANY in writing within twenty-five (25) years from the earlier of the Expiration Date stated in Item 4 of the Declarations or the effective date of cancellation of the Policy;

and provided further, that in no event shall there be coverage under this POLICY for any liability of any INSURED with respect to any OCCURRENCE, PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE for which there is, or but for the issuance of this POLICY would be, any coverage in any amount provided under any other policy issued by the COMPANY to the INSURED, irrespective of whether such other policy is issued prior to, simultaneously with or subsequent to this POLICY.

(b) In the event of cancellation or nonrenewal of this POLICY by the NAMED INSURED or the COMPANY, other than cancellation for nonpayment of premium, the NAMED INSURED may elect to secure an EXTENDED REPORTING PERIOD for an ANNUAL PERIOD and thereafter may elect annually to continue such EXTENDED REPORTING PERIOD for no more than nine (9) additional ANNUAL PERIODS, for such INSUREDS as the NAMED INSURED shall designate, by giving the COMPANY written notice of such election not less than ten (10) days prior to the earlier of the Expiration Date stated in Item 4 of the Declarations or the effective date of cancellation of the POLICY, or the expiration date of each ANNUAL PERIOD, and by paying to the COMPANY the applicable annual premium for such EXTENDED REPORTING PERIOD as set forth in the attached Schedule B no later than the date of commencement of the corresponding ANNUAL PERIOD.

In the event that this POLICY is not renewed or is cancelled, and the INSURED does not elect to secure an EXTENDED REPORTING PERIOD, then, subject to all other terms and conditions of this POLICY, there shall be allowed a grace period of sixty (60) days during which an INSURED shall be entitled to give written notice of an OCCURRENCE to the COMPANY, which grace period shall commence immediately following the earlier of the Expiration Date stated in Item 4 of the Declarations, or the effective date of cancellation of the Policy, as applicable.

Where notice in accordance with Condition (c) of an OCCURRENCE is first given during an EXTENDED REPORTING PERIOD or the sixty day grace period, it shall be deemed to have been given during the POLICY PERIOD of this POLICY for purposes of the application of the terms of this POLICY, including, but not by way of limitation, the COMPANY'S Limit of Liability and the PER OCCURRENCE UNDERLYING AMOUNT.

II. LIMIT OF LIABILITY

(a) Subject to all of the terms hereof, in accordance with Condition (f), and as provided in Endorsement Number 1 to this POLICY, the COMPANY shall, with respect to any OCCURRENCE covered pursuant to paragraph I hereof, indemnify the INSURED for that amount of any ULTIMATE NET LOSS which is in excess of the greater of either:

(1) ULTIMATE NET LOSS in the amount of the PER OCCURRENCE UNDERLYING AMOUNT; or

(2) ULTIMATE NET LOSS in the amount payable by collectible OTHER INSURANCE with respect to any OCCURRENCE;

and then only up to the amount stated in Item 2 of the Declarations as the COMPANY'S Limit of Liability, which amount is the maximum amount payable by the COMPANY under this POLICY in the aggregate with respect to all ULTIMATE NET LOSSES arising from any and all OCCURRENCES, irrespective of the period or periods over which any OCCURRENCE, loss, PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE occurs or the number of such OCCURRENCES, losses, PERSONAL INJURIES, PROPERTY DAMAGES or ADVERTISING OFFENSES, and irrespective of whether the notice of OCCURRENCE is given during the POLICY PERIOD, during the sixty day grace period in paragraphs I.(b), or during any applicable EXTENDED REPORTING PERIOD.

(b) Only ULTIMATE NET LOSS which would be covered by this POLICY (if the terms of this POLICY were satisfied), but for the amount of such ULTIMATE NET LOSS and/or the existence of OTHER INSURANCE, is included within the ULTIMATE NET LOSS referred to in paragraphs II(a)(1) and (2) above.

(c) Neither:

(1) the inclusion or addition hereunder of more than one INSURED, nor

(2) any EXTENDED REPORTING PERIOD secured in accordance with paragraph I(b), and or arising in accordance with Condition (m) hereof,

shall operate to reinstate the COMPANY'S Limit of Liability or increase it beyond that set forth in Item 2 of the Declarations or to extend the POLICY PERIOD.

III. EXCLUSIONS

This POLICY shall not apply to any liability or alleged liability of the INSURED for:

(a) PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE for which the INSURED has assumed liability under any contract or agreement, if such PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE occurred prior to the time such contract or agreement became effective;

(b) PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE in any manner arising out of the design, construction, maintenance, manning, ownership, operation or use of any WATERCRAFT; provided, however, that this Exclusion (b) shall not apply with respect to:

(1) the loading or unloading of any WATERCRAFT at premises owned, leased or controlled by the INSURED; or

(2) WATERCRAFT or risks listed on Schedule D hereto;

(c) (1) PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE directly or indirectly arising out of:

(A) the actual, alleged or threatened discharge, dispersal, release, seepage, or escape of any POLLUTANT into or upon any person, place or thing including land or other real estate, any man-made structure, the atmosphere, any water or watercourse whether above or below ground or otherwise into the environment, however caused and whenever happening; or

(B) any direction or request, whether governmental or otherwise, that the INSURED evaluate, test for, monitor, clean up, remove, control, contain, treat, detoxify or neutralize any POLLUTANT or the actual, alleged or threatened discharge, dispersal, release, seepage or escape thereof; provided, however, except as provided in paragraph (2) of this Exclusion (c), subparagraphs (1)(A) and (B) of this Exclusion (c) shall not apply to PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE arising out of or alleged to arise out of such discharge, dispersal, release, seepage or escape caused solely by:

(x) unintended fire or explosion, or lightning;

(y) a collision or overturning of an AUTOMOBILE or railroad vehicle; or

(z) a single or intermittent discharge, dispersal, release or escape, which ceases within seven (7) days of its first commencement, of:

(i) POLLUTANTS, other than herbicides, pesticides or defoliants, which constitute the INSURED'S PRODUCTS;

(ii) POLLUTANTS, other than herbicides, pesticides or defoliants, where such discharge, dispersal, release or escape is caused by or results from the INSURED'S PRODUCTS, other than products that are specifically designed, intended or marketed to evaluate, test for, monitor, treat, detoxify or neutralize POLLUTANTS; or

(iii) POLLUTANTS from premises owned, leased, rented or controlled by the INSURED;

and provided that such discharge, dispersal, release or escape results in PERSONAL INJURY or PROPERTY DAMAGE which commences and is discovered within seven (7) days after the time such discharge, dispersal, release or escape first commences;

(2) The exception to subparagraphs (1)(A) and (B) of this Exclusion (c) which are contained in subparagraphs (1)(x), (y) and (z) of this Exclusion (c), shall in no event apply to:

(A) PROPERTY DAMAGE directly or indirectly arising out of:

(i) underground or underwater operations of the INSURED; and/or

(ii) removal of, loss of or damage to underground or underwater oil, gas or any other substance;

(B) the cost of evaluating, testing for, monitoring, cleaning up, removing, controlling, containing, treating, detoxifying and/or neutralizing the discharge, dispersal, release, seepage and/or escape of any POLLUTANT on property at any time owned, leased and/or rented by the INSURED and/or under the control of the INSURED; or

(C) PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE directly or indirectly arising out of the actual, alleged or threatened discharge, dispersal, release, seepage or escape of any POLLUTANT from any underground or underwater tank, piping or other container of any type unless the immediate cause of such discharge, dispersal, release, seepage or escape is unintended fire or explosion, or lightning, or collision or overturning of an AUTOMOBILE or railroad vehicle;

(d) ADVERTISING OFFENSE arising out of:

(1) failure of performance of contract, other than the unauthorized appropriation of ideas based upon alleged breach of implied contract;

(2) incorrect description or mistake in advertised price of goods, products or services sold, offered for sale or advertised; or

(3) the failure of goods, products or services to conform to advertised quality or performance;

(e) PERSONAL INJURY or PROPERTY DAMAGE due to "War", whether or not declared, or any act or condition incident to "War" but this Exclusion (e) applies only to liability assumed under a contract or agreement. As used in this Exclusion (e) "War" includes war, civil war, insurrection, rebellion or revolution.

(f) PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE arising out of asbestos, tobacco or tobacco products, dioxin, asbestiform talc, diethylstibesterol, urea formaldehyde or any intrauterine device;

(g) PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE arising out of the design, manufacture, construction, maintenance, service, ownership, use, operation, loading or unloading of:

(1) any "Aircraft", "Spacecraft", "Missile" or "Launch Vehicle", any component part or equipment thereof or any other navigational or aviation equipment comprising the INSURED'S PRODUCTS; or

(2) any "Aircraft" and taking place subsequent to the instant of its very first movement under its own power (regardless of whether this movement is for the purpose of flight, testing or otherwise); or

(3) any "Spacecraft", "Missile" or "Launch Vehicle" and taking place subsequent to its arrival at the site of its first launch (regardless of whether this launch is for the purpose of flight, testing or otherwise);

provided, however, that this Exclusion (g) shall not apply with respect to PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE arising out of the use, operation, loading or unloading of any "Aircraft" not comprising the INSURED'S PRODUCTS which is neither owned by an INSURED nor chartered without crew by or on behalf of an INSURED, and which is not being nor has been designed, manufactured, constructed, maintained or serviced by or on behalf of an INSURED.

As used in this Exclusion (g):

"Aircraft" means any vehicle designed to be used primarily in the air and to be supported by the dynamic reaction of the air upon the vehicle's wings or rotorblades, and/or by the vehicle's buoyancy in the air. The term "Aircraft" does not include "Spacecraft", "Missiles" and "Launch Vehicles."

"Launch Vehicle" means a manned or unmanned rocket powered vehicle (including parts detached while in flight) used to propel "Spacecraft" into space and/or orbit. The NASA Space Shuttle is deemed to be a "Launch Vehicle."

"Missile" means a vehicle which is designed to operate through the air and/or space and whose path and direction is guided during part or all of its flight by a partly or completely self-contained electronic, celestial, inertial or other remote or internal guidance system.

"Spacecraft" means a spacecraft, satellite, spaceship or space station (or a "Launch Vehicle" for such spacecraft) designed to travel to, in, or from and operate primarily in space (including parts thereof detached in flight).

(h) PERSONAL 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 any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability;

(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;

(3) resulting from the "hazardous properties" of "nuclear material", if

(A) the "nuclear material" (i) is at any "nuclear facility" owned by, or operated by or on behalf of, an INSURED or (ii) has been discharged or dispersed therefrom;

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

(C) the PERSONAL 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 subparagraph (3)(C) applies only to "property damage" to such "nuclear facility" and any property thereat.

As used in this Exclusion (h):

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

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

"source material", "special nuclear material" and "byproduct material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";

"waste" means any waste material (1) containing "byproduct material" 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 (2) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility";

"nuclear facility" means:

(1) any "nuclear reactor";

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

(3) 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;

(4) 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;

(i) PERSONAL INJURY or PROPERTY DAMAGE directly or indirectly caused by or contributed to by or arising from ionizing radiations or contamination by radioactivity outside the United States, its territories or possessions, or Canada from any nuclear fuel, any nuclear waste or from the combustion, fission or fusion of nuclear fuel;

(j) PROPERTY DAMAGE to property rented to, used or occupied by or in the care, custody or control of the INSURED:

(1) to the extent that the INSURED has agreed to provide insurance therefor; or

(2) if such property is owned by any person or organization controlling or coming under the control of the INSURED;

(k) (1) loss of use of tangible property which has not been physically injured or destroyed, resulting from:

(A) a delay in or lack of performance by or on behalf of the INSURED of any contract or agreement: or

(B) the failure of the INSURED'S PRODUCTS or OPERATIONS completed by or on behalf of the INSURED either to meet any warranty or representation by the INSURED as to the level of performance, quality, fitness or durability or to perform the function or serve the purpose intended by the INSURED:

provided, however, that paragraph (1) of this Exclusion (k) shall not apply to loss of use of other tangible property resulting from the sudden and accidental physical injury to or destruction of the INSURED'S PRODUCTS or OPERATIONS performed by or on behalf of the INSURED after such INSURED'S PRODUCTS or OPERATIONS have been put to use by any person or organization other than an INSURED;

(2) PROPERTY DAMAGE to any portion or section of the INSURED'S PRODUCTS or of OPERATIONS completed by the INSURED, if such PROPERTY DAMAGE arises out of that portion of such products or that section of OPERATIONS, or out of materials, parts or equipment furnished in connection therewith; or

(3) the withdrawal, inspection, repair, replacement, or, in connection with any of the foregoing, loss of use, of the INSURED'S PRODUCTS or OPERATIONS completed by or on behalf of the INSURED or of any property of which such INSURED'S PRODUCTS or OPERATIONS form a part, if such INSURED'S PRODUCTS, OPERATIONS or property are withdrawn from the market or from use because of any known or suspected defect or deficiency therein whether caused or believed to have been caused by the INSURED or by any other person or entity;

(l) any obligation for which the INSURED or any carrier as its insurer may be held liable under any workers' compensation, unemployment compensation or disability benefits law or the Longshoremen's and Harbor Workers' Compensation Act, or under any similar state or federal law; provided, however, that this Exclusion does not apply to liability arising under the Federal Employers Liability Act or the Jones Act:

(m) PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE resulting from an OCCURRENCE if notice of such OCCURRENCE has been given prior to the Inception Date stated in Item 4 of the Declarations under any policy that has expired prior to or upon the inception of this POLICY;

(n) PERSONAL INJURY or PROPERTY DAMAGE arising out of discrimination or humiliation directly or indirectly related to employment or prospective employment of any person or persons by any INSURED;

(o) PERSONAL INJURY or PROPERTY DAMAGE directly or indirectly arising out of the actual or threatened termination of employment of any person or persons by any INSURED;

(p) PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE and/or any liability of any nature whatsoever arising out of:

(1) the purchase, sale or distribution of securities or offers to purchase or sell securities, or investment counselling or management, including, without limitation, liability under the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Public Utility Holding Company Act of 1935, the Investment Company Act of 1940, and the so-called "blue-sky" laws of the various states or other jurisdictions or any laws amendatory of any thereof;

(2) antitrust or the prohibition of monopolies, activities in restraint of trade, unfair methods of competition or deceptive acts and practices in trade and commerce including, without limitation, the Sherman Act, the Clayton Act, the Robinson-Patman Act, the Federal Trade Commission Act and the Hart-Scott-Rodino Antitrust Improvements Act and the similar or equivalent laws of the various states or other jurisdictions;

(3) fraud or breach of fiduciary duty;

(4) governmental, civil or criminal fines or penalties;

(5) the failure to pay when due any governmental tax (including, without limitation, income, excise, property, value added and sales tax) or tariff, license fee or other governmental fee which is incidental to the conduct of business or any assessment, fine or penalty related thereto;

(6) copyright or patent infringement;

(7) any defect in or impairment to title to real property, including fixtures, whether or not owned by an INSURED;

(8) disclosure or other regulation of sales of, and offers to sell, real property;

(9) employee, officer or director dishonesty or any liability of any employee, officer or director of an INSURED to such INSURED;

(10) treble damages, fines or penalties under the Racketeer Influenced Corrupt Organizations Act or any similar federal, state or local law or statute;

(q) PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE expected or intended by the INSURED or which should be expected or intended from the standpoint of a reasonable INSURED. This *exclusion does not apply to PERSONAL INJURY resulting from the use of reasonable force to protect* persons or property.

No inference shall be made from the exclusion of liabilities, PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE in any Exclusion that this POLICY would otherwise cover such liabilities, PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE or cover similar liabilities, PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE; nor shall any portion of any Exclusion to the POLICY be construed to be an extension of coverage otherwise provided by the POLICY.

IV. CONDITIONS

(a) *Premium*

(1) The premiums under this POLICY are flat premiums and are not subject to adjustment, except as otherwise provided in paragraph (3) of Definition (i) and Condition (q) hereof. The premium shall be paid to the COMPANY.

(2) Additional premium for an EXTENDED REPORTING PERIOD shall be fully earned, notwithstanding anything contained in this POLICY to the contrary, when the ANNUAL PERIOD to which such premium is applicable incepts.

(b) *Inspection and Audit*

(1) The COMPANY shall be permitted but not obligated to inspect the INSURED'S property and operations at any time. Neither the COMPANY'S right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for benefit of the INSURED

or others, to determine or warrant that such property or operations are safe, healthful or in compliance with any law, rule or regulation.

(2) The COMPANY may examine and audit and make copies of the INSURED'S books and records, as far as they relate to the subject matter of this POLICY, at any time while this POLICY is in force and within ten (10) years after the final termination of this POLICY or within one (1) year after final settlement of all claims arising out of any OCCURRENCE, notice of which has been given to the COMPANY during the POLICY PERIOD or any EXTENDED REPORTING PERIOD.

(c) *Notice of Occurrence or Claim*

(1) Subject to the provisions of paragraph I., COVERAGE, if any employee of the risk management or legal department or any officer or director of any INSURED shall become aware of an OCCURRENCE likely to involve this POLICY, the NAMED INSURED shall as soon as practicable, as a condition precedent to the rights of any INSURED under this POLICY, give written notice to the COMPANY, which notice shall include, but not be limited to, information as to the nature of the OCCURRENCE, the actual or anticipated injury or damage resulting therefrom, the name(s) of any claimant(s) or potential claimant(s) and the manner in which and the date on which the INSURED first became aware of the OCCURRENCE and such other detailed information as the COMPANY may reasonably request regarding the OCCURRENCE. Unless such written notice is provided as required herein, there shall be no rights to any coverage hereunder.

(2) Subject to the provisions of paragraph I., COVERAGE, as a condition precedent to the rights of any INSURED under the POLICY, the NAMED INSURED shall, as soon as practicable, give written notice to the COMPANY of any CLAIM likely to involve this POLICY which is made against any INSURED, and, if written notice of the OCCURRENCE from which the CLAIM arises has not already been given to the COMPANY, the NAMED INSURED shall give written notice in accordance with paragraph (1) of this Condition (c) of the claimed or alleged OCCURRENCE with respect to which such CLAIM is made, and the NAMED INSURED shall promptly forward to the COMPANY copies of any written CLAIM, demand, notice, summons, complaint or other process received by the INSURED or its representatives or agents. Unless such written notice is provided as required herein, there shall be no rights to any coverage hereunder.

(3) Notice to the COMPANY shall be given to the person or entity stated in Item 7 of the Declarations and shall be deemed to be given when sent by courier or by registered or certified mail with return receipt requested, by telex, provided that receipt is acknowledged, or by any express mail service where a written receipt of sending is provided.

(d) *Assistance and Cooperation*

The COMPANY shall not be called upon to assume charge of the settlement or defense of any CLAIM made against an INSURED, but the COMPANY shall have the right and shall be given the opportunity to associate at its own expense with the INSURED or the issuers of OTHER INSURANCE or both in the investigation, settlement, defense and control of any CLAIM relative to any OCCURRENCE where the CLAIM involves, or appears reasonably likely to involve, the COMPANY, in which event the INSURED and the COMPANY shall cooperate in all things in the defense of such CLAIM. In the event that the COMPANY associates with the INSURED or the issuers of OTHER INSURANCE, or elects to make an appeal as provided in Condition (e) below, the INSURED shall cooperate with the COMPANY and take all actions necessary, or in the opinion of the COMPANY, desirable, to permit the COMPANY to participate in the investigation, settlement and/or defense of any CLAIM or the making of any appeal, and, in the case of an appeal, to prosecute the appeal in the name of the INSURED.

The INSURED shall enforce or cooperate with the COMPANY to enforce any right of contribution or indemnity against any person or organization who may be liable to the INSURED because of PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE with respect to which insurance is afforded under this POLICY.

In the event that the COMPANY, in its sole discretion, chooses to exercise its rights pursuant to this Condition (d), no action taken by the COMPANY in the exercise of such rights shall serve to modify or expand in any manner the COMPANY'S liability or obligations under this POLICY beyond what the COMPANY'S liability or obligations would have been had it not exercised its rights under this Condition (d).

(e) *Appeals*

In the event the INSURED or the issuers of OTHER INSURANCE elect not to appeal a judgment in excess of the limits of liability of such OTHER INSURANCE, the COMPANY may elect to make such appeal at its own cost and expense and shall be liable for the taxable costs and disbursements and interest on judgments incidental thereto, but in no event shall the total liability of the COMPANY exceed its Limit of Liability stated in Item 2 of the Declarations plus the cost and expense of such appeal. If the COMPANY elects to make an appeal, the INSURED shall cooperate with the COMPANY and take all actions necessary, or, in the opinion of the COMPANY, desirable, to permit and authorize the COMPANY to prosecute the appeal in the name of the INSURED.

(f) *Loss Payable*

(1) Indemnity under this POLICY with respect to any OCCURRENCE shall not attach unless and until the INSURED and/or the issuers of OTHER INSURANCE shall have paid the greater of either:

(A) ULTIMATE NET LOSS in the amount of the PER OCCURRENCE UNDERLYING AMOUNT; or

(B) ULTIMATE NET LOSS with respect to any OCCURRENCE in the amount covered by collectible OTHER INSURANCE;

whichever is applicable, as provided in paragraph II(a) hereof and, unless and until the INSURED'S liability shall have been fixed and rendered certain either by final judgment against the INSURED after an adjudicatory proceeding or by settlement approved in writing by the COMPANY.

(2) The INSURED shall make.a written demand for payment for any amount of the ULTIMATE NET LOSS for which the COMPANY may be liable under this POLICY as soon as practicable after the INSURED'S liability shall have been fixed and rendered certain and after such amount shall have been paid by or on behalf of the INSURED. If any subsequent payments shall be made by the INSURED on account of the same OCCURRENCE, additional written demands for payment should be made similarly from time to time. Such losses shall be due and payable by the COMPANY within a reasonable time after they are demanded and proven in conformity with this POLICY.

(3) No person or organization shall have any right under this POLICY to join the COMPANY as a party to any action against the INSURED, nor shall the COMPANY be impleaded by the INSURED or his or its legal representative.

(g) *Representation*

Such person or office as the NAMED INSURED shall designate in Item 8 of the Declarations shall represent the NAMED INSURED and any and all INSUREDS hereunder in all matters under this POLICY, including, without limitation, payment of premium, negotiation of the terms of renewal and the adjustment, settlement and payment of CLAIMS.

(h) *Other Insurance*

The insurance afforded by this POLICY shall be in excess of and shall not contribute with OTHER INSURANCE. Nothing herein shall be construed to make this POLICY subject to the terms, conditions and limitations of any OTHER INSURANCE.

(i) *Subrogation*

Inasmuch as this POLICY is excess coverage, the INSURED'S right of recovery against any person or other entity cannot be exclusively subrogated to the COMPANY. It is, therefore, understood and agreed that in case of any payment hereunder, the COMPANY will act in concert with all other interests (including the INSURED'S) concerned in the exercise of such rights of recovery. The apportioning of amounts which may be so recovered shall follow the principle that any interests (including the INSURED'S) that shall have paid an amount over and above any payment hereunder, shall first be reimbursed up to the amount paid by them; the COMPANY is then to be reimbursed out of any balance then remaining up to the amount paid hereunder and, lastly, the interests (including the INSURED'S) of which this coverage is in excess are entitled to claim the residue, if any. Expenses necessary to the recovery of any such amounts shall be apportioned between or among the interests (including the INSURED'S) concerned, in the ratio of their respective recoveries as finally settled.

(j) *Changes*

Notice to or knowledge possessed by any person shall not effect a waiver or a change in any part of this POLICY or estop the COMPANY from asserting any right under the terms of this POLICY; nor shall the terms of this POLICY be waived or changed except by endorsement signed by the COMPANY or its authorized representative and issued to form a part of this POLICY.

(k) *Assignment*

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

(l) *Cross Liability*

In the event of CLAIMS being made by reason of:

(1) PERSONAL INJURY suffered by an employee of one INSURED hereunder; or

(2) damage to property belonging to any INSURED hereunder;

for which another INSURED hereunder is or may be liable, then this POLICY shall cover, subject to the terms of this POLICY, such INSURED against whom a CLAIM is made or may be made in the same manner as if separate policies had been issued to each INSURED hereunder. Nothing contained herein shall operate to increase the COMPANY'S Limit of Liability as set forth in Item 2 of the Declarations.

(m) *Former Subsidiaries and Affiliates*

If any subsidiary or affiliate of the NAMED INSURED, which is an INSURED hereunder by virtue of Definition (i) hereof, shall cease to be such a subsidiary or affiliate of the NAMED INSURED, then, at the time of such cessation, the POLICY PERIOD shall automatically expire as to such former subsidiary or affiliate and, if the NAMED INSURED or such subsidiary or affiliate elects in advance of such expiration, an EXTENDED REPORTING PERIOD shall automatically incept as to such former subsidiary or affiliate and continue in force until expiration of the NAMED INSURED'S POLICY PERIOD under this POLICY without additional payment or return of any premium. Nothing in this Condition (m), however, shall modify the coverage otherwise provided by this POLICY to the NAMED INSURED or its other subsidiaries or affiliates for ULTIMATE NET LOSS for which they shall become legally obligated to pay with respect to such former subsidiary or affiliate.

(n) *Headings*

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

(o) *Insolvency*

(1) Bankruptcy or insolvency of the INSURED or the INSURED'S estate shall not relieve the COMPANY of any of its obligations hereunder.

(2) The insolvency, bankruptcy, receivership or any refusal or inability to pay of the INSURED and/or any insurer shall not operate to:

(A) lower the PER OCCURRENCE UNDERLYING AMOUNT; or

(B) increase the COMPANY'S liability under this POLICY; and

in no event and under no circumstances shall the COMPANY assume or be deemed to have assumed the liabilities and/or responsibilities and/or obligations of the INSURED.

(p) *Warranty*

The NAMED INSURED warrants and agrees as follows:

(1) that it has no knowledge at the Inception Date stated in Item 4 of the Declarations of any fact or circumstance not disclosed to the COMPANY in the Application for this POLICY which is likely to give rise to a claim hereunder; and

(2) that based upon reasonable inquiry and to the best of its knowledge and belief:

(A) all information provided to the COMPANY in the Application for this POLICY is true and correct; and

(B) no material information requested has been withheld.

(q) *Cancellation*

This POLICY may be cancelled:

(1) at any time by the NAMED INSURED by delivering written notice to the COMPANY stating when, not less than thirty (30) days from the date the notice is delivered, cancellation shall be effective; or

(2) at any time by the COMPANY by delivering written notice to the NAMED INSURED stating when, not less than ninety (90) days from the date notice was delivered, cancellation shall be effective; provided, however, that in the event of cancellation for nonpayment of premiums, cancellation shall become effective fifteen (15) days after the date notice is delivered. Payment or tender of unearned premium is not a condition of cancellation.

Written notice shall be delivered by courier or by registered or certified mail with return receipt requested, or by telex, provided that receipt is acknowledged, or by any express mail service where a written receipt of sending is provided. The POLICY PERIOD shall end on the effective date and hour of cancellation stated in the notice.

In the event of cancellation by the INSURED, the premium retained by the COMPANY shall be calculated in accordance with the COMPANY'S short rate table which is attached hereto as Schedule C, but in no event will the premium be less than fifty percent (50%) of the premium stated in Item 6 of the Declarations. In the event of cancellation by the COMPANY, the premium retained by the COMPANY shall be calculated pro rata based upon the duration of the POLICY PERIOD.

For purposes of notice required under this Condition (q) or pursuant to regulation, the offer by the COMPANY of renewal on terms or premiums different from those in effect during the POLICY PERIOD shall not constitute cancellation or nonrenewal of this POLICY by the COMPANY.

(r) *Arbitration*

(1) *Resolution of Disputes*: All disputes between any INSURED(S) and the COMPANY (hereafter referred to collectively as the "parties") arising out of or relating to this POLICY, whether arising before or after termination of this POLICY, shall be submitted to arbitration in the manner set forth in this Condition (r).

(2) *Composition of Panel*: Unless the parties agree upon a single arbitrator within fifteen (15) days after the receipt of a notice of intention to arbitrate, all disputes shall be submitted to an arbitration panel composed of two arbitrators and an umpire, chosen in accordance with paragraph (3) or paragraphs (3) and (4) of this Condition (r).

(3) *Appointment of Arbitrators*: The members of the arbitration panel shall be disinterested, active or retired business executives familiar with the usages and practices of the insurance industry. Unless a single arbitrator is agreed upon by the parties, the party requesting arbitration (hereafter referred to as the "initiating party") shall appoint an arbitrator and give written notice thereof, either by courier or by registered or certified mail with return receipt requested, by telex, provided that receipt is acknowledged, or by any express mail service where a written receipt of sending is provided, to the other party (hereafter referred to as the "responding party") together with the notice of intention to arbitrate. If there is more than one initiating party or responding party, such parties shall act collectively as a single initiating party or single responding party for all purposes including giving notice of intention to arbitrate or giving answer to such notice, and appointing an arbitrator. The notice of intention to arbitrate shall state with specificity the full names and addresses of the parties, the POLICY pursuant to which arbitration is sought, the nature of the dispute and the relief sought.

Within thirty (30) days after receiving the notice of intention to arbitrate, the responding party also shall appoint an arbitrator and notify the initiating party thereof in the same manner as above. Before instituting a hearing, the two arbitrators so appointed shall choose an umpire from among such persons meeting the qualifications set forth in this paragraph. If, within twenty (20) days after the appointment of the arbitrator chosen by the responding party or chosen in accordance with paragraph (4) of this Condition (r), the two arbitrators fail to agree upon the appointment of an umpire, the initiating party shall petition the Center for Public Resources, 680 Fifth Avenue, New York, N.Y. 10019 to appoint the umpire. In the event that an arbitrator or the umpire withdraws from the panel or is unable to discharge his or her duties by reason of death, illness, incompetency or otherwise, a replacement shall be selected in the same manner as provided in the original appointment.

(4) *Failure of Party to Appoint Arbitrator*: If the responding party fails to appoint an arbitrator within thirty (30) days after receiving notice of intention to arbitrate, the initiating party shall appoint such arbitrator who shall then, together with the first arbitrator appointed by the initiating party, choose an umpire as provided in paragraph (3) of this Condition (r).

(5) *Choice of Law and Forum*: Any arbitration instituted pursuant to this Condition (r) shall be held in the State of Connecticut and the arbitrators shall apply the laws of that State to the extent they deem appropriate, for purposes of interpreting this POLICY. The arbitrators are to construe the terms of this POLICY in an evenhanded fashion as between the INSURED and the COMPANY and, in the event they find the language of this POLICY ambiguous or otherwise unclear, they shall construe the POLICY in the manner most consistent with the relevant terms (without regard to authorship of the language or presumption or construction in favor of either the INSURED or the COMPANY) and in accordance with the intent of the parties. In reaching any decision, the panel shall give due consideration to the customs and usages of the insurance industry.

(6) *Submission of Dispute to Panel*: Unless otherwise directed by the panel, the initiating party shall submit its initial brief within twenty (20) days from appointment of the umpire and the responding party shall submit its brief within twenty (20) days following its receipt of the initiating party's brief. Additional reply briefs may be submitted by the parties at the discretion of the panel.

(7) *Procedure Governing Arbitration*: All proceedings before the panel shall be informal and the panel shall not be bound by strict rules of legal procedure or evidence. The panel shall have the power to fix all procedural rules relating to the arbitration proceeding but cross-examination and rebuttal shall be allowed.

(8) *Arbitration Award*: The arbitration panel shall render its decision within sixty (60) days after termination of the arbitration proceeding; the decision shall be in writing and may state the reasons therefore. The decision of the majority of the panel shall be final and binding on the parties to the arbitration and may include interest at the appropriate market rate(s). The panel shall not itself assess and award punitive or exemplary damages; however, it may order the COMPANY to pay such damages where a court of competent jurisdiction has awarded such damages against an INSURED. Judgment may be entered upon the award in any state or federal court having jurisdiction thereof.

(9) *Cost of Arbitration*: Each party shall be responsible for its own attorneys' fees and disbursements. All other fees and expenses associated with the arbitration shall be divided equally between the parties. The fees payable to the arbitrators shall be based upon the usual hourly or per diem rate charged by each for consulting or dispute resolution services, as the same may be in effect from time to time.

(s) *Currency*

(1) The premiums and losses under this POLICY are payable, and the amounts set forth in the Declarations are expressed, in United States currency.

(2) If judgment is rendered or settlement is denominated, or another element of ULTIMATE NET LOSS is stated, in a currency other than United States currency, payment under this POLICY shall be made in United States currency at the rate of exchange prevailing (as published by The Wall Street Journal) on the date the final judgment is rendered, the amount of the settlement is agreed upon or the other element of ULTIMATE NET LOSS is due, respectively.

V. DEFINITIONS

As used in this POLICY:

(a) "ADVERTISING OFFENSE" means DAMAGES arising out of the INSURED'S advertising activities on account of libel, slander, defamation, invasion of right of privacy, piracy, idea misappropriation under an implied contract, or infringement of copyright, title or slogan (other than a patent) committed in any advertisement, publicity article, broadcast or telecast;

(b) "ANNUAL PERIOD" means the period of twelve (12) months commencing at:

(1) the effective date of cancellation or the Expiration Date of the POLICY PERIOD; or

(2) the expiration date of any prior ANNUAL PERIOD;

(c) "AUTOMOBILE" means a land motor vehicle, trailer or semi-trailer;

(d) "CLAIM" means:

(1) any written demand, suit or proceeding against any INSURED by a specifically identified person, entity or asserted class for DAMAGES because of PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE; or

(2) any written notice of PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE by any specifically identified person, entity or asserted class;

(e) "COMPANY" means the American Excess Insurance Association on behalf of its member insurance companies as set forth in Endorsement Number 1 to this POLICY;

(f) "DAMAGES" mean all forms of compensatory damages, and punitive or exemplary damages, but "DAMAGES" do not include governmental, civil or criminal fines or penalties or DEFENSE EXPENSES;

(g) "DEFENSE EXPENSES" means reasonable and necessary legal fees and other expenses which are incurred by or on behalf of the INSURED in the investigation, adjustment, settlement or litigation of claims and which are paid as a consequence of an OCCURRENCE covered hereunder; excluding all salaries of the INSURED'S employees, officers and directors and office expenses;

(h) "EXTENDED REPORTING PERIOD" means the period, if applicable, commencing, with respect to the INSURED, at the effective date of cancellation or the Expiration Date stated in Item 4 of the Declarations or, with respect to a former subsidiary or affiliate of the NAMED INSURED, at the automatic expiration date provided for in Condition (m) hereof and terminating as provided in paragraph I(b) or Condition (m) hereof, whichever is applicable;

(i) "INSURED" means the following to the extent set forth below:

(1) the NAMED INSURED and, if the NAMED INSURED is designated in Item 1 of the Declarations as a partnership or joint venture, the partnership or joint venture so designated, and each partner or member thereof, but only with respect to his or its liability as a partner or member;

(2) (A) any subsidiary or affiliate of the NAMED INSURED whose accounts, as of the date of the financial statements of the NAMED INSURED submitted to the COMPANY most recently prior to the rating of the premium for the POLICY PERIOD:

(i) are consolidated in the financial statements of the NAMED INSURED in accordance with generally accepted accounting principles in the United States of America (or, in the case of any foreign NAMED INSURED, any subsidiary or affiliate whose accounts would be consolidated in the financial statements of such NAMED INSURED if such accounts would have been consolidated in accordance with generally accepted accounting principles in the United States of America); or

(ii) were eligible for such consolidation and whose financial statements were submitted to the COMPANY as of such date; and/or

(B) any subsidiary or affiliate of the NAMED INSURED listed on Schedule A hereto;

(3) any entity acquired or formed by or merged with an INSURED (a "Potential Additional INSURED") subsequent to the Inception Date stated in Item 4 of the Declarations and prior to the effective date of cancellation of the POLICY or the Expiration Date stated in Item 4 of the Declarations, provided that the total gross sales of the Potential Additional INSURED as reported in its most recent consolidated, audited financial statements does not exceed 5% of the total gross sales of the NAMED INSURED and its consolidated subsidiaries and affiliates as most recently reported to the COMPANY for rating purposes prior to the POLICY PERIOD on the NAMED INSURED's most recent consolidated audited financial statements, and provided further, that neither the operations of the Potential Additional INSURED prior to such acquisition, formation or merger nor the resultant combined or consolidated operations of such INSURED and the Potential Additional INSURED subsequent to such acquisition, formation or merger are materially different from those of such INSURED prior to such acquisition, formation or merger. In the case of an entity meeting the criteria set forth in this paragraph (3), it is agreed to automatically include such entity as an INSURED without adjustment of premium under this POLICY. Unless notice to the COMPANY shall have been given and any additional premium required by the COMPANY shall have been paid in respect of the acquisition or formation of or merger with any Potential Additional INSURED not meeting the criteria set forth in this paragraph (3) of Definition (i), such Potential Additional INSURED shall not be an INSURED hereunder. With respect to any OCCURRENCE giving rise to liability of any Potential Additional INSURED that qualifies to be an INSURED hereunder, the RETROACTIVE DATE shall be:

(A) in the case of automatic inclusion, the date of acquisition, formation or merger of the Potential Additional INSURED by an INSURED; or

(B) in the case where an additional premium is paid, the date of acquisition, formation or merger of the Potential Additional INSURED by an INSURED, or such other date as may be agreed between the NAMED INSURED and the COMPANY;

It is understood and agreed that the COMPANY shall have no obligation to insure hereunder any Potential Additional INSURED not meeting the criteria for automatic inclusion set forth in this paragraph (3) and may in its sole discretion decline to provide insurance for such Potential Additional INSURED.

(4) any entity not affiliated with the NAMED INSURED which is listed on Schedule A hereto; provided, however, that the NAMED INSURED and any such entity comply with any conditions to coverage specifically set forth in such Schedule A in addition to complying with the other terms and conditions of this POLICY;

(5) any stockholder of any entity described in paragraph (1), (2), (3) or (4) of this Definition (i), but only with respect to his or its liability as a stockholder of such entity;

(6) (A) any executive officer, other employee or director of; or

(B) any person or organization while acting as real estate manager for;

any person or entity described in paragraph (1), (2), (3) or (4) of this Definition (i) while acting within the scope of his or its duties as such; except with respect to the ownership, maintenance or use, including loading and unloading, of any AUTOMOBILE;

(7) with respect to the ownership, maintenance or use, including loading and unloading, of any AUTOMOBILE:

(A) any person (including an employee of such person or entity) while using any AUTOMOBILE owned by, lent to or hired for use by or on behalf of any person or entity described in paragraph (1), (2), (3) or (4) of this Definition (i) and any person or organization legally responsible for the use thereof, provided that the actual use of such AUTOMOBILE is with the permission of such described person or entity;

(B) any executive officer, director, partner, employee or stockholder of any person or entity described in paragraph (1), (2), (3) or (4) of this Definition (i) while using any AUTOMOBILE not owned by, lent to or hired for use by or on behalf of such described person or entity, but only while such AUTOMOBILE is being used in the business of such described person or entity;

but none of the following shall be an INSURED under this paragraph (7) of Definition (i):

(x) any person while employed in or otherwise engaged in duties in connection with an AUTOMOBILE sales agency, repair shop, service station, storage garage or public parking place not operated by any person or entity described in paragraph (1), (2), (3) or (4) of this Definition (i); or

(y) the owner or lessee (of whom such described person or entity is sub-lessee) of any AUTOMOBILE hired for use by or on behalf of, or lent to, such described person or entity, and any agent or employee of such owner or lessee;

(8) any person or organization to whom any person or entity described in paragraph (1), (2), (3) or (4) of this Definition (i) is obligated by virtue of a written contract or agreement to provide insurance such as is afforded by this POLICY, but only to the extent of such obligation and only with respect to operations (other than commercial insurance operations) performed by such described person or entity or facilities owned or used by such described person or entity; provided, however, that the following shall not be deemed to be an INSURED under this paragraph (8):

(A) any organization acquired or formed by or merged with an INSURED after the inception of the POLICY PERIOD; and/or

(B) a person or organization which is engaged in a joint venture with the NAMED INSURED.

(j) "INSURED'S PRODUCTS" means:

(1) goods or products manufactured, sold, tested, handled or distributed by the INSURED or others trading under its name if the end-use thereof occurs after possession of such goods or products has been relinquished to others by the INSURED or by others trading under its name, and if such use occurs away from premises owned, rented or controlled by the INSURED; provided such goods or products shall be deemed to include any container thereof other than an AUTOMOBILE, WATERCRAFT or AIRCRAFT; and/or

(2) materials that were the subject of completed or abandoned OPERATIONS of the INSURED;

(k) "NAMED INSURED" means the person or organization first named in item 1 of the Declarations;

(l) "OCCURRENCE" means:

(1) an event, or a continuous, intermittent or repeated exposure to conditions, which causes, allegedly causes or is deemed to cause PERSONAL INJURY or PROPERTY DAMAGE or gives rise to, allegedly gives rise to or is deemed to give rise to ADVERTISING OFFENSE, where all of such PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE arising from such event or exposure to conditions commences on or subsequent to the RETROACTIVE DATE, and:

(A) some of such PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE commences prior to the earlier of the effective date of cancellation or the Expiration Date stated in Item 4 of the Declarations; and

(B) such event or exposure to conditions commences on or subsequent to the RETROACTIVE DATE and prior to the earlier of the effective date of cancellation or the Expiration Date stated in Item 4 of the Declarations; or

(2) a use (including a single instance or continuous or recurring use(s) by the same user) of an INSURED'S PRODUCT which causes, allegedly causes or is deemed to cause PERSONAL INJURY or PROPERTY DAMAGE, where:

(A) all of the PERSONAL INJURY and PROPERTY DAMAGE resulting from that use commences on or subsequent to the RETROACTIVE DATE and some of the PERSONAL INJURY or

PROPERTY DAMAGE commences prior to the earlier of the effective date of cancellation or the Expiration Date stated in Item 4 of the Declarations, and

(B) **except as may be specifically agreed between the NAMED INSURED and the COMPANY in an endorsement hereto,** the INSURED, at the Inception Date stated in Item 4 of the Declarations, had no knowledge or notice of any defect or hazard or any alleged defect or hazard associated with the INSURED'S PRODUCTS or with any similar products of any INSURED causing or allegedly causing PERSONAL INJURY or PROPERTY DAMAGE, which defect or hazard or alleged defect or hazard is similar to that defect or hazard or alleged defect or hazard which caused or allegedly caused or was deemed to cause the PERSONAL INJURY or PROPERTY DAMAGE for which a CLAIM has been made against an INSURED and reported to the COMPANY under this POLICY;

For purposes of this clause (2), in addition to an INSURED'S actual knowledge or notice of a fact, an INSURED shall be deemed to have knowledge that, or notice of the fact that, a defect or hazard or an alleged defect or hazard caused PERSONAL INJURY or PROPERTY DAMAGE in such circumstances where a reasonable person would have believed that such defect or hazard or alleged defect or hazard caused, could have caused or could cause PERSONAL INJURY or PROPERTY DAMAGE.

Where the INSURED becomes liable for a series of and/or several PERSONAL INJURIES, PROPERTY DAMAGES or ADVERTISING OFFENSES which result, directly or indirectly, from the same or substantially the same

(i) event or exposure to conditions or the failure or alleged failure to warn of same, or a defect, hazard or failure, an alleged defect, hazard or failure, or the failure or alleged failure to warn of same; or

(ii) usage, design, formulation, manufacture, distribution, operation, maintenance or repair of an INSURED'S PRODUCT, or the failure to warn as to the usage, operation or maintenance of an INSURED'S PRODUCT,

all such PERSONAL INJURIES, PROPERTY DAMAGES or ADVERTISING OFFENSES shall be treated as having resulted from one OCCURRENCE irrespective of the length of the period or the size of the area over which the PERSONAL INJURIES, PROPERTY DAMAGES or ADVERTISING OFFENSES occurred or the number of claimants, PERSONAL INJURIES, PROPERTY DAMAGES or ADVERTISING OFFENSES.

(m) "OPERATIONS" means operations of the INSURED away from premises owned, rented or controlled by the INSURED and includes materials, parts or equipment furnished in connection therewith. OPERATIONS shall be deemed completed at the earliest of the following types:

(1) when all OPERATIONS to be performed by or on behalf of the INSURED under the contract have been completed;

(2) when all OPERATIONS to be performed by or on behalf of the INSURED at the site of the OPERATIONS have been completed; or

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

(n) "OTHER INSURANCE" means any other insurance available to the INSURED which, irrespective of the existence of this POLICY, indemnifies the INSURED for, or pays on behalf of the INSURED, DAMAGES or DEFENSE EXPENSES with respect to an OCCURRENCE for which DAMAGES or DEFENSE EXPENSES, depending on the amount(s) thereof, may be indemnifiable or payable under this POLICY; except OTHER INSURANCE does not include insurance under any policy or policies issued by the COMPANY or insurance under any policy or policies in which this POLICY is specifically scheduled as underlying insurance or under any policy which is scheduled in this POLICY as insurance in excess of this POLICY;

(o) "PER OCCURRENCE UNDERLYING AMOUNT" means the amount stated in Item 3 of the Declarations;

(p) "PERSONAL INJURY" means:

(1) bodily injury, shock, fright, mental injury, mental anguish, disability, sickness or disease sustained by any person, including death at any time resulting therefrom;

(2) injury arising out of false arrest, detention or imprisonment, malicious prosecution, wrongful entry or eviction or other invasion of the right of private occupancy, humiliation or discrimination because of race, religion, age, sex or physical disability (unless insurance therefor is prohibited by law); and

(3) except with respect to injury occurring in the course of the INSURED'S advertising activities, injury arising out of the publication or utterance of a libel or slander or of other defamatory or disparaging material, or a publication or utterance in violation of an individual's right of privacy;

(q) "POLICY" means all the terms of insurance issued by the COMPANY to the NAMED INSURED for the POLICY PERIOD set forth in item 4 of the Declarations including the Application herefor, the Declarations and Schedules hereto and any Endorsements at any time endorsed hereon;

(r) "POLICY PERIOD" means the period set forth in Item 4 of the Declarations commencing with the Inception Date and terminating with the effective date of cancellation or the Expiration Date;

(s) "POLLUTANT" means any solid, liquid, gaseous or thermal irritant, contaminant or toxic or hazardous substance or any substance which may, does or is alleged to affect adversely the environment, property, persons or animals, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and WASTE;

(t) "PROPERTY DAMAGE" means:

(1) physical injury to or destruction of tangible property including the loss of use thereof at any time resulting therefrom; or

(2) loss of use of tangible property which has not been physically injured or destroyed;

(u) "RETROACTIVE DATE" means the time and date stated in Item 5 of the Declarations or, with respect to any Potential Additional INSURED, the date provided for in paragraph (6) of Definition (i);

(v) "ULTIMATE NET LOSS" means the total sum which the INSURED shall become obligated to pay as DAMAGES and/or DEFENSE EXPENSES on account of PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE, either by final judgment against the INSURED after trial or by settlement approved in writing by the COMPANY after making proper deduction for all recoveries and salvages collectible;

(w) "WASTE" means POLLUTANTS that are or are to be disposed of or stored for or as disposal, or are to be or are being recycled, reconditioned or reclaimed;

(x) "WATERCRAFT" means any ship or vessel of whatever type including, but not limited to, cargo vessels, passenger vessels, other vessels used for transport, towboats and barges, vessels used in the construction of pipelines, platforms or other facilities, storage vessels, tanker vessels, drill ships, offshore drilling platforms, drilling barges (including, without limitation, submersible drill barges, semi-submersible drill barges and self-elevating drill barges) and all other vessels of whatever nature and description, all whether or not self-propelled.

IN WITNESS WHEREOF, each of the members of the COMPANY has caused this POLICY to be signed on its behalf by the President and a Secretary of the COMPANY and countersigned on the Declarations Page by a duly authorized agent of the COMPANY.

Norma C. Colgan
Secretary

John T. Mangan
President

Schedules

A. Subsidiaries or affiliates which form part of the NAMED INSURED — See Definition (i)(2)(B)

See Schedule A attached to application

B. Additional premiums for the EXTENDED REPORTING PERIOD — See Coverage (b)

Year of Extended Reporting Period	Per Cent of Premium Stated in Item 6 of the Declarations	Year of Extended Reporting Period	Per Cent of Premium Stated in Item 6 of the Declarations
1st year	10%	6th year	5 %
2nd year	8%	7th year	5 %
3rd year	6%	8th year	5 %
4th year	6%	9th year	5 %
5th year	5%	10th year	5 %

Subsequent years 5%

C. COMPANY'S Short Rate Table — See Condition (q)

Days Policy In Force	Per Cent of Premium Stated in Item 6 of the Declarations	Days Policy In Force	Per Cent of Premium Stated in Item 6 of the Declarations	Days Policy In Force	Per Cent of Premium Stated in Item 6 of the Declarations
1	5%	95-98	37%	219-223	69%
2	6	99-102	38	224-228	70
3-4	7	103-105	39	229-232	71
5-6	8	106-109	40	233-237	72
7-8	9	110-113	41	238-241	73
9-10	10	114-116	42	242-246	74
11-12	11	117-120	43	247-250	75
13-14	12	121-124	44	251-255	76
15-16	13	125-127	45	256-260	77
17-18	14	128-131	46	261-264	78
19-20	15	132-135	47	265-269	79
21-22	16	136-138	48	270-273	80
23-25	17	139-142	49	274-278	81
26-29	18	143-146	50	279-282	82
30-32	19	147-149	51	283-287	83
33-36	20	150-153	52	288-291	84
37-40	21	154-156	53	292-296	85
41-43	22	157-160	54	297-301	86
44-47	23	161-164	55	302-305	87
48-51	24	165-167	56	306-310	88
52-54	25	168-171	57	311-314	89
55-58	26	172-175	58	315-319	90
59-62	27	176-178	59	320-323	91
63-65	28	179-182	60	324-328	92
66-69	29	183-187	61	329-332	93
70-73	30	188-191	62	333-337	94
74-76	31	192-196	63	338-342	95
77-80	32	197-200	64	343-346	96
81-83	33	201-205	65	347-351	97
84-87	34	206-209	66	352-355	98
88-91	35	210-214	67	356-360	99
92-94	36	215-218	68	361-365	100

D. WATERCRAFT and risks not excluded under Exclusion (b).

See Attached

AMERICAN EXCESS INSURANCE ASSOCIATION

D. WATERCRAFT and risks not excluded under Exclusion (b):

1. Excess of $100 million, all owned and chartered or leased WATERCRAFT *shown in Exhibit 3 of the renewal submission.*

2. Excess of $100 million on all non-owned WATERCRAFT less than 125 feet and not used to transport third parties or products of third parties.

3. PERSONAL INJURY or PROPERTY DAMAGE arising out of a WATERCRAFT which fall within the definition of INSURED'S PRODUCTS.

4. Coverage for "Norman" is excluded.

LIABILITY OF INSURERS ENDORSEMENT

Endorsement Number 1. Effective Date of Endorsement October 1st 1995

Attached to and forming part of POLICY Number HR000099795

NAMED INSURED Hanson PLC

It is hereby understood and agreed between the NAMED INSURED and the insurance companies listed below, which are the members of AMERICAN EXCESS INSURANCE ASSOCIATION (referred to in the POLICY as "the COMPANY"), as follows:

(1) the insurance afforded by this POLICY is provided by the several separate insurance companies listed below (hereafter the "insurance companies") and not by the AMERICAN EXCESS INSURANCE ASSOCIATION which is not an insurance company;

(2) the liability of the insurance companies shall be several and not joint. The liability of each insurance company shall be separate and apart from the liabilities of all other insurance companies and in no event shall any insurance company participate in the liability of any other insurance company;

(3) the maximum liability of all the insurance companies shall be the total of the percentage participations of such insurance companies as listed below, which total of percentage participations is 100 % of $ 50,000,000 ;

(4) each insurance company shall only be liable under the POLICY for the percentage, set opposite its name below, of any ULTIMATE NET LOSS; provided that:

  (A) in the event that the total of the percentage participations of the insurance companies listed below is less than 100% of $ 50,000,000 , then, in respect of any ULTIMATE NET LOSS, irrespective of the amount thereof, the INSURED shall have no right of recovery under this POLICY for the uninsured percentage of such ULTIMATE NET LOSS, which uninsured percentage is the percentage by which such total of the percentage participations is less than 100%;

  (B) in no event shall any insurance company pay more than the percentage set opposite its name of the amount stated in Item 2 of the Declarations as the COMPANY'S Limit of Liability;

  (C) in the event that any insurance company for any reason whatsoever, including but not limited to the insolvency or financial impairment of such insurance company, is unable or refuses to indemnify any INSURED in respect of the percentage of any ULTIMATE NET LOSS for which such insurance company is liable, no other insurance company or companies shall be liable for such percentage and the INSURED shall have right of recovery of such percentage only from the insurance company which is so unable or so refuses.

INSURANCE COMPANIES	PERCENTAGE PARTICIPATION
The Aetna Casualty and Surety Company	19.58%
Continental Casualty Company	6.89%
Continental Insurance Company	6.65%
Employers Reinsurance Corporation	2.60%
Federal Insurance Company	5.70%
Fireman's Fund Insurance Company	5.79%
General Accident Insurance Company of America	1.04%
The General Star National Insurance Company	5.21%
The Indemnity Insurance Company of North America	10.42%
NAC Reinsurance Corporation	5.79%
North American Specialty Insurance Company	5.79%
St. Paul Fire and Marine Insurance Company	5.79%
The Travelers Indemnity Company	12.16%
Zurich Insurance Company, U.S. Branch	6.59%

R N Greene

Signature of Authorized Representative

MANDATORY ENDORSEMENT
(For Use on Policies Issued in New Jersey)

Pursuant to New Jersey Law, this POLICY cannot be canceled or non-renewed for any underwriting reason or guideline(s) which is (are) arbitrary or capricious or unfairly discriminatory or without adequate prior notice to the NAME INSURED. The underwriting reasons or guidelines that an insurer can use to cancel or non-renew this POLICY are maintained by the insurer in writing an will be furnished to the NAMED INSURED and/or the NAMED INSURED'S lawful representative upon written request. This provision shall not apply to any POLICY which has been in effect for less than 60 days at the time notice of cancellation is mailed or delivered, unless the POLICY is a renewal policy.

AMERICAN EXCESS INSURANCE ASSOCIATION

DESIGNATED PRODUCT ENDORSEMENT

In accordance with the provision of paragraph (2) (B) of Section V Definition (I) "OCCURRENCE" of this POLICY, it is understood and agreed between the NAMED INSURED and the COMPANY that this POLICY is hereby amended as indicated below. All the other items of this POLICY remain unchanged.

With respect to PERSONAL INJURY and PROPERTY DAMAGE resulting from a use of only the INSURED'S PRODUCTS which are listed in the Schedule to this Endorsement:

(1) the RETROACTIVE DATE shall be 12:01 a.m. at the address of the NAMED INSURED on the 1st day of October , 1986 ; and

(2) (A) the commencement of any PERSONAL INJURY or PROPERTY DAMAGE which results from a use of such INSURED'S PRODUCTS prior to the RETROACTIVE DATE stated in this Endorsement; or

(B) any knowledge or notice of any defect or hazard or any alleged defect or hazard associated with such INSURED'S PRODUCTS or with any similar products of any INSURED causing or allegedly causing such PERSONAL INJURY or PROPERTY DAMAGE, which knowledge or notice the INSURED had at the Inception Date stated in Item 4 of the Declarations;

shall not preclude an OCCURRENCE under this POLICY with respect to PERSONAL INJURY or PROPERTY DAMAGE which commences subsequent to the RETROACTIVE DATE stated in this Endorsement and shall not be deemed to mean that such PERSONAL INJURY or PROPERTY DAMAGE was either expected or intended by the INSURED or should have been expected or intended from the standpoint of a reasonable INSURED;

provided, however, that coverage is provided under this Endorsement only:

(1) for that PERSONAL INJURY or PROPERTY DAMAGE, resulting from that use of such INSURED'S PRODUCTS, which takes place on or subsequent to the RETROACTIVE DATE stated in this Endorsement and for which there was no coverage under any other insurance policy whose policy period has ended (regardless of whether such policy was renewed) prior to or at the Inception Date stated in Item 4 of the Declarations; and

(2) where the NAMED INSURED first becomes aware of such PERSONAL INJURY or PROPERTY DAMAGE on or subsequent to the RETROACTIVE DATE stated in this Endorsement; and

(3) if the OCCURRENCE from which such PERSONAL INJURY or PROPERTY DAMAGE arises has not resulted, to the knowledge of the NAMED INSURED at the time the NAMED INSURED signed the application for this POLICY, in PERSONAL INJURY or PROPERTY DAMAGE prior to the POLICY PERIOD to more than the number of persons or entities specified in the Schedule of this Endorsement with respect to each INSURED'S PRODUCT listed therein.

SCHEDULE

INSURED'S PRODUCTS	SPECIFIED NUMBER
All INSURED'S PRODUCTS	Not more than 200 Claims per entity per years since 1984

This Endorsement forms a part of the POLICY to which attached, effective on the Inception Date of the POLICY unless otherwise stated herein.

(The information below is required only when this Endorsement is issued subsequent to preparation of the POLICY.)

Policy No.:____________________.

Endorsement Effective Date:________________.

Endorsement No.: 3.

NAMED INSURED:________________.

Countersigned by:

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Authorized Representative

AMERICAN EXCESS INSURANCE ASSOCIATION

INSURANCE COMPANY ERRORS & OMISSIONS EXCLUSION

It is agreed that the POLICY does not apply:

(1) to any obligation assumed by an INSURED or any employee or agent of an INSURED under any insurance binder or contract of insurance, suretyship, or reinsurance;

(2) to PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE, arising out of errors or omissions in writing or failing to write, continue or renew any contract of insurance, suretyship, or reinsurance;

(3) to DAMAGES arising out of the settlement of or failure to settle any claims made under any contract of insurance, suretyship or reinsurance;

(4) to PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE arising out of or resulting from the negligent, inadequate or incomplete performance of or failure to perform inspection and engineering services including the making of reports in connection with any contract of insurance, suretyship or reinsurance.

This endorsement forms a part of the POLICY to which attached, effective on the Inception Date of the POLICY unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the POLICY.)

Policy No.:__________________________.

Endorsement Effective Date:________________.

Endorsement No.:______4____________.

NAMED INSURED:_____________________.

Countersigned by:

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Authorized Representative

AMERICAN EXCESS INSURANCE ASSOCIATION
OWNED AIRCRAFT ENDORSEMENT

It is agreed that Section III. Exclusion (g) of the POLICY is amended to include the following as its last paragraph:

(g) This Exclusion (g) does not apply to the maintenance, service, ownership, use, operation, loading or unloading of any Aircraft if such Aircraft is owned or chartered without crew by or on behalf of the NAMED INSURED, or if such Aircraft is being operated by any person in the course of his employment by the NAMED INSURED and is owned by such person;

1) As respects only the coverage which is provided by this endorsement, Item 3 of the Declarations page is amended to read as follows:

PER OCCURRENCE UNDERLYING AMOUNT:
$500,000,000.

This Endorsement forms a part of the POLICY to which attached, effective on the Inception Date of the POLICY unless otherwise stated herein.

(The information below is required only when this Endorsement is issued subsequent to preparation of the POLICY.)

Policy No.:____________________.

Endorsement Effective Date:____________________.

Endorsement No.: 5

Named Insured:____________________.

Additional Premium: $ ____________________.

Countersigned by:

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Authorized Representative

AMERICAN EXCESS INSURANCE ASSOCIATION

PROPERTY DAMAGE TO INSURED'S PRODUCTS OR OPERATIONS EXCLUSION REVISION ENDORSEMENT

1. It is agreed that Section III Exclusion (k) (2) of the POLICY is amended to read as follows:

   (2) (A) PROPERTY DAMAGE to any portion or section of the INSURED'S PRODUCTS if such PROPERTY DAMAGE arises out of that portion or section of such products; or

   (B) PROPERTY DAMAGE to that particular part of OPERATIONS completed by the INSURED, if such PROPERTY DAMAGE arises out of that particular part of OPERATIONS, or out of materials, parts or equipment furnished in connection therewith; or

This Endorsement forms a part of the POLICY to which attached, effective on the Inception Date of the POLICY unless otherwise stated herein.

(The information below is required only when this Endorsement is issued subsequent to preparation of the POLICY.)

Policy No.:______________________________.

Endorsement Effective Date:____________________.

Endorsement No.:________6_______________.

NAMED INSURED:_________________________.

Countersigned by:

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Authorized Representative

AEIA-SP-1

AMERICAN EXCESS INSURANCE ASSOCIATION
POLLUTION EXCLUSION REVISION ENDORSEMENT

It is agreed that Section III Exclusion (c) to the POLICY is deleted in its entirety and replaced by the following:

(c) (1) PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE directly or indirectly arising out of:

(A) the actual, alleged or threatened discharge, dispersal, release, seepage, or escape of any POLLUTANT into or upon any person, place or thing including land or other real estate, any man-made structure, the atmosphere, any water or watercourse whether above or below ground or otherwise into the environment, however caused and whenever happening; or

(B) any direction or request, whether governmental or otherwise, that the INSURED evaluate, test for, monitor, clean up, remove, control, contain, treat, detoxify or neutralize any POLLUTANT or the actual, alleged or threatened discharge, dispersal, release, seepage or escape thereof;

provided, however, except as provided in paragraph (2) of this Exclusion (c), subparagraphs (1)(A) and (B) of this Exclusion (c) shall not apply to PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE arising out of or alleged to arise out of:

(x) INSURED'S PRODUCTS;

(y) a discharge, dispersal, release, seepage or escape of POLLUTANTS caused solely by unintended fire, explosion, lightning, or a collision or overturning of an AUTOMOBILE or railroad vehicle; or

(z) a single or intermittent discharge, dispersal, release or escape of POLLUTANTS, which ceases within seven (7) days of its first commencement, provided that it results in PERSONAL INJURY or PROPERTY DAMAGE which commences and is discovered within seven (7) days after the time such discharge, dispersal, release or escape first commences;

(2) The exceptions to subparagraphs (1)(A) and (B) of this Exclusion (c) which are contained in subparagraphs (1)(y) and (z) of this Exclusion (c), shall in no event apply to the cost of evaluating, testing for,

monitoring, cleaning up, removing, controlling, containing, treating, detoxifying and/or neutralizing the discharge, dispersal, release, seepage and/or escape of any POLLUTANT on property at any time owned, leased and/or rented by the INSURED and/or under the control of the INSURED;

This Endorsement forms a part of the POLICY to which attached, effective on the Inception Date of the POLICY unless otherwise stated herein.

(The information below is required only when this Endorsement is issued subsequent to preparation of the POLICY.)

Policy No.:________________________.

Endorsement Effective Date:________________.

Endorsement No.: 7 .

NAMED INSURED:____________________.

Countersigned by:

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Authorized Representative

AMERICAN EXCESS INSURANCE ASSOCIATION

AMENDMENT OF I. COVERAGE

It is agreed that **I. COVERAGE** of the POLICY is replaced by the following:

I. COVERAGE

(a) The COMPANY shall indemnify the INSURED for ULTIMATE NET LOSS which the INSURED shall become legally obligated to pay by reason of liability imposed upon the INSURED by law or liability of others assumed by the INSURED under contract or agreement because of PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE anywhere, which results from an OCCURRENCE, notice of which shall have been first given to the COMPANY (in accordance with Condition (c) hereof):

(1) by the NAMED INSURED during the POLICY PERIOD;

(2) by the NAMED INSURED during any EXTENDED REPORTING PERIOD which the NAMED INSURED shall have elected to secure (or continue) or during the sixty day grace period provided in accordance with the following paragraph I(b); or

(3) by any former subsidiary or affiliate of the NAMED INSURED during any EXTENDED REPORTING PERIOD that may arise in accordance with Condition (m) hereof;

provided, however, that in no event shall there be coverage under this POLICY for any liability of any INSURED with respect to any OCCURRENCE, PERSONAL INJURY, PROPERTY DAMAGE or ADVERTISING OFFENSE for which there is, or but for the issuance of this POLICY would be, any coverage in any amount provided under any other policy issued by the COMPANY to the INSURED, irrespective of whether such other policy is issued prior to, simultaneously with or subsequent to this POLICY.

(b) In the event of cancellation or nonrenewal of this POLICY by the NAMED INSURED or the COMPANY, other than cancellation for nonpayment of premium, the NAMED INSURED may elect to secure an EXTENDED REPORTING PERIOD for an ANNUAL PERIOD and thereafter may elect annually to continue such EXTENDED REPORTING PERIOD, for such INSUREDS as the NAMED INSURED shall designate, by giving the COMPANY written notice of such election not less than ten (10) days prior to the earlier of the Expiration Date stated in Item 4 of the Declarations or the effective date of cancellation of the POLICY, or the expiration date of each ANNUAL PERIOD, and by paying to the COMPANY the applicable annual premium for such EXTENDED REPORTING PERIOD as set forth in the attached Schedule B no later than the date of commencement of the corresponding ANNUAL PERIOD.

In the event that this POLICY is not renewed or is cancelled, and the INSURED does not elect to secure an EXTENDED REPORTING PERIOD, then, subject to all other terms and conditions of this POLICY, there shall be allowed a grace period of sixty (60) days during which an INSURED shall be entitled to give written notice of an OCCURRENCE to the COMPANY, which grace period shall commence immediately following the earlier of the Expiration Date stated in Item 4 of the Declarations or the effective date of cancellation of the POLICY, as applicable.

Where notice in accordance with Condition (c) of an OCCURRENCE is first given during an EXTENDED REPORTING PERIOD or the sixty day grace period, it shall be deemed to have been given during the POLICY PERIOD of this POLICY for purposes of the application of the terms of this POLICY, including, but not by way of limitation, the COMPANY'S Limit of Liability and the PER OCCURRENCE UNDERLYING AMOUNT.

This Endorsement forms a part of the POLICY to which attached, effective on the Inception Date of the POLICY unless otherwise stated herein.

(The information below is required only when this Endorsement is issued subsequent to preparation of the POLICY.)

Policy No.:____________________.

Endorsement Effective Date:________________.

Endorsement No.: 8 .

NAMED INSURED:____________________.

Countersigned by:

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Authorized Representative