



ZURICH

**Professional Liability
Insurance Policy
Lawyers**

Specimen

ZURICH-AMERICAN INSURANCE GROUP

Insurance is provided by the company designated on the declaration page. (A stock insurance company, herein called the Company)

Provisions

(A stock insurance company, hereinafter called the Company)

In consideration of the undertaking of the Named Insured to pay, when due, the premium and the deductible as described herein and in the amounts stated in the Declarations and in reliance upon the statements in the application attached hereto and made a part hereof and subject to the limits of liability shown in the Declarations, and subject to all of the terms of this insurance, the Company agrees with the Named Insured as follows:

This is a Claims Made Policy -- Please read carefully

INSURED

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

- (a) The Named Insured firm or persons named in the Declarations, or any lawyer or professional legal corporation who during the policy period becomes a partner, officer, director or employee of the firm;
- (b) any lawyer or professional legal corporation who was a former partner, officer, director or employee of the firm or predecessor firm(s) solely while acting in a professional capacity on behalf of such firms;
- (c) any lawyer or professional legal corporation who was a partner, officer, director or employee of the firm or predecessor firm(s) who has retired from the practice of law, but only for those professional services rendered prior to the date of retirement from the Insured firm;
- (d) any non-lawyer who was, is now or hereinafter becomes an employee of the firm or predecessor firm(s) solely while acting within the scope of such person's duties as an employee;
- (e) as respects to the liability of each Insured as is otherwise covered herein, the heirs, executors, administrators, assigns and legal representatives of each Insured in the event of death, incapacity or bankruptcy;
- (f) any lawyer acting as "of counsel," but only while performing services on behalf of the Insured; any employed lawyer or any other employee.

Firm Changes: Any changes amount the partners or stockholders of the Named Insured during the policy period, even though it results in changes in the name or business style of the Firm, shall not affect this insurance but such changes shall be reported to the Company promptly, but in no event later than the next anniversary date of the policy.

COVERAGE

I. Professional Liability and Claims Made Clause: To pay on behalf of the Insured all sums in excess of the deductible amount stated in the Declarations which the Insured shall become legally obligated to pay as damages as a result of CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD:

- (a) by reason of any act, error or omission in professional services rendered or that should have been rendered by the Insured or by any person for whose acts, errors or omissions the Insured is legally responsible, and arising out of the conduct of the Insured's profession as a lawyer or notary public;
- (b) because of personal injury and arising out of the professional services of the Insured as a lawyer or notary public;
- (c) by reason of any act, error, omission or personal injury committed by any non-lawyer employee, but arising solely out of legal services rendered within the scope of such person's employment for the Named Insured;

PROVIDED ALWAYS THAT such act, error or omission or such personal injury happens:

(aa) during the policy period, or

(bb) prior to the policy period, provided that prior to the effective date of this policy:

- (1) the Insured did not give notice to any prior insurer of any such act, error, omission or personal injury;
- (2) the Insured had no basis to believe that the Insured had breached a professional duty or committed a personal injury; and
- (3) there is no prior policy or policies which provide insurance for such liability or claim, unless the available limits of liability of such prior policy or policies are insufficient to pay any liability or claim in which event this policy will be excess over any such prior coverage.

When the Insured renders or fails to render services, as an administrator, conservator, receiver, executor, guardian, trustee, or in

any similar fiduciary capacity, the Insured's acts and omissions in such capacity shall be deemed for the purpose of this section to be the performance of professional services for others in the Insured's capacity as a lawyer, provided that this coverage shall not apply to any loss sustained by the Insured as the beneficiary or distributee of any trust or estate.

Services performed by the Insured in a lawyer-client relationship on behalf of one or more clients shall be deemed for the purpose of this section to be the performance of professional services for others in the Insured's capacity as a lawyer, although such services could be performed wholly or in part by non-lawyers.

It is a condition precedent to coverage under this policy that all claims be reported in compliance with the section CLAIMS I. NOTICE OF CLAIMS.

Claim, whenever used in this policy, means a demand received by the Insured for money or services including the service of suit or institution of arbitration proceedings against the Insured.

Damages, whenever used in this policy, means a monetary judgment or settlement and does not include fines or statutory penalties whether imposed by law or otherwise, nor the return of or restitution of legal fees, costs and expenses arising therefrom.

Predecessor Firms, whenever used in this policy, means any lawyer, law firm or professional legal corporation engaged in the practice of law to whose financial assets and liabilities the firm listed as Named Insured in the Declarations is the majority successor in interest.

Personal Injury, whenever used in this policy, means:

- (a) false arrest, humiliation, detention or imprisonment, wrongful entry or eviction or other invasion of private occupancy or malicious prosecution;
- (b) the publication or utterance of a libel or a slander or other defamatory or disparaging material or a publication or a utterance in violation of an individual's right of privacy.

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

II. Consent to Settle, Defense: The Company shall not settle any claim without the consent of the Insured unless otherwise agreed between the Insured and the Company. With respect to the insurance afforded by this policy, the Company shall defend any claim against the Insured including the appeal thereof seeking damages to which this insurance applies even if any of the allegations of the suit are groundless, false or fraudulent. It is further agreed that the Company may make such investigation of any claim as it deems expedient, but the Company shall not be obligated to pay any claim or judgment or to defend or to continue to defend any claim after the limits of the Company's liability have been exhausted.

III. Discovery Clause: If, during the policy or any Optional Extension Period purchased hereunder, the Insured first becomes aware that an Insured has committed a specific act, error, omission or personal injury in professional services for which coverage is otherwise provided hereunder, and if the Insured shall during the policy period or the Optional Extension Period purchased hereunder give written notice to the Company of:

- (a) the specific act, error, omission or personal injury; and
- (b) the injury or damage which has or may result from such act, error, omission or personal injury; and
- (c) the circumstances by which the Insured first becomes aware of such act, error, omission or personal injury; and

then any claim that may subsequently be made against the Insured arising out of such act, error, omission or personal injury shall be deemed for the purposes of this insurance to have been made during the policy period or the Optional Extension Period purchased hereunder. The Insured shall cooperate fully with the Company as provided in CLAIMS I. and II. and any investigation conducted by the Company or its representatives shall be subject to the terms set forth in this policy.

IV. Option to Extend Claims Reporting Period: If the Named Insured does not renew this policy after complying with all the terms and conditions thereof, including the payment of all premiums and/or deductibles when due, or if the Company shall cancel or refuse to renew the policy for reasons other than the Named Insured's nonpayment of premiums and/or deductibles or noncompliance with the terms and conditions of this policy, then the Named Insured upon payment of an additional premium as set forth herein shall have the option to extend the insurance afforded by this policy subject otherwise to its terms, limits of liability, exclusions and conditions, to apply to CLAIMS FIRST MADE AGAINST THE INSURED DURING (a) 12 MONTHS, (b) 24 MONTHS, (c) 36 MONTHS, or (d) AT ANY TIME as elected by the Named Insured following immediately upon the effective date of such termination but only be reason of any act, error or omission in professional services rendered before such effective termination date and otherwise covered by this insurance. The extension of coverage for claims made subsequent to

termination of the policy shall be endorsed hereto, if purchased and shall hereinafter be referred to as the OPTIONAL EXTENSION PERIOD.

The premium for the Optional Extension Period elected by the Named Insured shall be (a) 100% for 12 MONTHS, (b) 150% for 24 MONTHS, (c) 185% for 36 MONTHS, or (d) 225% for an unlimited period of the full annual premium for this policy.

At the commencement of any Optional Extension Period, the entire premium therefor shall be deemed earned, and in the event the Insured terminates the Optional Extension Period before its term for any reason, the Company shall not be liable to return to the Insured any portion of the premium for the Optional Extension Period.

The fact that the period during which claims must be first made against the Insured under this policy is extended by virtue of the Optional Extension Period shall not in any way increase the limits of liability of this policy.

V. Option to Purchase Nonpracticing Extension Coverage: If any Insured retires or otherwise ceases the private practice of law during the policy period, then upon payment of an additional premium as set forth herein, the Insured shall have the option to extend the insurance afforded by this policy to apply to CLAIMS

FIRST MADE AGAINST THE INSURED DURING (a) 12 MONTHS, (b) 24 MONTHS, (c) 36 MONTHS or (d) AT ANY TIME immediately following the expiration date of this policy as stated in the Declarations, but only by reason of any act, error or omission in professional services rendered before the Insured's date of retirement or termination of private practice and otherwise covered by the insurance, PROVIDED there is no other insurance procured on or after the Insured's date of retirement or termination of practice which covers the Insured for such liability or claim. Such other insurance shall render this coverage inapplicable, even though the limits of liability of such other insurance may be inadequate to pay all loss and claim expenses and/or the deductible amount and deductible provisions of such other insurance may be difference from those of this policy.

The extension of coverage elected by the Insured for claims made subsequent to the Insured's date of retirement or termination of private practice shall be endorsed hereto, if purchased, and shall hereinafter be referred to as NONPRACTICING EXTENSION COVERAGE.

The premium for the Nonpracticing Extension Coverage period initially elected by the Insured shall be (a) 100% for 12 MONTHS, (b) 150% for 24 MONTHS, (c) 185% for 36 MONTHS, or (d) 225% for an unlimited period of the full annual premium for this policy.

The deductible amount and deductible provisions of this policy will be waived with respect to claims first made against the Insured during the Nonpracticing Extension Coverage period purchased by the Insured.

The limits of liability stated in the Declarations and described in LIMITS OF LIABILITY I. and II. shall not apply to the optional coverage available herein. The limits of liability stated in the following schedule shall apply to claims first made against the Insured during the Nonpracticing Extension Coverage period, if purchased and shall apply as described in said schedule.

The limits of liability in effect at the inception of this policy as stated in the Declarations shall determine the limits of liability provided by the Nonpracticing Extension Coverage option if exercised.

In the event of the death or permanent total disability preventing further practice of an Insured as provided by the Insured (a), such Insured shall be entitled, at no additional premium, to an Unlimited Extended Reporting period for all claims first made after the termination of the policy period arising out of any act, error or omission occurring prior to the termination of the policy period and otherwise covered by the policy.

1. \$100,000 each claim/\$300,000 aggregate, then Column I of the following schedule applies.
2. \$200,000 each claim/\$600,000 aggregate, then Column II. of the following schedule applies.
3. \$500,000 each claim/\$1,000,000 aggregate, then Column III of the following schedule applies.
4. Other than those indicated in I II, or III, then such limits as shown in the Declarations shall also apply during the total Nonpracticing Extension Coverage period purchased and the "aggregate" limits shall be deemed the "policy aggregate" as referred to in subparagraph (b) above.

Effective as of
and applicable to
CLAIMS FIRST MADE
AGAINST THE INSURED DURING

	I	II	III	
A. Each Claim:	\$ 100,000	\$ 200,000	\$ 500,000	First 12 month period immediately following expiration, if a 12 month extension is purchased.
Policy Aggregate:	300,000	600,000	1,000,000	
B. Each Claim:	125,000	300,000	600,000	Second 12 month period immediately following expiration,

Policy Aggregate:	350,000	800,000	1,500,000	if a 24 month extension is purchased (Also subject to A.).
C. Each Claim:	150,000	350,000	700,000	Third 12 month period immediately following expiration,
Policy Aggregate:	400,000	850,000	1,500,000	if a 36 month extension is purchased (Also subject to A. and B.).
D. Each Claim:	175,000	400,000	800,000	Fourth 12 month period immediately following expiration,
Policy Aggregate:	500,000	900,000	1,500,000	
Each Claim:	200,000	500,000	1,000,000	and thereafter, if the unlimited extension is purchased (Also
Policy Aggregate:	600,000	1,000,000	1,500,000	subject to A., B. and C.).

If the Insured exercises the Nonpracticing Extension Coverage option:

- (a) The liability of the Company for each claim FIRST MADE AGAINST THE INSURED DURING THE NONPRACTICING EXTENSION COVERAGE PERIOD purchased by the Insured shall not exceed the amount(s) stated in the applicable schedule above for “each claim”; and
- (b) Subject to the limits of liability for “each claim,” the liability of the Company for all claims FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD INCLUDING THE NONPRACTICING EXTENSION COVERAGE PERIOD shall not exceed the amount(s) stated in the schedule above as “policy aggregate.”

If any “aggregate” or “policy aggregate” limit of liability becomes exhausted by payment of judgments or settlements, this policy, including the Nonpracticing Extension Coverage, may be cancelled by the Company. The Company also shall not be obligated to defend or continue to defend any claim for which the applicable

“aggregate” or “policy aggregate” has been exhausted by payment of judgments or settlements.

VI. Exercising the Options: As a condition precedent to the Insured’s right to exercise these options, the full annual premium of this policy and any deductibles that are due must have been paid. Neither the Optional Extension Period nor the Nonpracticing Extension Coverage shall be available when any Insured’s license or right to practice his profession is revoked, suspended by or surrendered at the request of any regulatory authority.

The Insured’s right to purchase any extension option must be exercised by notice in writing not later than thirty (30) days after the cancellation or termination date of this policy. Effective notice must indicate the total extension period desired AND MUST INCLUDE PAYMENT OF PREMIUM FOR SUCH EXTENSION PERIOD as well as all deductibles due the Company.

If such notice, premium and deductible payment are not so given to the Company, the Insured shall not at a later date be able to exercise such rights.

EXCLUSIONS

I. This Policy Does Not Apply:

- (a) to any judgment or final adjudication based upon or arising out of any dishonest, deliberately fraudulent, criminal, maliciously or deliberately wrongful acts or omissions committed by the Insured. However, notwithstanding the foregoing, the Company will provide a defense for any such claims without any liability on the part of the Company to pay such sums as the Insured shall become legally obligated to pay as damages.
- (b) to any claim made by or against any business enterprise not named in the Declarations which is owned by the Insured or in which the Insured is a partner or employee, or which is controlled, operated or managed by the Insured, either individually or in a fiduciary capacity, including the ownership, maintenance or use of any property in connection therewith, or to any claim made against the Insured solely because the Insured is a partner, officer, director, stockholder employee or employee of any firm or corporation not named in the Declarations.
- (c) to liability arising out of the Insured’s services and/or capacity as:
 - (1) an officer, director, partner, trustee or employee of a business enterprise or charitable organization or pension, welfare, profit sharing, mutual or investment fund or trust;
 - (2) a public official, an employee of a governmental body, subdivision, agency;
 - (3) a fiduciary under the Employee Retirement Income Security Act of 1974 and its amendments or any regulation or order issued pursuant thereto, except if an Insured is deemed to be a fiduciary solely by reason of legal advice rendered with respect to an employee benefit plan.
- (d) to any liability for bodily injury, sickness, disease or death of any person, or injury to or destruction of any tangible property or loss of use resulting therefrom, except that this exclusion does not apply to mental illness or emotional distress or humiliation caused by personal injury.

- (e) to any claims arising out of notarized certification or acknowledgment of a signature without the physical appearance before such notary public as insured hereunder of the person who is or claims to be the person signing said instrument.
- (f) to any claim made by a present, former or prospective partner, officer, director, stockholder, employee or employee of the Insured unless such claim arises out of the professional services of the Insured in a lawyer-client relationship.
- (g) to any claim based upon or arising out of discrimination by the Insured on the basis of race, creed, age, sex or marital status.

II. Waiver of Exclusion and Breach of Conditions: Whenever coverage under any provision of this policy would be excluded, suspended or lost:

- (a) because of exclusion (a) relating to any judgment or final adjudication based upon or arising out of any dishonest, deliberately fraudulent, criminal, malicious or deliberately wrongful acts or omissions by any Insured; or
- (b) because of noncompliance with section CLAIMS I. relating to the giving of notice to the Company with respect to which any other Insured shall be in default solely because of the default or concealment of such default by one or more partners or employees responsible for the loss or damage otherwise insured hereunder.

The Company agrees that such insurance as would otherwise be afforded under this policy shall apply with respect to each and every Insured who did not personally commit or personally participate in committing one or more of the acts, errors, omissions or personal injuries described in any such exclusion or condition; provided that if the condition be one with which such Insured can comply, after receiving knowledge thereof, the Insured entitled to the benefit of the Waiver of Exclusions and Breach of Conditions shall comply with such conditions promptly after obtaining knowledge of the failure of any other Insured or employee to comply therewith.

With respect to provision II.(a) above, the Company's obligation to pay in the event of such waiver shall be in excess of the deductible and in the excess of the full extent of any assets in the firm of any Insured who is not a beneficiary to the waiver.

TERRITORY

The insurance afforded applies worldwide.

LIMITS OF LIABILITY

- I. Limit of Liability -- Each Claim:** The liability of the Company for each claim FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD including the Optional Extension Period, if purchased, shall not exceed the amount stated in the Declarations for each claim.
- II. Limit of Liability/Aggregate:** Subject to I. Limit of Liability -- Each Claim, the liability of the Company shall not exceed the amount stated in the Declarations as aggregate as a result of all claims FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD including the Optional Extension Period; if purchased.
- III. Deductible:** The deductible amount stated in the Declarations shall be paid by the Named Insured and shall be applicable to all loss payments and claim expenses, whether or not loss payment is made for claims first made during the policy period. If the Optional Extension Period is purchased, the deductible will be reinstated to the full amount shown in the Declarations and shall be applicable to all loss payments and claim expenses, whether or not loss payment is made, for all claims first made during the Optional Extension Period.

Such amounts shall upon written demand by the Company be paid by the Named Insured within thirty (30) days. Regardless of the number of claims first made during the policy period, the total payments requested from the Named Insured in respect of such covered claims shall not exceed the deductible amount stated in the Declarations. Solely for the purpose of determining the Company's limit of liability the deductible amount shall be deemed to be applied first to the loss payment.

The determination of the Company as to the reasonableness of the claim expenses shall be conclusive on the Named Insured.

- IV. Multiple Insureds, Claims and Claimants:** The inclusion herein of more than one Insured or the making of claims or the bringing of suits by more than one person or organization shall not operate to increase the Company's limit of liability. Two or more claims arising out of a single act, error, omission or personal injury or a series of related acts, errors, omissions or personal injuries shall be treated as a single claim. All such claims, whenever made, shall be considered first made during the policy period or Optional Extension Period in which the earliest claim arising out of such act, error, omission or personal injury, was first made, and all such claims shall be subject to the same limits of liability.
- V. Payments and Apportionment of Claim Expenses:** Subject to the Named Insured's obligation to pay the deductible as set forth in LIMITS OF LIABILITY III. which includes and obligation to pay loss payments and claim expenses, the Company shall pay, except as provided in the following, all claim expenses in addition to the applicable limits of liability.

However, in the event of any payment other than claim expenses in excess of the amount of the limit available under this policy, the Company's liability for claim expenses incurred with its consent shall be such proportion thereof as the amount of the payment hereunder (exclusive of claim expenses) bears to the amount paid to dispose of the claim (exclusive of the claim expenses). In no event shall the Company be obligated to pay any claim or judgment or to defend or continue the defense of any claim after the aggregate limit of the Company's liability has been exhausted by payment of judgments or settlements.

Claim expenses, whenever used in this policy, means:

- (a) fees charged by any lawyer designated by the Company;
- (b) all other fees, costs and expenses resulting from the investigation, adjustment, defense and appeal of a claim, if incurred by the Company;
- (c) fees charge by any lawyer designated by the Insured with the written consent of the Company.

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

CLAIMS

I. Notice of Claims: As a condition precedent to the right of the protection afforded by this insurance, the Insured shall, as soon as practicable, give to the Company written notice of any claim made against the Insured.

In the event suit is brought against the Insured, the Insured shall immediately forward to the Company every demand notice, summons or other process received directly or by the Insured's representatives.

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

III. Subrogation: In the event of any payment under this policy, the Company shall be subrogated to all the Insured's rights of recovery therefor against any person or organization and the Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing after the claim to prejudice such rights.

The Company shall not exercise any such rights against any persons, firms or corporations included in the definition of Insured. Notwithstanding the foregoing, however, the Company reserves the right to exercise any rights of subrogation against an Insured in respect of any claim

brought about or contributed to by the intentional, dishonest, fraudulent, criminal or malicious act or omission of such Insured.

Any amount so recovered shall be apportioned as follows:

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

IV. Action Against the Company: No action shall lie against the Company unless, as a condition precedent thereto, the Insured shall have fully complied with all the terms of this policy, nor until the amount of the Insured's obligation to pay shall have been fully and finally determined either by judgment against the Insured after actual trial or by written agreement of the Insured, the Claimant and the Company.

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

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

CONDITIONS

- I. Application:** By acceptance of this policy, the Insured agrees that the statements in the application are personal representations, that they shall be deemed material and that this policy is issued in reliance upon the truth of such representations and that this policy embodies all agreements existing between the Insured and the Company, or any of its agents, relating to this insurance.
- II. Other Insurance:** Subject to the limitation of coverage as set forth in COVERAGE I.(bb) for prior insurance, and COVERAGE V. for insurance procured subsequent to termination of practice, this insurance shall be in excess of the amount of the applicable deductible of this policy and any other valid and collectible insurance available to the Insured whether such other insurance is stated to be primary, pro rata, contributory, excess, contingent or otherwise, unless such other insurance is written only as a specific excess insurance over the limits of liability provided in this policy.
- III. Changes:** Notice to any agent or knowledge possessed by any agent or other person acting on behalf of the company shall not effect a waiver or change in any part of this policy or stop the Company from asserting any right under the terms of the policy, nor shall the terms of this policy be waived or changed, except by endorsement issued to form a part of this policy.
- IV. Assignment:** Assignment of interest under this policy shall not bind the Company unless its consent is endorsed hereon.
- V. Cancellations:** This policy may be cancelled by the Named Insured by surrender thereof to the Company or by mailing to the aforementioned written notice stating when thereafter such cancellation shall be effective. If cancelled by the Insured, the Company shall retain the customary short rate proportion of the premium.

This policy may be cancelled by the Company by mailing to the Insured named in the Declarations written notice starting when, not less than thirty (30) days thereafter, such cancellation shall be effective. Such notice shall be conclusive on all Named Insureds. However, if the Company cancels the policy because the Insured has failed to pay a premium or deductible when due, this policy may be cancelled by the company by mailing a written notice of cancellation to the Insured stating when not less than ten (10) days thereafter such cancellation shall be effective. The mailing of notice as aforementioned shall be sufficient notice and the effective date of cancellation stated in any notice shall become the end of the policy period. Delivery of such written notice by the Named Insured or the Company shall be the equivalent to mailing.

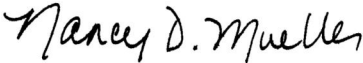
If cancelled by the Company, earned premium shall be computed pro rata. Premium adjustment may be made at the time cancellation is effected or as soon as practicable thereafter.

DEFINITION -- REFERENCE

Certain words are specifically defined for the policy and the definitions are to be found in the sections set forth below:

- (a) Claim, damages, personal injury, policy period-see Coverage.
- (b) Claim expenses -- see Payment and Apportionment of Claim Expenses.

IN WITNESS WHEREOF, the Company has caused this policy to be executed and attested, but this policy shall not be valid unless countersigned by a duly authorized representative of the Company.


President


Secretary

American Guarantee and Liability Insurance Company
American Zurich Insurance Company
Zurich American Insurance Company of Illinois
Administrative Offices
Zurich Towers
1400 American Lane
Schaumburg, Illinois 60196-1056

Nuclear Energy Liability Exclusion Endorsement (BROAD FORM)

This endorsement modifies the provisions of this policy .

It is agreed that:

I. This policy does not apply

(A) Under any Liability Coverage, to bodily injury or property damage

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

(B) Under any Medical Payments Coverage, or any Supplementary Payments provision relating to first aid, to expenses incurred with respect to bodily injury resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.

(C) Under any Liability Coverage, to bodily injury or property damage resulting from the hazardous properties of nuclear material, if

- (1) the nuclear material (a) is at any nuclear facility owned by, or operated by or on behalf of an Insured or (b) has been discharged or dispersed therefrom;
- (2) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an Insured; or
- (3) the bodily injury or property damage arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the

planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to property damage to such nuclear facility and any property thereat.

II. As Used in This Endorsement:

“hazardous properties” include radioactive, toxic or explosive properties;

“nuclear material” means source material, special nuclear material or by-product material;

“source material”, “special nuclear material”, and “by-product material” have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof,

“spent fuel” means any fuel elements or fuel component, solid or liquid, which has been used or exposed to radiation in nuclear reactor;

“waste” means any waste material (1) containing by-product material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (a) or (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 a self-supporting chain reaction or to contain a critical mass of fissionable material;

“property damage” includes all forms of radioactive contamination of property.

Specimen

**ZURICH-AMERICAN
INSURANCE GROUP**

A MEMBER OF THE WORLDWIDE ZURICH INSURANCE GROUP

1400 AMERICAN LANE, SCHAUMBURG, IL 60196-1056

U-PL-204-A (CW) (1/95)