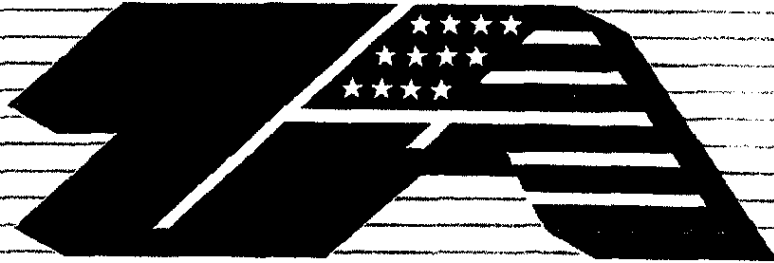


10/1/86 - 87 Umbrella Policies

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# **Commercial Excess Liability Policy**

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## **Occurrence**

### **Zurich-American Insurance Group**

*Insurance is provided by the company designated on the declaration page.*

*(A stock insurance company)*

The Zurich Building; Schaumburg, Illinois 60196

U-ES-10007-A CW (5/87)

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GLD055190  
0049-GLD-000055190



AMERICAN ZURICH INSURANCE COMPANY

COMMERCIAL EXCESS LIABILITY POLICY

POLICY NO. CEO 1380920-00

PRODUCER Crump London

18-311

DECLARATIONS

- Item 1. **Named Insured and Address:** Hanson Industries, Inc., Etal. as per National Union  
100 Wood Avenue South Lead Umbrella
- Item 2. **Policy Period:** Iselin, NJ 08830  
From October 1, 1987 to October 1, 1988 12:01 A.M.

standard time at the address of the first named insured as stated herein, unless sooner cancelled in accordance with Condition 8 herein.

Item 3. Premium: \$ 375,000

Item 4. The limits of the Company's liability are:

- a) \$ 5,000,000 each occurrence; in the aggregate of \$ 5,000,000 per annual policy period part of
- b) \$ NIL each occurrence; in the aggregate of \$ NIL per annual policy period.

Item 5. The limits of the Company's liability apply in excess of the following limits of liability of underlying insurance:

\$ 18,000,000 each occurrence; in the aggregate per \$ 18,000,000 annual policy period where applicable which may be in turn excess of various underlying limits or self-insured amounts specified in the governing underlying insurance policy.

Item 6. The governing underlying insurance policy is:

Policy No. TBA  
Name of issuing insurance company: National Union Fire Ins. Co. of Pittsburgh, PA  
Type of insurance: Umbrella Liability Policy Term: From: 10/1/87 To: 10/1/88

Item 7. Unless otherwise stated herein, the Named Insured agrees that

- a) No part of the underlying insurance or contributing insurance in Item 4. b) is written on what is commonly known as a "claims made" basis;
- b) No part of the limits of liability of underlying insurance or contributing insurance in Item 4. b) includes costs;
- c) No underlying insurance policy nor any contributing policy contains exclusions not found in or more restrictive from the viewpoint of the named insured than in the governing underlying insurance policy.

Item 8. Endorsements Attached at Issue: U-ES-10002-A; U-GU-243-A

Countersigned by \_\_\_\_\_  
(Authorized Representative)

U-ES-10001-A (3/87)



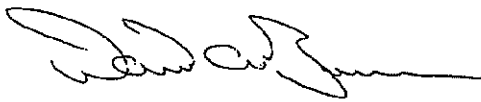
## In Witness Clause

**In Witness Whereof**, this Company has executed and attested these presents, but this policy shall not be valid unless countersigned by the duly authorized Agent of this Company at the agency hereinbefore mentioned.

  
United States Manager

Zurich Insurance Company

**In Witness Whereof**, this Company has executed and attested these presents, but this policy shall not be valid unless countersigned by the duly authorized Agent of this Company at the agency hereinbefore mentioned.

  
Secretary

  
President

American Guarantee and Liability Insurance Company  
American Zurich Insurance Company  
Zurich American Insurance Company of Illinois

U-GU-243-A

GLD055192  
0049-GLD-000055192



**American Zurich Insurance Company**  
Schaumburg, IL 60196

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

**I. INSURING AGREEMENT**

To indemnify the **insured** for **ultimate net loss** in excess of **underlying insurance** stated in Item 5 of the Declarations, but not in excess of the Company's limits of liability stated in Item 4 of the Declarations.

Except as otherwise provided by this policy, the insurance afforded herein shall follow all the terms, conditions, definitions and exclusions of the **governing underlying insurance policy** designated in Item 6 of the Declarations.

**II. EXCLUSIONS**

Regardless of whether or not such insurance is, was or would have been afforded by the **governing underlying insurance policy**, this policy does not apply:

1. A. under any Liability Coverage, to "bodily injury" or "property damage"

- (1) with respect to which an **insured** under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada or their successors or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (2) resulting from the "hazardous properties" of "nuclear material" and with respect to which
  - (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or
  - (b) the **insured** is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization; or

B. under any Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of "nuclear materials", if

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

- (2) the "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an **insured**; or
- (3) the "bodily injury" or "property damage" arises out of the furnishing by an **insured** of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility," but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" at such "nuclear facility."

C. as used in this exclusion:

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

"Nuclear material" means "source material", "special nuclear material" or "by-product material";

"Source material", "special nuclear material", "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;

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

"Waste" means any waste material

- (a) containing "by-product material" and
- (b) 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

- (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

U-ES-10002-A

GLD055194  
0049-GLD-000055194

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";

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

"Property damage" means

- (1) physical injury to or destruction of tangible property which occurs during the policy period, including the loss of use thereof at any time resulting therefrom; or
- (2) loss of use of tangible property which has not been physically injured or destroyed provided such loss of use is caused by an occurrence during the policy period and includes all forms of radioactive contamination of property.

2. to **ultimate net loss** arising out of invasion, acts of foreign enemies, hostilities (whether war to be declared or not), civil war, rebellion, revolution or insurrection or to any act or condition incident to any of the foregoing.

### III. LIMITS OF LIABILITY

The insurance afforded applies separately to each **insured** against whom claim is made or suit is brought, except with respect to the limits of the Company's liability.

Regardless of the number of (1) **insureds** under this policy, (2) persons or organizations who sustain injury or damage or (3) claims made or suits brought, the Company's liability is limited as follows:

- (a) the limits of the Company's liability under this policy apply only after the underlying insurers have paid or have been held legally liable to pay the full amount of their respective limits of liability which makes up the total stated in Item 5 of the Declarations, provided that
  - (i) unless aggregate limits are specifically stated in both Items 4 and 5 of the Declarations, the insurance afforded by this policy applies with respect to each **occurrence** only for limits of liability in excess of the amounts afforded for each **occurrence** in the **underlying insurance**, and does not apply over any reduced amount of **underlying insurance** in the event of the exhaustion or reduction of aggregate limits of liability, if any, in the **underlying insurance**; or
  - (ii) if aggregate limits of liability are specifically stated in both Items 4 and 5 of the Declarations, the insurance afforded by this policy applies in excess of reduced **underlying insurance**, provided such reduction in the **underlying insurance** is solely the result of the payment of claims because of **occurrences** taking place during the period of this policy;

(b) if the limits of the Company's liability stated in Item 4. a) of the Declarations, are less than the entire limit of liability stated in Item 4. b) of the Declarations, the limits of the Company's liability shall be that proportion of all **ultimate net loss** which the limits of liability in Item 4. a) bear to the limits of liability in Item 4. b) to which this policy applies and which is in excess of **underlying insurance**, up to the limits so stated;

(c) if the limits of the Company's liability in Item 4. a) of the Declarations are equal to the limits of liability in Item 4. b), the limits of the Company's liability shall be the amount of all **ultimate net loss** to which this policy applies which is in excess of **underlying insurance**, up to the limits so stated;

(d) subject to provisions (a), (b), and (c) above, the total liability of the Company for all **ultimate net loss** as the result of any one **occurrence**, shall not exceed the limit of liability stated in Item 4. a) of the Declarations as applicable to "each **occurrence**";

(e) subject to provisions (a), (b), and (c) above, the total liability of the Company for all **ultimate net loss** because of all **occurrences**, to which this policy applies shall not exceed the limit of liability stated in Item 4. a) of the Declarations as "aggregate".

### IV. PERSONS OR ENTITIES INSURED

Each of the following is an **insured** under this policy to the extent set forth below:

- (a) Any **named insured**; and
- (b) Any person or organization which is an **insured** under the terms of the **governing underlying insurance policy**, subject to all the limitations upon coverage under such **governing underlying insurance policy** other than the limits thereof.

### V. INVESTIGATION, DEFENSE, SETTLEMENT

The Company shall not be obligated to assume charge of the investigation, defense or settlement of any claim or suit against the **insured**, but the Company shall have the right and shall be given the opportunity to associate with the **insured** or its underlying insurers, or both, in the investigation, defense or settlement of any claim or suit which, in the opinion of the Company, involves or appears reasonably likely to involve the Company. If the Company avails itself of such right and opportunity, the **insured**, its insurers and the Company shall cooperate in such matters so as to effect a final determination thereof. The **insured** shall not make or agree to any settlement for an amount in excess of **underlying insurance** without the approval of the Company.

Subject to the above provision, **costs** incurred by the **insured** shall be borne as follows:

- (a) All **costs** incurred by the **insured** without the written consent of the Company shall be borne by the **insured**;

- b) If a claim or suit is settled or a judgment rendered for not more than the limits of **underlying insurance**, no **costs** shall be payable by the Company;
- (c) If the sum for which a claim or suit is settled or a judgment rendered exceeds the limits of **underlying insurance**, then the Company, if it approves such settlement or consents to the continuation of the proceedings, shall contribute to the **costs** incurred by the **insured** in the proportion which the amount of **ultimate net loss** as finally determined to be payable by the Company bears to the total amount paid on such claim or suit by all interests;
- (d) If the **insured** elects not to appeal a judgment in excess of the limits of **underlying insurance**, the Company may elect to conduct such appeal at its cost and expense, and shall be liable for the taxable costs and disbursements and interest incidental thereto, but in no event shall the total liability of the Company exceed the limits of liability as stated in this policy, plus the cost and expense of such appeal;
- (e) If a judgment is rendered in excess of the limits of **underlying insurance** and the Company is willing to contribute thereto but the underlying insurers elect to appeal such judgment, the duty of obtaining an appeal bond with respect to liability in excess of the limits of **underlying insurance** shall be that of the **insured** and its underlying insurers;
- (f) If the aggregate limits of liability of **underlying insurance** are exhausted by payment of claims, then the Company shall contribute to the **costs** incurred by the **insured** with the written consent of the Company in the proportion which the Company's limits of liability bears to the total layer of limits of liability of which this policy is a part, but this obligation ceases when the Company's limits of liability are exhausted.

## VI. DEFINITIONS

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

"**Governing underlying insurance policy**" means the insurance policy designated as such in Item 6 of the Declarations;

"**Costs**" means interest on judgments, and investigation, adjustment and legal expenses including taxed court costs and premiums on bonds, (excluding, however, (a) all expenses for salaried employees and counsel on general retainer; (b) all office expenses of the **insured**; and (c) regular fees paid to counsel on general retainer);

"**First named insured**" means the person or organization first named in Item 1 of the Declarations of this policy;

"**Insured**" means any person or organization described as such in the "Persons Insured" provision of this policy;

"**Named insured**" means the **first named insured** and any other person or organization named in Item 1 of the Declarations of this policy or in an endorsement amending such Item 1;

"**Occurrence**" means an accident or occurrence or happening or event, or an act or a series of acts or offense or injury or damage covered by the **governing underlying insurance policy** designated in the Declarations;

"**Ultimate net loss**" means the total of all sums which the **insured**, or any organization as its insurer, or both, shall become legally obligated to pay, whether by reason of adjudication or settlement, because of an **occurrence** covered under the terms of the **governing underlying insurance policy** and to which this policy applies; but "**ultimate net loss**" shall not include

(a) the amount of any recoveries, salvages or other insurance (other than **underlying insurance** or insurance written specifically to apply in excess of this policy), whether collectible or not, or

(b) **costs**;

"**Underlying insurance**" means the primary or excess insurance policies contributing to the total limit stated in Item 5 of the Declarations (including any deductible amount, **insured's** participation or renewals or replacements thereof). The limits of such policies shall be deemed to be applicable regardless of

- (1) any defense which the underlying insurer may assert,
- (2) the **insured's** failure to comply with any condition of any such policy or
- (3) the insolvency of the underlying insurer.

## VII. CONDITIONS

### 1. Premium

The premium for this policy shall be as stated in the Declarations.

In the event of an additional **insured** being added to the coverage under the **underlying insurance** during currency hereof, as soon as practicable notice shall be given to the Company hereon and if an additional premium has been charged or will become payable for such addition to the **underlying insurance**, the Company shall be entitled to charge an appropriate additional premium hereon for adding such additional **insured** to this policy.

Payment of any return premium to the **first named insured** shall be deemed to be payment to the **insured**.

### 2. Maintenance of Underlying Insurance

Unless permission to the contrary is stated in the Declarations or by endorsement issued to form a part of this policy, policies affording in total the limits stated in Item 5 of the Declarations shall be maintained in full effect during the currency of this policy, except for the reduction of any aggregate limits contained therein solely by payment of claims with respect to an **occurrence** taking place during the period of this policy. Failure of the **named insured** to comply with the foregoing shall not invalidate this policy but in the event of such failure, the Company shall be liable only

to the extent that it would have been liable had the **named insured** complied therewith.

The **named insured** shall give the Company written notice as soon as practicable of any change in the scope of coverage or in the limits of any **underlying insurance**, and of the termination of any coverage or of reduction or exhaustion of aggregate limits of any **underlying insurance**.

### 3. Notice of Occurrence

Whenever it appears that an **occurrence** is likely to involve indemnity under this policy, written notice thereof shall be given to the Company or any of its authorized agents as soon as practicable. Such notice shall contain particulars sufficient to identify the **insured** and also reasonably obtainable information respecting the time, place and circumstances of the **occurrence**, the names and addresses of the injured and of available witnesses.

### 4. Assistance and Cooperation of the Insured

The **insured** shall cooperate with the Company and with the underlying insurers as required by the terms of the **governing underlying insurance policy** and comply with all the terms and conditions thereof, and shall enforce any right of contribution or indemnity against any person or organization who may be liable to the **insured** and with respect to which insurance is afforded under this policy or the **underlying insurance** policies.

### 5. Action Against Company

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

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

### 6. Subrogation

In the event of any payment under this policy, the Company shall participate with the **insured** and any underlying insurer in the exercise of all the **insured's** rights of recovery therefor against any person or organization, and the **insured** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The **insured** shall do nothing after loss to prejudice such rights.

Recovery shall be applied

first, to reimburse any interest (including the **insured**) that may have paid any amount with respect to liability in excess of the limit of the Company's liability hereunder;

then, to reimburse the Company up to the amount paid hereunder, along with any other insurers having a quota share interest at the same level; and

lastly, to reimburse such interests (including the **insured**) with respect to which this insurance is in excess, as are entitled to claim the residue, if any;

but a different apportionment may be made to effect settlement of a claim by agreement signed by all interests. Reasonable expenses incurred in the exercise of rights of recovery shall be apportioned among all interests in the ratio of their respective losses for which recovery is sought.

### 7. Changes

Notice to any agent or knowledge possessed by any agent or any other person shall not effect a waiver or a change in any part of this policy or estop the Company from asserting any rights under the terms of this policy with respects to any requirement as to **underlying insurance**; nor shall the terms of this policy be waived or changed, except by endorsement issued to form a part of this policy, signed by an authorized representative of the Company.

### 8. Cancellation

This policy may be cancelled by the **named insured** by surrender thereof to the Company or any of its authorized agents or by mailing to the Company written notice stating when thereafter the cancellation shall be effective. This policy may be cancelled by the Company by mailing to the **first named insured** at the address shown in this policy written notice stating when thereafter, in the case of nonpayment of premium by the **insured** or the termination or cancellation of part or all of the underlying insurance stated in Item 5 of the Declarations not less than ten (10) days or otherwise not less than sixty (60) days, such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of surrender or the effective date and hour of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the **first named insured** or by the Company shall be equivalent to mailing.

If the **named insured** cancels, earned premium shall be computed in accordance with the customary short rate tables, but the Company shall nevertheless be entitled to retain as earned premium any minimum premium stated in Item 3 of the Declarations. If the Company cancels, earned premium shall be computed pro rata. Premium adjustment may be made either at the time cancellation is effected or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

# CRUMP LONDON UNDERWRITERS



CREATIVE INSURANCE SPECIALISTS  
5350 POPLAR AVENUE • P.O. BOX 171336  
MEMPHIS, TENNESSEE 38117-1336  
TELEX 361003

3076

Date of  
Quote

Fred S. James & Co. of New England  
40 Broad Street  
Boston, Ma. 02109-9990

ATTENTION: Peter Bove/Joe Zavagnin

## x INSURANCE BINDER QUOTATION

This x BINDER is effective 10-1-87 and will stand for a period of 60 days.  
QUOTATION

1. INSURED Hanson Industries, Inc.  
Iselin, N.J.

2. COVERAGE Excess Umbrella Liability

3. POLICY LIMITS \$5,000,000 Excess of \$18,000,000 Excess of Underlying

4. RESTRICTIONS As per National Union Lead Umbrella

5. INSURERS AND POLICY NUMBERS American Zurich Insurance Company  
CEO 1380920-00

7. PREMIUM ADJUSTMENT - RATE OF Flat

6. PREMIUM FEE TAX \$375,000.00

Per

DEPOSIT \$375,000.00

TOTAL \$375,000.00

8. ANNUAL MINIMUM \$375,000.00

9. REMARKS AND CONDITIONS

This Quotation or Binder is subject to the terms and conditions of the insurance policies described above and will be null and void upon issuance of said policies.

*Richard Cleveland*  
Richard Cleveland  
AUTHORIZED REPRESENTATIVE

10-1-87  
DATE

GLD055198  
0049-GLD-000055198

UMBRELLA LIABILITY  
PREMIUM ALLOCATION

08-Oct-85

DISCONT PREMIUM	COMPANY	ESTIMATED * 1986/87	1985/86	DIFFERENCE	% DIFF.
<b>HANSON BUILDING PRODUCTS</b>					
	AMES	77,769	71,348	6,421	1.09
	BROWN MOLDING	111,099	101,926	9,173	1.09
	DUKE CITY	90,917	83,410	7,507	1.09
	MM MFG.	108,868	173,273	15,595	1.09
	SUPERLITE	111,099	101,926	9,173	1.09
	SUB TOTAL	579,752	531,883	47,869	1.09
<b>TEXTILES</b>					
	BAYLIS	28,608	26,246	2,362	1.09
	CARISBROOK	123,781	113,561	10,220	1.09
	ENCINO	25,263	23,177	2,086	1.09
	SUB TOTAL	177,653	162,984	14,669	1.09
<b>CONSUMER PRODUCTS</b>					
	ENDICOTT JOHNSON	195,446	179,308	16,138	1.09
	GEORGIA BOOT	76,659	70,329	6,330	1.09
	NEVCO	29,151	29,151	0	1.00
	TETERS	38,223	38,223	0	1.00
	SUB TOTAL	339,478	317,011	22,467	1.07
<b>FURNITURE &amp; FURNISHINGS</b>					
	ANDERSON HICKEY	49,995	45,867	4,128	1.09
	RAU FASTENERS	60,660	55,651	5,009	1.09
	UNITED CHAIR	230,000	215,169	14,831	1.07
	SUB TOTAL	340,655	316,687	23,968	1.08
<b>LIGHTING</b>					
	COLUMBIA	60,360	54,873	5,487	1.10
	KEYSTONE	104,960	95,418	9,542	1.10
	PRESCOLITE	130,661	118,783	11,878	1.10
	SUB TOTAL	295,981	269,074	26,907	1.10
<b>USI INDUSTRIAL</b>					
	A&S BUILDING	151,360	137,600	13,760	1.10
	AXELSON	500,000	502,347	(2,347)	1.00
346,139	CLEARING **	352,843	323,709	29,134	1.09
	HURON	47,457	43,143	4,314	1.10
	LEON PLASTICS	95,908	88,098	8,810	1.10
	SUB TOTAL	1,148,568	1,094,897	53,671	1.05

\*86 SCH DIFFERENCE

SCM					UNERN PREM	BUD/ACT	DIFFERENCE
ALLIED PAPER	323,000	309,796	13,204	1.04	77,449	141,694	(64,245)
DURKEE FAM **		181,364					
BLIDDEN **		576,617					
DURKEE FOODS	228,000	179,168	48,832	1.27	44,792	40,752	4,040
8,861 KLIENSCHMIDT **	8,217	5,478	2,739	1.50	1,370	0	1,370
53,955 METALS **	53,000	46,122	8,878	1.19	11,531	14,183	(2,653)
63,765 ORGANIC CHEMICALS	65,000	48,976	16,024	1.33	12,244	8,464	3,780
PIGMENTS	200,000	204,546	(4,546)	0.98	51,137	106,819	(55,683)
PROCTOR SCHWARTZ	43,349	28,899	14,450	1.50	7,225	0	7,225
SMITH CORONA	178,000	145,258	32,742	1.23	36,315	39,887	(3,573)
<b>SUB TOTAL</b>	<b>1,100,566</b>	<b>1,726,224</b>	<b>(625,659)</b>	<b>0.64</b>	<b>242,061</b>	<b>351,799</b>	<b>(109,738)</b>
AIR HAMILTON		10,193	(10,193)	0.00			
GROUND ROUND	500,000	881,346	(381,346)	0.57			
HANSON IND		100,369	(100,369)	0.00			
HYGRADE	325,741	298,845	26,896	1.09			
<b>471,928 ACTIVE TOTAL</b>	<b>4,808,394</b>	<b>5,709,513</b>	<b>(901,119)</b>	<b>0.84</b>			
0.0190 EARNED FACTOR		RENEWAL					
0.9810 UNEARNED FACTOR		FACTOR					
* HANSON COMPANIES		1.09					
SCM COMPANIES		1.50					

**James**

FRED. S. JAMES & CO. OF NEW ENGLAND, INC.  
40 Broad Street  
Boston, Massachusetts 02109  
617 357-6600  
Insurance Brokers Since 1858

*Don Schoenewolf*

SUBJECT <i>Umbrella Liability</i>	ATTENTION	DATE <i>11-24-86</i>
-----------------------------------	-----------	----------------------

TO  
MESSAGE  
REPLY

*Don,*  
*Per our discussion, enclosed is St Paul Policy +*  
*telex binder from J. Marwijk. You already have*  
*telex binder on AEIT.*

RECEIVED  
NOV 24 1986  
Hanson Industries Inc.

SIGNED *[Signature]*

SIGNED DATE

Recipient-Reply and Retain Pink Copy. Detach and Return This Copy To Sender.

1986/87  
HANSON  
LIABILITY PROGRAM

19-Nov-86

FROM (000'S)	TO (000'S)	CARRIER	COVERAGE	TOTAL PREMIUM	REINSURED LIMITS (000'S)	INSURED LIMITS (000'S)	INSURED PREMIUM	RATE PER \$1,000,000
<b>PRIMARY</b>								
0	500	AIG/REINSURED	OCCURANCE		500 *			
500	2,500	AIG	@ OCCURANCE	1,500,000		2,000	1,500,000	
<b>UMBRELLA</b>								
2,500	10,000	AIG/REINSURED	OCCURANCE	1,500,000	8,000 7,500			200,000
10,000	15,000	ST PAUL	@ OCCURANCE	1,036,000		5,000	1,036,000	207,200
15,000	20,000	INTERNATIONAL	@ OCCURANCE	700,000		5,000	700,000	140,000
20,000	25,000	NORTH RIVER	@ OCCURANCE	245,000		3,500	245,000	70,000
25,000	100,000	AGRICULTURE INS	@ OCCURANCE	105,000		1,500	105,000	70,000
		AM. LINE SLIP	@ NO CLAIM MADE	1,280,000 **		75,000	1,280,000	17,067
<b>TOTAL</b>				<b>6,366,000</b>	<b>8,000</b>	<b>92,000</b>	<b>4,866,000</b>	
<b>UMBRELLA</b>				<b>4,866,000</b>	<b>7,500</b>	<b>90,000</b>	<b>3,366,000</b>	

QUOTED  
ALTERNATIVES

FROM (000'S)	TO (000'S)	CARRIER	COVERAGE	TOTAL ESTIMATED PREMIUM	REINSURED LIMITS (000'S)	INSURED LIMITS (000'S)	ESTIMATED INSURED PREMIUM	RATE PER \$1,000,000
8,000	10,000	GREAT AM SURPLUS	OCCURANCE	800,000		2,000	800,000	400,000
10,000	10,000	HARTFORD	OCC-NO AGG COV	1,650,000		10,000	1,650,000	165,000
20,000	25,000	AIU	CLAIMS MADE	325,000		5,000	325,000	65,000
25,000	100,000	XL LTD	NO CLAIM MADE	1,290,000 †		75,000	1,290,000	17,200
100,000	100,000	ACE LTD	NO CLAIM MADE	550,000 †		100,000	550,000	5,500

NOTE: MOST COVERAGE HAS LIMITED OR NO POLLUTION COVERAGE

\* ESTIMATED AGGREGATE LOSS \$8,500,000 TO \$10,000,000

\*\* AM. LINE SLIP DISCOVERY CLAUSE COST (35%) OR \$ 448,000

@ BOND EXCEPT: AM LINE SLIP 67% COMPLETE  
XL LTD 77% COMPLETE

† IN ADDITION INS'D MUST PAY 1 YEAR'S PREMIUM WHICH IS RETURNABLE 10% 2ND YR;  
20% 3RD YR; 30% 4TH YR; 40% 5TH YR.

LAST YEAR'S UMBRELLA PREMIUM FOR CONTINUING OP'S 5,140,052

PREM L INC. 0.95  
HAN LIMIT INC. 0.98  
SCH LIMIT INC. 1.73