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- SCM EXCESS DXC DX 0577 -
Prudential Reinsur 1/1/78-1/1/79
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SCH Excess DXC DX 0577
Prudential Reinsur 1/1/78-1/1/79

129.

GLD051553

0049-GLD-000051553

Prudential Reinsurance Company

HOME OFFICE:
213 Washington Street
Newark, New Jersey 07101

Excess Liability Policy

Policy No.: DXC DX 0577

Prior No.: NEW

Broker: Marsh & McLennan, Inc.
1221 Avenue of the Americas
New York, New York 10020

Code: _____

DECLARATIONS

Item 1. Insured's Name and Address:

SCM Corporation (as per Underlying Policies)
299 Park Avenue
New York, New York 10017

Item 2. Policy Period - From: January 1, 1978 To: January 1, 1979
(12:01 A.M. Standard Time at the address of the Named Insured as stated herein)

Item 3. Coverage/Limits of Liability:

This policy covers with respect to those coverages indicated below, and shall apply only as excess of the Underlying Limits and then only up to the amount of the PRUDENTIAL REINSURANCE EXCESS LIMITS shown below:

COVERAGE

Excess Umbrella
Liability

UNDERLYING LIMITS

\$35,000,000 each occurrence
and annual aggregate where
applicable, excess of various
Underlying Primaries

PRUDENTIAL REINSURANCE EXCESS LIMITS

\$5,000,000 being 50%
part of \$10,000,000
each occurrence and
annual aggregate where
applicable, excess of
Underlying Limits

**Marsh &
McLennan**

Tel. 212 947-2000

1221 Avenue of the Americas, New York, N.Y. 10020

Item 4. Premium:

A) Deposit: \$10,000.00

B) Annual Minimum:

Premium Basis: Flat Charge
Rate:

Item 5. Schedule of Underlying Insurance:

Hartford Insurance Company Umbrella Liability Policy No.
(to be determined)

January 31, 1978

Date

John Z. Kozel
Authorized Signature

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NEW YORK AMENDATORY ENDORSEMENT

Prudential Reinsurance Company

Policy No. DXC DX 0577

It is hereby understood and agreed that with respect to the coverage of this policy for occurrences within the State of New York, or arising out of occurrences subject to New York jurisdiction, the policy provisions are amended as follows:

1. Policy Provision I, INSURING AGREEMENT, is amended to include the following provisions:

If automobile coverage is included under this policy, indemnification is provided for liability caused by negligence due to bodily injury or property damage caused by the insured, or any person using or operating the insured vehicle with the owner's expressed or implied permission.

If aircraft or vessel (excluding Marine) insurance is provided under this policy, indemnification is provided for liability due to bodily injury or property damage caused by the insured or any person using or operating such insured aircraft or vessel with the owner's expressed or implied permission.

2. Policy Provision IV, NOTICE OF CLAIM, is amended to include the following provision:

Failure to give notice as required by this policy shall not invalidate any claim made by the insured or by any other claimant if it shall be shown not to have been reasonably possible to give such notice as required and notice was given as soon as was reasonably possible.

3. Policy Provision IX, EXCLUSIONS, is hereby added:

This insurance does not apply to loss, ultimate net loss, damage or expense (1) caused intentionally by or at the direction of the insured or (2) arising out of acts of discrimination because of race, creed, color or national origin taking place in the State of New York.

4. Policy Provision X, INSOLVENCY, is hereby added:

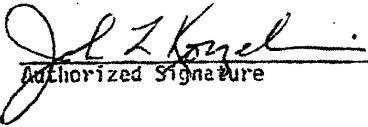
The insolvency or bankruptcy of the named insured shall not release the Company from the payment of damages for injury sustained or loss occasioned during the life of and within the coverage of the policy.

5. Policy Provision XI, UNSATISFIED JUDGMENTS, is hereby added:

If a judgment against the insured or his personal representative in an action brought to recover damages for an injury sustained or for loss or damage to property occasioned during the life of the policy shall remain unsatisfied at the expiration of 30 days from the serving of notice of entry of judgment upon the attorney for the insured, or upon the insured, and upon the Company, then an action may, except during a stay or limited stay of execution against the insured on such judgment, be maintained against the Company under the terms of this policy for the amount of such judgment not exceeding the amount of the applicable limit of coverage under this policy.

Name of Insured SCM Corporation Endorsement #1

Broker: Marsh & McLennan, Inc. Effective Date 1/1/78


Authorized Signature

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POLICY PROVISIONS

Prudential Reinsurance Company, a capital stock insurance company (herein called the Company), agrees with the Insured Named in the Declarations, in consideration of the payment of the required premium and subject to all the terms of this policy:

I. INSURING AGREEMENT

To pay on behalf of the Insured the Ultimate Net Loss which the Insured shall become legally obligated to pay arising out of the hazards covered by and resulting from an occurrence insured by the Underlying Insurance scheduled in Item 5 of the Declarations.

The insurance afforded by this policy is excess over the amount of the underlying limits stated in Item 3 of the Declarations and applies only after the Underlying Insurance has paid or been held liable to pay such underlying limits.

II. DEFINITIONS

- A) Ultimate Net Loss - the total sum which the Insured, or any company as his insurer, or both, become obligated to pay by reason of claims covered hereunder, either through adjudication or compromise, and shall also include all sums paid as salaries, wages, compensation, fees, charges and law costs, premiums on attachment or appeal bonds, interest, expenses of litigation, settlement, adjustment and investigation of claims and suits which are paid as a consequence of any occurrence covered hereunder, excluding only the salaries of the Insured's or of any underlying insurer's permanent employees.

The Company shall not be liable for expenses as a aforesaid when such expenses are included in other valid and collectible insurance.

- B) Underlying Insurance -- the policy or policies specified in Item 5 of the Declarations.

III. MAINTENANCE OF UNDERLYING INSURANCE

The Underlying Insurance and underlying limits specified in the Declarations shall be maintained in full force and effect without change during the currency of this policy except for reduction of the aggregate limits solely by reason of claims in respect of occurrences happening during the period of this policy. The failure of the Insured to comply with the foregoing shall not invalidate this policy; but in the event of such failure, the Company shall only be liable to the same extent as if the Insured had complied with this condition.

The insurance afforded by this policy is subject to the same warranties, terms, conditions and exclusions as are contained in the Underlying Insurance on the effective date of this policy, except, unless specifically provided in this policy, any such warranties, terms, conditions or exclusions relating to premium, the obligation to investigate and defend, the amount and limits of liability, and any renewal agreement.

IV. NOTICE OF CLAIM

Upon the happening of an occurrence which it is reasonable to believe will likely give rise to a claim under this policy, the Insured shall give immediate written notice thereof to the Company. Such notice shall contain particulars sufficient to identify the Insured and fullest information obtainable at the time. If legal proceedings are begun, the Insured shall forward to the Company each paper therein, or a copy thereof, received by the Insured or the Insured's representative, together with copies of reports of investigations with respect to such claim proceedings.

V. DEFENSE

Except upon termination of the underlying insurance by reason of exhaustion of its aggregate limits, the Company shall not be called upon to assume charge of the investigation, settlement, or defense of any claim made, or suits brought or proceedings instituted against the Insured but shall have the right and be given the opportunity to be associated in the defense and trial of any claims, suits, or proceedings relative to any occurrence which, in the opinion of the Company, may create liability on the part of the Company under the terms of this policy. If the Company avails itself of such right and opportunity, the Company shall do so at its own expense. Court costs and interest, if incurred with the consent of the Company, shall be borne by the Company and other interested parties in the proportion that each party's share of Loss bears to the total amount of Loss sustained by all interested parties.

VI. 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) concerned, in the exercise of such rights of recovery. The Insured shall do nothing after loss to prejudice such rights. The apportioning of any amounts which may be so recovered shall follow the principle that any interest (including the Insured) having paid an amount in excess of the total limits up through and including this policy,

shall first be reimbursed up to the amount paid by them; the Company is then to be reimbursed out of any balance then remaining up to the amount paid hereunder; lastly, the interests (including the Insured) of whom this coverage is in excess are entitled to claim the residue. Expenses necessary to the recovery of any such amounts shall be apportioned between the interests (including the Insured) concerned, in the ratio of their respective recoveries as finally settled. If there is no recovery in proceedings conducted solely by the Company, the Company shall bear the expense thereof.

VII. CANCELLATION

This policy may be cancelled by the Named Insured by mailing to the Company written notice stating when thereafter such cancellation shall be effective. This policy may be cancelled by the Company by mailing to the Named Insured at the address shown in this policy written notice stating when, not less than thirty (30) days thereafter, such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice and the effective date of cancellation stated in the notice shall become the end of the policy period.

If cancellation is at the request of the Named Insured, earned premium shall be computed in accordance with the customary short rate table and procedure. If the Company cancels, earned premium shall be computed pro rata. If this policy insures more than one Named Insured, cancellation may be effected by the first of such Named Insureds for the account of all the Named Insureds; notice of cancellation by the Company to such first Named Insured shall be deemed notice to all Insureds and payment of any unearned premium to such first Named Insured shall be for the account of all interests herein.

Premium Adjustment may be made either at the time cancellation is effected or as soon as practicable after cancellation becomes effective, but payment or tender of earned premium is not a condition of cancellation.

VIII. RIGHT OF APPEAL

In the event the Underlying Insurer(s) or the insured elects not to appeal a judgment in excess of the underlying limits, the Company may elect to conduct such appeal at its own expense and shall be liable for the court costs, interest incidental thereto and for premium on required appeal bonds, which are not payable under underlying insurance, provided that in no event shall the Company's limit of liability exceed that stated in Item 3 of the Declarations plus court costs and interest.

In Witness Whereof, the Company has caused this policy to be signed by its President and Secretary, but the same shall not be valid unless countersigned on the declarations page of this policy by a duly authorized representative of the Company.

David H. Fredericks
Secretary

Wingfield
President

**NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT
(BROAD FORM)**

It is agreed that the policy does not apply:

- I. Under any Liability Coverage, to injury, sickness, disease, death or destruction
 - (a) with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - (b) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- II. Under any Medical Payments Coverage, or under any Supplementary Payments provision relating to immediate medical or surgical relief, to expenses incurred with respect to bodily injury, sickness, disease or death resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization
- III. Under any Liability Coverage, to injury, sickness, disease, death or destruction resulting from the hazardous properties of nuclear material if
 - (a) the nuclear material (1) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (2) has been discharged or dispersed therefrom;
 - (b) the nuclear material is contained in spent fuel or waste or at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or
 - (c) the injury, sickness, disease, death or destruction arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada this exclusion (c) applies only to injury to or destruction of property at such nuclear facility.
- IV. As used in this endorsement:
"Hazardous properties" include radioactive, toxic or explosive properties;
"nuclear material" means source material, special nuclear material or byproduct material;

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

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

"waste" means any waste material (1) containing byproduct material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (a) or (b) thereof;

"nuclear facility" means

- (a) any nuclear reactor,
- (b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste,
- (c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,
- (d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

"nuclear reactor" means any apparatus designed or used to sustain nuclear fission in any self-supporting chain reaction or to contain a critical mass of fissionable material;

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

NEW YORK - The provisions of the above endorsement do not apply with respect to any Automobile Bodily Injury Liability and Automobile Property Damage Liability coverage afforded by this policy.

Prudential Reinsurance Company

Policy No. DXC DX 0577

It is hereby understood and agreed that Policy No. DXC DX 0577 excludes Automobile Liability coverage for leased vehicles or leased back vehicles when being used for personal use by employees and employee's families or others driving with their permission.

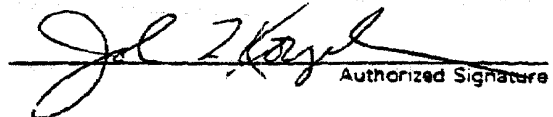
Name of Insured SCM Corporation

Endorsement #3

Broker Marsh & McLennan, Inc.

Effective Date August 1, 1978

1/9/79
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Authorized Signature

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