THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA	ILLINOIS NATIONAL INSURANCE CO.	AMERICAN INTERNATIONAL SOUTH INSURANCE COMPANY
[X]	[ ]	[ ]

POLICY NUMBER: 6907982
RENEWAL OF: 6907921

ITEM 1. **Named Insured** Address (Street, Town, State)

ABAG PLAN CORPORATION

101 8TH STREET
OAKLAND, CA 94607

SPECIAL EXCESS LIABILITY POLICY FOR PUBLIC ENTITIES DECLARATIONS

This Declarations Page and attached schedule(s), and all terms and conditions complete this insurance Policy.

ITEM 2. **POLICY PERIOD** **FROM:** July 1, 2010 **TO:** July 1, 2011 AT 12:01 A.M. STANDARD TIME AT THE ADDRESS OF THE **NAMED INSURED** SHOWN ABOVE

ITEM 3. **LIMITS OF INSURANCE:**

The Limits of Insurance, subject to all the terms and conditions of this Policy are:

A. Limits of Insurance

1. Aggregate Limits

a. $10,000,000 **Products-Completed Operations Hazard** Aggregate

b. $10,000,000 Errors and Omissions Liability Aggregate, other than **personal injury offense wrongful acts**

c. $10,000,000 Employee Benefit Liability Aggregate

2. Per **Occurrence** or **Wrongful Act** or **Employee Benefit Wrongful Act** Limit

$10,000,000 Any one **occurrence** or **wrongful act** or **employee benefit wrongful act** or series of continuous, repeated, or related **occurrences** or **wrongful acts** or **employee benefit wrongful acts.**

B. Retained Limit

$5,000,000 Any one **occurrence** or **wrongful act** or **employee benefit wrongful act** or series of continuous, repeated, or related **occurrences** or **wrongful acts** or **employee benefit wrongful acts.**

ITEM 4. **ENDORSEMENTS APPLICABLE TO THIS POLICY ON THE ORIGINAL DATE OF ISSUE:**

Title	Number
See attached schedule	See attached schedule

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ITEM 5.	**PREMIUM COMPUTATION:**		
	ESTIMATED EXPOSURE	RATE / PER FLAT	AUDIT PERIOD Not Subject to Audit
	ADVANCED PREMIUM $508,686.00 Taxes: N/A Surcharges: N/A	MINIMUM PREMIUM $508,686.00	MINIMUM EARNED PREMIUM $127,172.00
	The premium computation is for the stated audit period, unless an Installment schedule is attached to this insurance Policy; such premium may be subject to adjustment.		
ITEM 6.	**RETAINED LIMIT CLAIMS SERVICING ORGANIZATION:** SELF-ADMINISTERED		

This Policy is not valid unless countersigned by a duly authorized agent of the Company.

Producer: (Name and Address)

ALLIANT INSURANCE SERVICES, INC.
100 PINE STREET, 11TH FLOOR
SAN FRANCISCO, CA 94111-2711

Date of Issue: 06/26/2010

Countersigned By: Christopher G. Kopser
Authorized Representative

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FORMS SCHEDULE

Named Insured: ABAG PLAN CORPORATION

Policy Number: 6907982
Effective 12:01 AM: July 1, 2010

End't. No.	Form Name	Form Number/ Edition Date	
	Special Exs Liab Policy for Public Entities Dec	70109	(03/98)
	Special Excess Liab Policy for Public Entities	70108	(03/98)
	POLICYHOLDER DISC - NOTICE OF TERRORISM INS COVG	96556	(01/08)
1	Violation of Comm & Info Law Excl Endt	91372	(08/06)
2	Economic or Trade Sanctions Cond Endt	91373	(08/06)
3	Act of Terrorism Retained Limit Endorsement	91566	(08/06)
4	No Fault, UM/UIM Motorist Excl End	89805	(05/06)
5	Fungus Excl Endt	91484	(08/06)
6	CALIFORNIA CANCELLATION/NONRENEWAL ENDORSEMENT	91603	(09/06)
7	ADDITIONAL INSURED ENDORSEMENT	89777	(05/06)
8	Claim Reporting Duties Endorsement	89780	(05/06)
9	LIMITS OF INSURANCE AMENDATORY ENDT. (AMENDMENT OF	89792	(05/06)
10	COVERAGE TERRITORY ENDT.	89644	(07/05)
11	NOTIFICATION OF CLAIMS ENDORSEMENT	90689	(12/09)
12	PUBLIC RESPONSE	91805	(12/09)
13	Named Insured Endorsement	MNSCPT	(05/07)
14	Blanket Waiver of Subrogation	MNSCPT	(05/07)
15	DAM Coverage Endorsement	MNSCPT	(05/08)

SPECIAL EXCESS LIABILITY POLICY FOR PUBLIC ENTITIES

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SPECIAL EXCESS LIABILITY POLICY FOR PUBLIC ENTITIES

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SPECIAL EXCESS LIABILITY POLICY FOR PUBLIC ENTITIES

Various provisions in this Policy restrict coverage. Read the entire Policy carefully to determine rights, duties, and what is and is not covered.

Throughout this Policy the words **you** and **your** refer to the **Named Insured(s)** shown in the Declarations and any other person(s) or organization(s) qualifying as an **insured** under this Policy. The words **we**, **us**, and **our** refer to the Company providing this insurance.

Other words and phrases that appear in boldface have special meaning. Refer to SECTION II. **DEFINITIONS.**

In consideration of the payment of the premium and in reliance upon the statements in the Declarations, **we** agree to provide as follows:

SECTION I. WHAT WE SHALL PAY ON YOUR BEHALF

A. INSURING AGREEMENTS

1. **BODILY INJURY** AND **PROPERTY DAMAGE** LIABILITY

   We shall pay **you**, or on **your** behalf, the **ultimate net loss**, in excess of the **retained limit**, that the **insured** becomes legally obligated to pay by reason of liability imposed by law or assumed under an **insured contract** because of **bodily injury** or **property damage** arising out of an **occurrence** during the Policy Period.

2. ERRORS AND OMISSIONS LIABILITY

   We shall pay **you**, or on **your** behalf, the **ultimate net loss**, in excess of the **retained limit**, that the **insured** becomes legally obligated to pay to compensate others for loss arising out of **your wrongful act** that takes place during the Policy Period and arises solely in performing or failing to perform duties of the **public entity**.

3. **EMPLOYEE BENEFIT** LIABILITY

   We shall pay **you**, or on **your** behalf, the **ultimate net loss**, in excess of the **retained limit**, that the **insured** becomes legally obligated to compensate others for loss arising out of **your employee benefit wrongful act** that takes place during the Policy Period, in the **administration** of **your employee benefit program**.

B. DEFENSE AND DEFENSE COSTS

1. **We** shall have the right and duty to defend, investigate and settle any **claim** or **suit** seeking damages covered by the terms and conditions of this Policy when the applicable limits of insurance of the **underlying insurance** listed in the Schedule of **Underlying Insurance**, the limits of insurance of any other **underlying insurance** providing coverage to **you**, or **your** self insured retention of the **retained limit** have been

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exhausted by payment to a third party of judgments, settlements, or defense costs, or by payment of **covered first party automobile expenses**.

2. When **we** assume the defense of any **claim** or **suit**:

   a. **We** will defend any **claim** or **suit** against **you** seeking damages under this Policy even if such **claim** or **suit** is groundless, false, or fraudulent, but **we** have the right to investigate, defend, and settle the **claim** or **suit** as **we** deem necessary.

   b. **We** will pay the following, to the extent that they are not included in the **underlying insurance** listed in the Schedule of **Underlying Insurance**, self insured retention of the **retained limit** or in any other insurance providing coverage to **you**:

      i. Premiums on bonds to release attachments for amounts not exceeding **our** Limits of Insurance, but **we** are not obligated to apply for or furnish any such bond;

      ii. Premiums on appeal bonds required by law to appeal any **claim** or **suit we** defend, but **we** are not obligated to apply for or furnish any such bond;

      iii. All costs taxed against **you** in any **claim** or **suit we** defend;

      iv. Pre-judgment interest awarded against **you** on that part of the judgment **we** pay. If **we** make an offer to pay the applicable Limit(s) of Insurance, **we** will not pay any pre-judgment interest based on that period of time after the offer;

      v. All interest that accrues after entry of judgment and before **we** have paid, offered to pay, or deposited in court the part of the judgment that is within **our** applicable Limit(s) of Insurance; or

      vi. **Your** expenses incurred with our consent or at **our** request.

3. **We** will not defend any **suit** or **claim** after **our** applicable Limit(s) of Insurance has been exhausted by payment of judgments, settlements, or defense costs.

4. All expenses **we** incur in the defense of any **suit** or **claim** are included within the Limits of Insurance, except for salaries of **our** employees, **our** office expenses, and any expenses of any **claims** or **suit** by the servicing organization **we** have engaged.

5. In all other instances except 1. above, **we** will not be obligated to assume charge of the investigation, settlement or defense of any **claim** made, **suit** brought or proceeding instituted against **you**. **We** will, however, have the right and shall be given the opportunity to participate in the defense and trial of any **claims**, **suit** or proceedings relative to any **occurrence**, **wrongful act** or **employee benefit wrongful act**, which in

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our opinion, may create liability for **us** under the terms and conditions of this Policy. If **we** exercise such right, **we** will do so at **our** own expense.

6. If allegations of **wrongful acts** soley as respect to **employment practice liability** are not subsequently proven after a trial by a final judgment or other adjudication adverse to **you** or if there is a dismissal of the **claim** or **suit** before a trial, **we** will reimburse you reimburse **you** up to fifty percent (50%) of reasonable defense costs **you** incur, subject to a maximum amount of $250,000. However, reimbursement of such defense costs will not be made by **us** to **you** if there is any kind of settlement with a third party.

SECTION II. DEFINITIONS

A. **Administration** means:

1. Counseling **employees**, including their dependents and beneficiaries, with respect to the **employee benefit program**;

2. Handling records in connection with the **employee benefit program**; and/or

3. Effecting or terminating any **employee's** participation in a plan included in the **employee benefit program**.

B. **Automobile** means a land motor vehicle, trailer or semi-trailer; or, such land motor vehicles used in a transit or public transportation system operating over non-fixed routes as provided in the exception provisions of Exclusion DD.

C. **Bodily Injury** means bodily harm, sickness, disability or disease. **Bodily injury** shall also mean mental injury, mental anguish, humiliation, shock or death if resulting directly from **bodily injury**, sickness, disability or disease. **Bodily injury** shall include care and loss of services resulting at any time resulting from the **bodily injury** of any person or persons.

D. **Claim(s)** means a demand for money.

E. **Covered first party automobile expenses** means the minimal legally mandated **automobile** personal injury protection (PIP) expenses and/or uninsured/underinsured motorists benefits.

F. **Dam** means any artificial barrier, together with appurtenant works, which does or may impound or divert water.

G. **Employee** includes a **leased worker** or a volunteer while acting within the scope of his/her duties as such.

H. **Employee benefit program** includes any employee benefit plan involving, but not limited to, the following:

Group life insurance, group accident or health insurance, profit sharing plans, pension plans and stock subscription plans provided that no one other than an **employee** may subscribe to such insurance or plans, unemployment insurance, social security benefits, workers' compensation and disability benefits.

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I. **Employee benefit wrongful act** means any actual or alleged negligent act, error, or omission in the **administration** of the **employee benefit program**.

J. **Employment practice liability** shall mean any actual or alleged negligent error or omission resulting in loss to:

1. A person arising out of any:

   a. Refusal to employ that person;

   b. Termination of that person's employment; or

   C. Employment related practices, policies, acts or omission, including, but not limited to, coercion, demotion, evaluation, **retaliation**, reassignment, discipline, defamation, harassment, failure to promote, humiliation, discrimination; or acts or omissions as described in 1.c. herein directed at a **whistle-blower**; or

2. The spouse, child, parent, brother or sister of that person as a consequence of loss to that person to whom any of the employment-related practices described in paragraphs. 1.a., 1.b., or 1.c. above apply.

This coverage applies:

   a. Whether **you** may be liable as an employer or in any other capacity; and

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

K. **First aid** means the immediate and emergency care given to an ill or injured person before regular medical aid can be obtained.

L. **Hired automobile** means an **automobile** used under contract on **your** behalf or loaned to **you**, provided such **automobile** is not owned by **you** or registered in **your** name or in the name of any of **your employees** or servants.

M. **Hostile fire** means a fire that becomes uncontrollable or breaks out from where it was intended to be.

N. **Insured contract** means:

1. A contract for a lease of premises including but not limited to premises rented or loaned to **you**;

2. A sidetrack agreement;

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3. Any easement or license agreement;

4. An obligation, as required by ordinance;

5. An elevator maintenance agreement;

6. That part of any other contract or agreement pertaining to **your** business under which **you** assume the tort liability of another party to pay for **bodily injury** or for **property damage**, or for a **wrongful act** from a **personal injury offense** to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement; or

An **insured contract** does not include that part of any contract or agreement:

That indemnifies an architect, engineer, or surveyor, his agents or **employees**, for injury or damage arising out of:

a. Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs, or specifications; or

b. Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage.

O. **Joint powers authority(ies)** means two (2) or more public agencies joined together by a joint agreement in order to jointly exercise any power common to the contracting parties, including, but not limited to the power to create risk pooling and joint purchase of private insurance.

P. **Land subsidence** means the movement of land or earth, including, but not limited to, sinking or settling of land, earth movement, earth expansion and/or contraction, landslide, slipping, falling away, caving in, eroding, earth sinking, and earth rising or shifting or tilting.

Q. **Leased worker** means a person leased to **you** by a labor leasing firm under an agreement between **you** and the labor leasing firm, to perform duties related to the conduct of **your** business.

R. **Loading or unloading** means the handling of property:

1. While it is in or on an aircraft; or

2. While it is being moved from an aircraft to the place where it is finally delivered.

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

S. **Municipality** means a legally incorporated or duly authorized association of inhabitants of a limited area limited to the following: city, town, county, village, township, borough, hamlet, burgh, or state.

T. **Nuclear facility** means:

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1. Any **nuclear reactor**;

2. Any equipment or device or used for:

   a. Separating the isotopes of uranium or plutonium,

   b. Processing or utilizing **spent fuel**, or

   c. Handling, processing or packaging nuclear **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 **your** custody 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 nuclear **waste**; or

5. The site on which 1. and 2. above are located, all operations conducted on those sites, and all premises used for such operations.

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

V. **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.

W. **Occurrence** means an accident, including continuous, repeated, or related exposure to substantially the same general harmful conditions, which results in **bodily injury** or **property damage** neither expected or intended from **your** standpoint.

X. **Owned automobile** means an **automobile** owned by **you** or under long term lease to **you**.

Y. **Pollutants** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and **waste** material. **Waste** material includes materials which are intended to be or have been recycled, reconditioned or reclaimed.

Pollutants shall not include potable water, water distributed to the consumer intended to be potable water, agricultural water, or water furnished to commercial users, or water used for fire suppression. **Pollutants** shall also not include smoke or fumes from a **hostile fire**.

Z. **Products-completed operations hazard** means all **bodily injury** and **property damage** occurring away from premises **you** own or rent and arising out of **your product** or **your** work except:

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1. Products that are still in **your** physical possession; or

2. Work that has not yet been completed or abandoned.

Your work will be deemed completed at the earliest of the following times:

1. When all of the work called for in **your** contract has been completed;

2. When all of the work to be done at the site has been completed if **your** contract calls for work at more than one site; or

3. When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

This hazard does not include **bodily injury** or **property damage** arising out of:

1. The transportation of property, unless the injury or damage arises out of a condition in or of a vehicle created by the **loading or unloading** of it; or
2. The existence of tools, uninstalled equipment or abandoned or unused materials.

AA. **Property damage** means:

1. Physical injury to or destruction of tangible property, including all resulting loss of use of that property; or

2. Loss of use of tangible property that is not physically injured or destroyed.

BB. **Public entity** refers to that **municipality**, governmental body, department, or unit, which is a **Named Insured** in the Declarations.

CC. **Retained limit** refers to the amount stated in the Declarations. This amount may consist of a self insured retention, **underlying insurance**, or a combination thereof. If there are policies of **underlying insurance** and they do not apply to the **occurrence**, **wrongful act**, and/or **employee benefit wrongful act**, **you** shall retain this amount as self-insurance as stated in the Declarations with respect to:

1. **Bodily injury** or **property damage** arising out of each such **occurrence** or series of continuous, repeated or related **occurrences**;

2. Each such **wrongful act** or series of continuous, repeated or related **wrongful acts**; or

3. Each such **employee benefit wrongful act** or series of continuous, repeated, or related **employee benefit wrongful acts**.

The **retained limit**, with respect to a self-insured retention, shall include defense costs.

The **retained limit**, however, shall not include salaries of **your employees**, **your** office expenses, or expenses of any claims servicing organization that **you** have engaged.

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DD. **Retaliation** means a **wrongful act** of **yours** relating to or alleged to be in response to any of the following activities:

1. The disclosure or threat of disclosure by your employee to a superior or to any governmental agency of any act by you which is alleged to be a violation of any federal, state, local, or foreign law, common or statutory, or any rule or regulation promulgated thereunder;

2. The actual or attempted exercise by **your employee** of any right that such **employee** has under law, including rights under worker's compensation laws, the Family and Medical Leave Act, the Americans with Disabilities Act or any other law relating to **employee** rights;

3. The filing of any **claim** or **suit** under the Federal False Claims Act of any other federal, state, local, or foreign **whistle-blower** law; or

4. Strikes of **your employee.**

EE. **Source material, special nuclear material** and **by-product material** have the meaning given them in the Atomic Energy Act of 1954 or in any amendatory law thereof.

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

GG. **Suit** means a civil proceeding in which damages are alleged because of **bodily injury** or **property damage, wrongful act** or **employee benefit wrongful act** to which this insurance applies. **Suit** includes:

1. An arbitration proceeding in which such damages are claimed and to which **you** must submit or do submit with **our** consent; or

2. Any other alternative dispute resolution proceeding in which such damages are claimed and to which **you** submit with **our** consent.

HH. **Ultimate net loss** means the sum actually paid or payable due to a **claim** or **suit** for which **you** are liable either by a settlement to which **we** agreed or a final judgment, and shall include defense costs. Such sum will include proper adjustments for recoveries and salvage.

II. **Underlying insurance** refers to the policies listed in the Schedule of **Underlying Insurance** and includes:

1. Any renewal or replacement of such policies;

2. Any other insurance available to the **you**; and

3. Any other valid and collectible risk financing mechanism provided under a **joint powers authority**.

JJ. **Underlying insurer** means any insurer which provides a policy listed in the Schedule of **Underlying Insurance** and includes any insurer which provides any renewal or replacement of such policies and any insurer which provides any other insurance available to **you.**

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KK. **Waste** means any **waste** material containing **by-product material** and arising out of the operation by any person or organization of any **nuclear facility** included within the definition of **nuclear facility**.

LL. **Whistle-blower** means an **employee**, who discloses or threatens to disclose to a superior or any governmental agency, or who gives testimony relating to any action by **you**, which may be a violation of public policy as reflected in legislation, administrative rules, regulations or decisions, judicial decisions, or professional codes of ethics.

MM. **Wrongful act** means:

Any actual or alleged error or misstatement, omission, negligent act, or breach of duty including misfeasance, malfeasance, and nonfeasance by **you**, including, but not limited to, those constituted by:

1. Any violation of antitrust statutes;

2. Any negligent ministerial act;

3. Any faulty preparation or approval of maps, plans, reports, surveys, designs, bid documents, bid specifications, other specifications, or inaccuracies due to estimates of probable costs, but only if any of the afore listed services are provided by any **insured** for another **insured**;

4. **Employment practice liability**; or

5. Discrimination on any basis, including, but not limited to: race, creed, religion, ethnic background, national origin, age, handicap, sex or sexual orientation; but not intentionally committed by **you** or at **your** direction.

Wrongful act also means any **personal injury offense** or **advertising injury offense**.

Advertising injury offense means any act, error, or omission constituted by one or more of the following:

1. Oral or written publication of material that slanders or libels a person or organization, or disparages a person or organization's goods, products, or services;

2. Oral or written publication of material that violates a person's right of privacy;

3. Misappropriation of advertising ideas or style of doing business; or

4. Infringement of copyright, title or slogan.

Personal injury offense means any act, error, or omission constituted by one or more of the following:

1. False arrest, detention or imprisonment;

2. Malicious prosecution;

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3. Oral or written publication of material that slanders or libels a person or organization, or disparages a person or organization's goods, products, or services;

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

5. Violation of an individual's right to privacy; or

6. Assault and battery.

NN. **Your Product** means:

1. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

   a. **You**;

   b. A person or organization whose business or assets **you** have acquired; and

2. Containers, other than vehicles, materials, parts or equipment furnished in connection with such goods or products;

Your product includes:

3. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of **your product**;

4. The providing of or failure to provide warnings or instructions;

5. Work or operations performed by **you** or on **your** behalf; and

6. Materials, parts or equipment furnished in connection with such work or operations.

SECTION III. LIMITS OF INSURANCE

A. The Limits of Insurance shown in the Declarations and the rules below state the most **we** will pay in excess of **your retained limit** regardless of the number of:

1. **Insureds.** However, in the event that there are multiple **municipalities** as **Named Insureds**, **our** Limits of Insurance shall apply separately to each **municipality** insured under this Policy;

2. **Claims** made or **suits** brought; or

3. Persons or organizations making **claims** or bringing **suits**.

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B. The **retained limit** shown in the Declarations applies:

1. Only to damages for **occurrences**, losses for **wrongful acts**, or losses for **employee benefit wrongful acts** covered under this Policy; and

2. Separately to each **occurrence, wrongful act**, or **employee benefit wrongful act** or series of continuous, repeated, or related **occurrences, wrongful acts**, or **employee benefit wrongful acts**; and

3. Separately to each **municipality** insured under this Policy in the event that there are multiple **municipalities** as **Named Insureds**.

C. **Our** duty to pay any sums that **you** become legally obligated to pay arises only after there has been a complete expenditure of **your retained limit** by means of payments for judgments, settlements, or defense costs. **Your retained limit** shall not be exhausted by **your** office expenses, **employees'** salaries, or expenses of any claims servicing organization that **you** have engaged. **We** will then be liable only for that portion of damages in excess of **your retained limit** up to **our** Limits of Insurance.

D. If the limits of insurance of the **underlying insurance** are less than **your retained limit, you** shall bear the risk of the difference. If such limits, however, are greater than **your retained limit**, this Policy is in excess of the greater limits.

E. The Per **Occurrence** or **Wrongful Act** or **Employee Benefit Wrongful Act** Limit of Insurance is the most **we** will pay for the sum of all damages because of **bodily injury** or **property damage** arising out of a single **occurrence** or all losses arising out of a single **wrongful act** or all losses arising out of a single **employee benefit wrongful act**.

F. All **occurrences** arising out of continuous, repeated, or related **occurrences** shall be treated as one **occurrence**. All **wrongful acts** or **employee benefit wrongful acts** arising out of continuous, repeated, or related **wrongful acts** or **employee benefit wrongful acts** shall be treated as one **wrongful act** or one **employee benefit wrongful act**. The Limits of Insurance in effect when the first **claim** or **suit** is made and reported to **us** shall apply.

G. The Aggregate Limits are the most **we** will pay for the total of all damages:

1. Under the **products-completed operations hazard** arising out of all **occurrences**; or

2. For all losses arising out of all **wrongful acts**; or

3. For all losses arising out of all **employee benefit wrongful acts**;

and subject to SECTION III. A. above, if there are multiple **municipalities** as **Named Insureds**.

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H. The Limits of Insurance apply separately to each consecutive annual period. The Policy Period begins with the effective date shown in the Declarations. If the Policy Period is extended after issuance for an additional period of less than twelve (12) months, the additional period will be deemed part of the last preceding period.

SECTION IV. WHO IS AN INSURED

Insured means each of the following:

A. The **Named Insured** designated in the Declarations;

B. Those individuals who were or now are elected or appointed officials of the **Named Insured**, including members of its governing body or any other agencies, districts, authorities, committees, trustees, boards, commissions, or similar entity of the **Named Insured**, while acting on behalf of the **Named Insured**;

C. Any of **your employees**, servants, or volunteers while acting within the course and scope of their employment or duties as volunteers;

D. Any and all legally authorized **joint power authority(ies)** representing any listed **Named Insured** under this Policy. The following are also **insureds** with respect to such **joint power authority(ies)**:

1. The **municipality** agencies participating as member agencies in the **joint power authority(ies)**, and any and all districts, authorities, committees, trustees, boards, commissions, or similar entity subject to the direction or control of such agencies or for which the board members act as governing body. The member agency includes all departments and constituent agencies of the member agency; and

2. Any person(s) who are past or present elected or appointed officers, **employees**, or authorized volunteers of the member agencies, whether or not compensated while acting on behalf of the member agencies and within their scope of employment or volunteer capacities, including acting on boards at the direction of the agencies.

E. Any person:

1. Designated in paragraphs A. through D. with respect to any **automobile** not owned by **you** that is used in **your** operations as a **public entity**; and

2. Using any **owned automobile** or **hired automobile** or any person legally responsible for the use thereof, provided that the **automobile** is being used with **your** permission.

The coverage granted by this provision, however, does not apply to:

1. Any person operating an **automobile** while working in a business that sells, services, repairs, delivers, tests, parks, or stores **automobiles**; or

2. The owner or lessee of any **hired automobile**, other than the **insured** or any agent or **employee** of such owner or lessee.

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SECTION V. EXCLUSIONS

We will not defend or pay under this Policy for **claims** or **suits** against **you**:

A. For **bodily injury** or **property damage**, arising out of a **wrongful act** or **employee benefit wrongful act** whether causing or contributing to such **bodily injury** or **property damage**. However, if **bodily injury** or **property damage** arises out of an **occurrence**, coverage applies only to the **occurrence** and is subject to the terms and conditions of this Policy;

B. Arising out of the ownership, maintenance, loading or unloading, use or operation of any aircraft, airfields, runways, hangars, buildings or other properties in connection with aviation activities.

However, in connection with airfields, runways, hangers, buildings or other properties in connection with aviation activities, this exclusion shall not apply to those areas open to the public for the purpose of entering, leaving, or using the airport facilities, including parking lots and garages;

C. For which **you**, or any carrier as **your** insurer, may be held liable under any workers' or unemployment compensation law, disability benefits law or any similar law;

D. Arising out of the liability of **your employee** for **bodily injury** to another of **your employee(s)** injured in the course of his or her employment. However, this exclusion does not apply to liability assumed by **you** under any **insured contract**;

E. Arising out of any **advertising injury offense** due to:

1. Breach of contract, other than misappropriation of advertising ideas under an implied contract;

2. The failure of goods, products or services to conform with advertised quality or performance;

3. The wrong description of the price of goods, products, or services; or

4. Operations by an **insured** whose primary business is advertising, broadcasting, publishing or telecasting.

F. For **property damage**:

1. To property owned by **you**; or

2. To aircraft in **your** care, custody or control or as to which **you** are for any purpose exercising physical control.

G. Arising from liability **you** assume in a contract or agreement. This exclusion does not apply to liability for damages:

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1. Assumed in a contract or agreement that is an **insured contract** provided the **bodily injury** or **property damage** occurs subsequent to the execution of the contract or agreement; or

2. That **you** would have in the absence of the contract or agreement;

H. 1. For **bodily injury** or **property damage** due to an **occurrence** or loss due to a **wrongful act** which would not have occurred in whole or in part but for the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **pollutants** at any time;

2. For any loss, cost, or expense arising out of any:

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

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

However, 2.b. shall not apply to such loss, cost, or expense arising from any spill, release, or other hazardous condition at or from the premises, equipment, or location(s) which **you** do not own, rent, control or occupy.

However, this exclusion shall not apply to the following:

i. Any liability arising out of **bodily injury** or **property damage** due to an **occurrence** or loss due to a **wrongful act** by **you** arising out of heat, smoke, or fumes from a **hostile fire**;

ii. Any liability arising out of explosion, lightning, windstorm, vandalism or malicious mischief, collapse, riot and civil commotion, flood, earthquake or collision, upset, or overturn of an **automobile** or equipment;

iii. Any liability arising out of police use of mace, oleoresin capsicum (o.c.), pepper gas or tear gas;

iv. Weed abatement or spraying; or

v. Any liability arising out of the **products-completed operations hazard**.

All **bodily injury** or **property damage** due to an **occurrence** or loss due to a **wrongful act** arising from i., ii., iii., iv., or v. above arising out of the same, interrelated, associated, repeated or continual discharge, dispersal, release or escape of **pollutants** shall be deemed one **occurrence** or **wrongful act**. The commencement of such discharge, dispersal, release or escape of **pollutants** shall be recorded and reported to the Risk Manager or designated Department Head within a seventy-two (72) hour period.

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It is further agreed that regardless of whether any **suit** or **claim** against **you** has been made, **you** shall give written notice to **us** or any of **our** authorized brokers within forty (40) calendar days of the Risk Manager's or designated Department Head's recorded entry of such discharge, dispersal, release or escape of **pollutants** which may result in liability for **bodily injury** or **property damage** due to an **occurrence** or loss due to a **wrongful act** as described in i., ii., iii., iv., or v. above;

I.

1. Arising out of the manufacture of, mining of, use of, sale of, installation of, removal of, distribution of, or exposure to asbestos products, asbestos fibers, or asbestos dust; or

2. For any of **your** obligations to indemnify any party because of damage arising out of **bodily injury** or **property damage** due to an **occurrence** or loss due to a **wrongful act** at any time as a result of the manufacture of, mining of, use of, sale of, installation of, removal of, distribution of, or exposure to asbestos, asbestos products, asbestos fibers, or asbestos dust; or

3. For any of **your** obligations to defend any **claim** or **suit** against **you** seeking damages arising out of **bodily injury** or **property damage** due to an **occurrence** or loss due to a **wrongful act**, if such **claim** or **suit** results from or is contributed to any combination of the following: manufacture of, mining of, use of, sale of, installation of, removal of, distribution of, or exposure to asbestos, asbestos products, asbestos fibers, or asbestos dust.

We also shall not pay any cost related to the defense, investigation, and settlement of any such **claim** or **suit** as described in 1., 2., or 3. above;

J. For liability:

1. With respect to which **you** are an **insured** under a nuclear energy liability policy by the Mutual Atomic Energy Liability Underwriters, the American Nuclear Insurers, or the Nuclear Insurance Association of Canada, or any successor organizations, or would be an **insured** under any such policy but for its termination upon exhaustion of its limit of liability; or

2. Arising out of the hazardous properties of **nuclear material** 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) **you** are, 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

3. Arising out of the hazardous properties of **nuclear material**, if:

   a. The **nuclear material** is at any **nuclear facility** owned by, or operated by **you** or on **your** behalf or has been discharged or dispersed therefrom;

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b. The **nuclear material** is contained in **spent fuel** or **waste** at any time possessed, handled, used, processed, stored, transported or disposed of by **you** or on **your** behalf; or

c. The damage or loss arises out of the furnishing by **you** 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 damage or loss to such **nuclear facility** and any property located at the facility;

We also shall not pay any cost related to the defense, investigation, and settlement of any **claim** or **suit**.

K. Arising out of the failure or inability to supply or provide an adequate supply of electricity, fuel, or water arising out of the interruption of the electrical power, fuel, or water supply;

L. Arising out of a **wrongful act** by **you** or on **your** behalf in the handling of **claims** or **suits** within **your retained limit** whenever **you** investigate, defend, or settle such **claims** or **suits** or elect a third party to investigate, defend or settle such **claims** or **suits**;

M. Arising out of the effecting or failure to effect insurance contracts;

N. Arising out of the Employee Retirement Income Security Act of 1974 or amendments thereto;

O. Arising out of an alleged willful commission of a crime by **you** or other dishonest, fraudulent, or malicious act. At **our** discretion, however, **we** will pay for defense costs until final adjudication, judgment, or settlement to which **we** have agreed. If the judgment or final adjudication is adverse to **you**, **you** will reimburse **us** for all costs associated with the defense.

This exclusion shall not apply to any vicarious liability that any **insured** has with regard to the managerial, advisory, supervisory, or controlling obligations over the actions of another **insured**.

P. Arising out of **your wrongful act** for gain, profit, or advantage to which **you** are not legally entitled. At **our** discretion, however, **we** will pay for defense costs for any **claim** or **suit** arising from an alleged willful commission of a crime by **you** or other dishonor, fraudulent or malicious act, for any **claim** or **suit** arising out of **your wrongful act** for gain, profit, or advantage to which **you** are not legally entitled until final adjudication, judgment or settlement to which **we** have agreed. If the judgment or final adjudication is adverse to **you**, **you** will reimburse **us** for all costs associated with the defense;

This exclusion shall not apply to any vicarious liability that any **insured** has with regard to the managerial, advisory, supervisory, or controlling obligations over the actions of another **insured**;

Q. For **personal injury offense** or **advertising injury offense**:

1. Arising out of oral or written publication of material, if done by or at the direction of the **insured** with knowledge of its falsity; or

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2. Arising out of oral or written publication of material whose first publication took place before the beginning of the Policy Period. All **personal injury offense** or **advertising injury offense** arising out of publication of the same or similar material subsequent to the beginning of the Policy Period is also excluded;

R. Arising out of the purchase, sale, or offer of sale, or solicitation of any security, debt, bank deposit or financial interest or instrument;

S. Arising out of any representations made at any time in relation to the price or value of any security, debt, bank deposit, or financial interest or instrument, including, but not limited to, advice given to any person to participate in any plan included in the **employee benefit program**;

T. Arising out of any depreciation or decline in price or value of any security, debt, bank deposit or financial interest or instrument;

U. Arising out of an insufficiency of funds to meet any obligation under any **employee benefit program**;

V. Arising out of act, error, or omission by the **insured** to effect and maintain insurance or bonding for plan property or assets of **employee benefit program**;

W. Arising out of failure of performance or performance under any contract by an insurer of benefits subject to the **employee benefit program**;

X. For any **property damage** arising out of **land subsidence** for any reason whatsoever;

Y. Arising out of direct condemnation of property or exercise of power of eminent domain by **you** or on **your** behalf, or inverse condemnation, or any taking of property by **you** which is compensable under the Fifth or Fourteenth Amendments to the United States Constitution, or any taking of property by **you** which is compensable under law of the State in which the **claim** or **suit** is made;

This exclusion shall not apply to physical injury or to destruction of tangible property, including all resulting loss of use of such property for which **you** may be legally responsible and for which recovery is sought for **claims** or **suits** for inverse condemnation, by whatever name called; provided, however, that in any case which a **claim** or **suit** for inverse condemnation, by whatever name called, is made against **you**, coverage shall only exist for physical injury to or destruction of tangible property, including all resulting loss of use of that property, and there shall be no coverage for reduced value of property (diminution of value), attorney fees, expert fees, severance damages, relocation costs or any other form of relief, however denominated;

Z. Arising out of the rupture, bursting, over-topping, flooding, cracking, seepage, under-seepage, accidental discharge or partial or complete structural failure of any **dam**;

AA. For **wrongful acts** arising out of refund of taxes, fees, or assessments;

BB. Arising out of exposure to or transmission of any actual or suspected Human Immunodeficiency Virus (HIV), Acquired Immune Deficiency Syndrome (AIDS), or AIDS Related Complex (ARC);

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CC. For liability arising out of, or in connection with, the operation of any hospital, clinic, or health care facility, owned or operated by the **insured**, including, but not limited to:

1. The rendering or failure to render:

   a. Medical, surgical, dental, x-ray or nursing service or treatment, or the furnishing of food or beverages in connection therewith;

   b. Any service or treatment related to physical or mental health or of a professional nature;

   c. Any cosmetic or tonsorial service or treatment; or

2. The furnishing of or dispensing of drugs or medical, dental or surgical supplies or appliances.

   This exclusion shall not apply to any liability arising out of:

   a. Occupational physical examinations, paramedics, ambulance operations, or emergency medical technicians;

   b. **Employment practice liability**; or

   c. **First aid** to any person;

DD. For liability arising out of or in connection with any transit authority, transit system, or public transportation system owned, operated, or regulated by any **insured**. This exclusion shall not apply to transit or public transportation systems operating over non-fixed routes, including, but not limited to, Dial-a-Ride, senior citizen transportation, or handicapped persons transportation or to contingent liability coverage where such services are contracted;

EE. For injunctions, equitable relief, or any other form of relief other than the payment of money damages; or

FF. For liability arising out of or in connection with the operation of any school, owned or operated by **you**.

SECTION VI. GENERAL CONDITIONS

A. Appeals

If **you** or **your underlying insurers** do not appeal a judgment in excess of **your retained limit**, **we** have the right to make such an appeal. If **we** elect to appeal, the cost incurred will be at **our** expense and not included within **our** Limits of Insurance. **Our** liability on such an award or judgment shall not exceed **our** Limits of Insurance as stated in the Declarations.

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B. **Arbitration**

In the event of a disagreement as to the interpretation of this Policy, the disagreement shall be submitted to binding arbitration before a panel of three (3) arbitrators. Within thirty (30) days of a written request for arbitration by either **you** or **us**, each party will choose an arbitrator. If the two arbitrators are unable to agree within one (1) month upon the third arbitrator, such arbitrator shall at the request of either party be selected by the American Arbitration Association in accordance with its rules and procedures.

The parties shall submit their cases to the panel by written and oral evidence at a hearing time and place selected by the third arbitrator. The panel shall be relieved of all judicial formality, shall not be obligated to adhere to the strict rules of law or of evidence, shall seek to enforce the intent of the parties hereto and may refer to, but are limited to, relevant legal principles. The decision of at least two (2) of the three (3) panel members shall be binding and final and not subject to appeal except for grounds of fraud and gross misconduct by the arbitrators. The award will be issued within thirty (30) days of the close of the hearings. Each party shall bear the expenses of its designated arbitrator and shall jointly and equally share with the other the expense of the third arbitrator and of the arbitration.

The arbitration proceedings shall take place in the State shown in Item 1. of the Declarations. The procedural rules applicable to this arbitration shall, except as provided otherwise herein, be in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

C. **Audit**

We may audit and examine **your** books and records as they relate to this Policy at any time during the Policy Period and for up to three (3) years after the expiration or termination of this Policy.

D. **Bankruptcy or Insolvency**

Your bankruptcy, insolvency or inability to pay, or the bankruptcy, insolvency or inability to pay of any of **your underlying insurers** will not relieve **us** from the payment of any **claim** or **suit** covered by this Policy.

But under no circumstances will such bankruptcy, insolvency, or inability to pay require **us** to drop down or in any way replace **your retained limit** or assume any obligation associated with **your retained limit**.

E. **Cancellation/Change/Nonrenewal**

1. If this Policy has been in effect for more than sixty (60) days, **we** may not cancel this Policy unless for non-payment of premium. **You** may cancel this Policy at any time, by surrendering the Policy to **us** or to any of **our** authorized brokers or by mailing to **us** written notice stating when thereafter the cancellation shall be effective. If **we** cancel this Policy because **you** have failed to pay a premium when due, **we** may cancel this

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Policy by mailing written notice of cancellation to **you** at the address shown in the Declarations stating when, not less than twenty (20) days thereafter, such cancellation shall be effective. Mailing such notice to **you** at **your** mailing address shown in the Declarations will be sufficient to prove cancellation.

2. If this Policy has been in effect for less than sixty (60) days and is not a renewal, **we** may cancel this Policy by mailing or delivering to the first **Named Insured** written notice of cancellation at least seventy-five (75) days before the effective date of cancellation if there has been:

   a. A material misstatement or misrepresentation, or

   b. Failure to comply with underwriting requirements established by **us**.

3. The Policy Period will end on the day and hour stated in the cancellation/nonrenewal notice.

4. If **we** cancel, the final premium will be calculated pro rata based on the time this Policy was in force. The final premium will not be less than the pro rata share of the Minimum Premium as shown in the Declarations.

5. If **you** cancel, the earned premium shall be computed in accordance with the customary short rate table and procedure, which is subject to the annual Minimum Earned Premium.

6. A premium adjustment will be made at the time of cancellation or as soon as practicable thereafter, but the cancellation will be effective even if **we** have not made or offered any refund due **you**. **Our** check or **our** representative's check, mailed or delivered, shall be sufficient tender of any refund due **you**.

7. The first **Named Insured**, in the Declarations, will act on behalf of all other **insureds** with respect to the giving and receiving of notice of cancellation/change/nonrenewal and the receipt of any refund that may become payable under this Policy.

8. If **we** elect to renew this Policy and the renewal is subject to a premium increase of twenty-five percent (25%) or greater, or a reduction in Limits of Insurance, or a substantial reduction in coverage, then **we** shall mail written notice of the change(s) to the first **Named Insured** and **our** authorized broker (at the mailing address shown on this Policy) at least sixty (60) days before the expiration date of this Policy. If **we** fail to provide sixty (60) days notice, this Policy shall remain in effect for sixty (60) days after the date of mailing the notice or until the effective date of the replacement coverage is obtained by the first **Named Insured**, whichever occurs first. If the first **Named Insured** elects not to renew, and earned premium for the period of extension of the terminated Policy will be calculated pro rata at the lower of the current or previous year s rate. If the first **Named Insured** accepts the renewal, the premium increase, if any, and other changes, then such changes are effective the day following the expiration date of this current Policy.

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9. **We** may nonrenew this Policy by giving written notice of nonrenewal to the first **Named Insured** and **our** authorized broker, (at the mailing address shown on this Policy) no less than ninety (90) days prior to the expiration date of the Policy. If **we** fail to mail or deliver the notice of nonrenewal, **we** will extend this existing Policy for an additional ninety (90) days. Notice of nonrenewal will not be required if: (a) **we** have offered renewal, (b) **you** have replaced coverage or (c) **you** have agreed in writing to replace coverage. If **we** provide such notice and extend this Policy for ninety (90) days or less, an additional notice of nonrenewal is not required.

F. **Conformance to Statute**

To the extent a term or condition of this Policy conflicts with a statute of the state within which this Policy is issued, this Policy shall be amended to conform to the minimum requirement of the statute.

G. **Duties in The Event of an Occurrence or Wrongful Act or Employee Benefit Wrongful Act or Claim or Suit**

1. General Reporting Requirements

a. **You** must notify **us** as soon as practicable of an **occurrence**, **wrongful act**, or **employee benefit wrongful act** which may result in a **claim** or **suit** under this Policy. To the extent possible, notice should include:

i. How, when, and where the **occurrence**, **wrongful act**, or **employment benefit wrongful act** took place;

ii. Names and addresses of any injured persons and witnesses; and

iii. The nature and or location of any injury or damage arising out of the **occurrence**, loss arising out of the **wrongful act** or **employee benefit wrongful act**.

b. If a **claim** is made or **suit** is brought against **you** that is reasonably likely to involve this Policy, **you** must notify **us** in writing as soon as practicable.

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

i. Cooperate with the **underlying insurers**;

ii. Comply with the terms and conditions of the **underlying insurance**; and

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iii. Pursue all rights of contribution or indemnity against any person or organization who may be liable to **you** because of **bodily injury** or **property damage, personal injury offense, advertising injury offense, wrongful act** or **employee benefit wrongful act** under this Policy or any **underlying insurance**. This condition, however, shall not apply to the self insured retention of the **retained limit**.

c. When **we** believe that a **claim** or **suit** may exceed the **retained limit, we** may join **you** and, if applicable, the **underlying insurer** in the investigation, settlement and defense of all **claims** and **suits** in connection with such **occurrence, wrongful act,** or **employee benefit wrongful act**. In such event, **we** and **you** will cooperate fully with each other.

2. Special Serious Claims Reporting Requirements

You shall give **us** prompt written notice of all **occurrences, wrongful acts, or employee benefit wrongful acts** for **claims** or **suits** of which **you** become aware which involve:

a. A serious case where, in which **your** judgment or the judgment of **your** defense counsel, the exposure may exceed $250,000;
b. A demand or demands totaling $250,000. or more;
c. Death;
d. Paralysis, paraplegia, quadriplegia;
e. Loss of eye(s) or limb(s);
f. Spinal cord or brain injury;
g. Sensory organ or nerve injury, or neurological deficit;
h. Serious burns;
i. Substantial disability or disfigurement; or
j. Loss of work time of six months or more.

3. Such notice is to be sent with all pertinent facts as respect GENERAL CONDITIONS, paragraphs G.1. and 2. to:

C. V. Starr and Co.
C. V. Starr Claims
175 Water Street, 22nd Floor
New York, New York 10038

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H. **First Named Insured**

The **insured** first named in Item 1. in the Declarations is authorized to act on behalf of all **Named Insureds** and other **insureds** with respect to the giving and receiving of notice of cancellation and to receiving any return premium that may become payable under this Policy. The **insured** first named in Item 1. in the Declarations is responsible for the payment of all premiums, but the **Named Insureds** jointly and severally agree to make such premium payments in full if the **insured** first named in Item 1. fails to pay the amount due within thirty (30) days after **we** give a written demand for payment to the **insured** first named in Item 1.

I. **Inspection**

We have the right, but are not obligated, to inspect **your** premises and operations at any time. **Our** inspections are not safety inspections. They relate only to the insurability of **your** premises and operations and the premiums to be charged. **We** may give **you** reports on the conditions **we** find. **We** may also recommend changes. While they may help reduce **claims** or **suits**, **we** do not undertake to perform the duty of any person or organization to provide for the health or safety of **your employees** or the public. **We** do not warrant that **your** premises or operations are safe or healthful or that they comply with laws, regulations, codes, or standards.

J. **Legal Actions Against Us**

There will be no right of action against **us** under this insurance unless:

1. **You** have complied with all the terms and conditions of this Policy; and

2. The amount **you** owe has been determined with **our** consent or by actual trial and final judgment.

This insurance does not give anyone the right to add **us** as a defendant in an action against **you** to determine **your** liability.

K. **Other Insurance**

If other valid and collectible insurance or group coverage under a **joint powers authority** applies to a **claim** or **suit** that is also covered by this Policy, and subject to SECTION III. LIMITS OF INSURANCE of this Policy,is Policy will apply excess of the other insurance, whether this other insurance is primary, excess, contingent, or issued on any other basis. This provision, however, will not apply if the other insurance is specifically written to be excess of this Policy.

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L. **Our Right of Approval**

We reserve the right to approve defense counsel for **claims** or **suits** likely to exceed **your retained limit**.

M. **Policy Changes**

This Policy contains all the agreements between **you** and **us** concerning this insurance. The first **Named Insured** in the Declarations is authorized to make changes in this Policy with **our** consent. This Policy can only be changed by a written endorsement **we** issue and make a part of this Policy.

Notice to any broker or knowledge possessed by a broker or any other person will not effect a waiver or change in any part of this Policy.

N. **Policy Period**

The Policy Period commences on the effective date shown in the Declarations. The period ends on the earlier of either the expiration date or the effective date of cancellation of this Policy. If **you** became an **insured** under this Policy after the effective date, the Policy Period begins on the date **you** became an **insured**.

O. **Policy Territory**

This Policy applies to **occurrences**, **wrongful acts**, and **employee benefit wrongful acts** anywhere in the world, but only if a **claim** is made and a **suit** is brought for such **occurrence**, **wrongful act**, and **employee benefit wrongful act** in the United States of America.

P. **Premium**

You shall be responsible for the payment of the Advanced Premium, as indicated in the Declarations, prior to the effective date of this Policy. The Advanced Premium is a deposit premium only, which shall be credited to the amount of the earned premium due at the end of the Policy Period. The earned premium for the Policy Period shall be computed by application of the rate shown in the Policy Declarations to the audited exposure base. If the total earned premium so computed is less than the Advanced Premium previously paid, **we** shall return to the **Named Insured** the unearned portion paid by the **Named Insured**. Earned premium in any Policy Period shall be subject to the Minimum Premium and the Minimum Earned Premium, as stated in the Declarations. If the total earned premium exceeds the Advanced Premium, the **Named Insured** shall remit to **us** the balance due in accordance with **our** regular payment terms and conditions.

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Q. **Premium Audit**

You must keep records of the information **we** need for premium computation, and send **us** copies at such times as **we** may request.

At the close of the Policy Period, **we** will compute the earned premium for that Policy Period.

No additional premium will be charged at audit unless the actual exposure base exceeds the estimated exposure base by more than 15%, and then only for the audited exposure base that exceeds 115% of the estimated exposure base as described above. This clause only applies to **Named Insureds** at the inception of this Policy and not to **Named Insureds** added subsequently.

R. **Separation of Insureds**

Except with respect to the Limits of Insurance Section of this Policy and any rights or duties specifically assigned to the first **Named Insured** designated in the Declarations, this insurance applies:

1. As if each **Named Insured** were the only **Named Insured**; and

2. Separately to each **insured** against whom a **claim** is made or **suit** brought.

S. **Subrogation**

If **you** have rights to recover all or part of any payment **we** have made under this Policy, those rights are transferred to **us**. **You** must do nothing after such payment to impair these rights and **you** must help **us** enforce them.

Any recoveries shall be applied as follows:

1. Any interest, including **yours**, that have been paid in an amount in excess of **our** payment under this Policy will be reimbursed first;

2. **We** then will be reimbursed up to the amount **we** have paid; and

3. Any interests, including **yours**, over which **our** insurance is excess, are entitled to claim the residue.

Expenses incurred in the exercise of rights of recovery shall be apportioned between the interests, including **yours**, in the ratio of their respective recoveries as finally settled.

T. **Transfers of Your Rights and Duties**

The interest of any **insured** is not assignable. **Your** rights and duties under this Policy may not be transferred without **our** written consent.

If **you** are declared legally bankrupt, **your** rights and duties will be transferred to **your** legal representative but only while acting within the scope of his duties as **your** legal representative.

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IN WITNESS WHEREOF, **we** have caused this Policy to be signed by **our** President and Secretary and countersigned where required by law on the Declarations Page by **our** duly authorized representative.

Secretary
The Insurance Company
of the State of Pennsylvania

President
The Insurance Company
of the State of Pennsylvania

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POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM INSURANCE COVERAGE

Coverage for acts of terrorism is included in your policy. You are hereby notified that under the Terrorism Risk Insurance Act, as amended, that you have a right to purchase insurance coverage for losses resulting from acts of terrorism, as defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury--in concurrence with the Secretary of State, and the Attorney General of the United States--to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insu rance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a $100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds $100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed $100 billion, your coverage may be reduced.

The portion of your annual premium that is attributable to coverage for acts of terrorism is $5,036.00, and does not include any charges for the portion of losses covered by the United States government under the Act.

96556 (1/08)
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ENDORSEMENT No. 1

This endorsement, effective 12:01 AM: July 1, 2010

Forms a part of policy no: 6907982

Issued to: ABAG PLAN CORPORATION

By: THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VIOLATION OF COMMUNICATION OR INFORMATION LAW EXCLUSION ENDORSEMENT

This policy is amended to include the following exclusion:

Violation of Communication or Information Law

This insurance does not apply to any liability arising out of any act that violates any statute, ordinance or regulation of any federal, state or local government, including any amendment of or addition to such laws, which prohibits or limits the sending, transmitting or communicating of material or information.

It is understood that to the extent any coverage may otherwise be available under this policy or any of its endorsements, the provisions of this exclusion will supersede.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.

Christopher G. Kopser

Authorized Representative
or Countersignature (in States Where Applicable)

91372 (08/06)
AH1851

ENDORSEMENT No. 2

This endorsement, effective 12:01 AM: July 1, 2010

Forms a part of policy no: 6907982

Issued to: ABAG PLAN CORPORATION

By: THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ECONOMIC OR TRADE SANCTIONS CONDITION ENDORSEMENT

NOTICE: EXCEPT FOR HEADINGS, WORDS THAT APPEAR IN BOLD HAVE SPECIAL MEANING, WHERE APPLICABLE.

This policy is amended to include the following condition:

ECONOMIC OR TRADE SANCTIONS

If coverage for a **claim** or **suit** under this policy is in violation of any United States of America economic or trade sanctions, including but not limited to, sanctions administered and enforced by the United States Treasury Department's Office of Foreign Assets Control ("OFAC"), then coverage for that **claim** or **suit** will be null and void.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.

Christopher G. Kopser

Authorized Representative
or Countersignature (in States Where Applicable)

ENDORSEMENT No. 3

This endorsement, effective 12:01 AM: July 1, 2010

Forms a part of policy no: 6907982

Issued to: ABAG PLAN CORPORATION

By: THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIAL EXCESS LIABILITY POLICY FOR PUBLIC ENTITIES

ACT OF TERRORISM RETAINED LIMIT ENDORSEMENT

Solely with respect to any **act of terrorism**, this Policy is amended as follows:

The **DECLARATIONS , ITEM 3. LIMITS OF INSURANCE, B. Retained Limit** is amended to include the following additional **Retained Limit**:

Act of Terrorism Retained Limit:	$5,000,000 any one **occurrence**, or series of continuous, repeated, or related **occurrences** (As respects all liability covered under this policy arising out of any **act of terrorism**.) The **Act of Terrorism Retained Limit** will not be reduced or exhausted by **defense expenses.**

The **DECLARATIONS, ITEM 5. PREMIUM COMPUTATION** is amended to include the following:

Act of Terrorism Premium $5,036

SECTION III. LIMITS OF INSURANCE is amended to include the following additional provision:

The **Act of Terrorism Retained Limit** applies whether or not there are any applicable limits of insurance of the **underlying insurance** listed in the Schedule of **Underlying Insurance** or applicable limits of insurance of any other **underlying insurance** providing coverage to **you**. If there are applicable limits of insurance of the **underlying insurance** listed in the Schedule of **Underlying Insurance** or applicable limits of insurance of any other **underlying insurance** providing coverage to **you**, amounts received through such underlying insurance for payment of the loss may be applied to reduce or exhaust the **Act of Terrorism Retained Limit**. However, in no event will amounts received through such **underlying insurance** for the payment of **defense expenses** reduce the **Act of Terrorism Retained Limit.**

SECTION I. WHAT WE SHALL PAY ON YOUR BEHALF, B. DEFENSE AND DEFENSE COSTS, paragraphs 1., 2., 3. and 5. are deleted in their entireties, and Paragraph 1. is replaced by the following:

1. **We** will not be obligated to assume charge of the investigation, settlement or defense of any **claim** made, **suit** brought or proceeding instituted against **you**. **We** will, however, have the right and shall be given the opportunity to participate in the defense and trial of any **claims**, **suits** or proceedings relative to any **occurrence**, which in **our** opinion, may create liability for **us** under the terms and conditions of this Policy. If **we** exercise such right, **we** will do so at **our** own expense.

SECTION II. DEFINITIONS is amended to include the following additional definitions:

Act of terrorism means:

1. any act which is verified or recognized by the United States Government as an act of terrorism, including a certified "act of terrorism" defined by Section 102. Definitions., of the Terrorism Risk Insurance Act of 2002 and any revisions, amendments, or extensions thereto; or

2. the use or threatened use of force or violence against person or property, or commission of an act dangerous to human life or property, or commission of an act that interferes with or disrupts an electronic or communication system, undertaken by any person or group, whether or not acting on behalf of or in connection with any organization, government, power, authority or military force, when the effect is to intimidate, coerce or harm a government, the civilian population or any segment thereof, or to disrupt any segment of the economy.

Defense expenses means any payment allocated to a specific loss, **claim** or **suit** for its investigation, settlement or defense, including but not limited to:

1. Attorney's fees and all other investigation, loss adjustment and litigation expenses;

2. Premiums on bonds to release attachments;

3. Premiums on appeal bonds required by law to appeal any **claim** or **suit**;

4. Costs taxed against the insured in any **claim** or **suit**;

5. Pre-judgment interest awarded against any **insured**;

6. Interest that accrues after entry of judgment.

It is understood and agreed that if any other endorsement to this policy excludes terrorism liability arising in one or more specified countries, the provisions of such exclusion shall supersede this endorsement.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.

Christopher G. Kopser

Authorized Representative
or Countersignature (in States Where Applicable)

ENDORSEMENT No. 4

This endorsement, effective 12:01 AM: July 1, 2010

Forms a part of policy no: 6907982

Issued to: ABAG PLAN CORPORATION

By: THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA

SPECIAL EXCESS LIABILITY POLICY FOR PUBLIC ENTITIES

NO FAULT, UNINSURED MOTORIST OR UNDERINSURED MOTORIST LAW EXCLUSION ENDORSEMENT

This Policy is amended as follows:

SECTION V. EXCLUSIONS is amended to include the following additional exclusion:

We will not defend or pay under this Policy for **claims** or **suits** against **you**:

For **your** obligations under any "No-Fault," "Uninsured Motorist" or "Underinsured Motorist" law, or any similar law.

However, this exclusion does not apply if an endorsement providing coverage for liability arising out of "Uninsured Motorist" or "Underinsured Motorist" law is attached to this Policy.

For the purpose of this endorsement only, **SECTION II. DEFINITIONS**, Paragraph E. is deleted in its entirety and replaced by the following:

E. Covered first party automobile expenses means the minimal legally mandated **automobile** personal injury protection (PIP) expenses.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.

Christopher G. Kopser

Authorized Representative
or Countersignature (in States Where Applicable)

ENDORSEMENT No. 5

This endorsement, effective 12:01 AM: July 1, 2010

Forms a part of policy no: 6907982

Issued to: ABAG PLAN CORPORATION

By: THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FUNGUS EXCLUSION ENDORSEMENT

NOTICE: EXCEPT FOR HEADINGS, WORDS THAT APPEAR IN BOLD HAVE SPECIAL MEANING, WHERE APPLICABLE.

This policy is amended to include the following exclusion:

Fungus

This insurance does not apply to any loss, injury, damage, cost or expense, including, but not limited to, losses, costs or expenses related to, arising from or associated with clean-up, remediation, containment, removal or abatement, caused directly or indirectly, in whole or in part, by:

a. Any **fungus(i)**, **molds(s)**, mildew or yeast, or

b. Any **spore(s)** or toxins created or produced by or emanating from such **fungus(i)**, **molds(s)**, mildew or yeast, or

c. Any substance, vapor , gas, or other emission or organic or inorganic body or substance produced by or arising out of any **fungus(i)**, **molds(s)**, mildew or yeast, or

d. Any material, product, building component, building or structure, or any concentration of moisture, water or other liquid within such material, product, building component, building or structure, that contains, harbors, nurtures or acts as a medium for any **fungus(i)**, **molds(s)**, mildew, yeast, or **spore(s)** or toxins emanating therefrom.

Paragraphs a., b., c. and d. above apply regardless of any other cause, event, material, product and/or building component that contributed concurrently or in any sequence to that loss, injury, damage, cost or expense.

It is understood that to the extent any coverage may otherwise be provided under this policy or any of its endorsements, the provisions of this exclusion will supersede.

This policy is amended to include the following definitions:

Fungus(i) includes, but is not limited to, any of the plants or organisms belonging to the major group **fungi**, lacking chlorophyll, and including **molds**, rusts, mildews, smuts and mushrooms.

Mold(s) includes, but is not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms, and **fungi** that produce **molds**.

Spore(s) means any dormant or reproductive body produced by or arising or emanating out of any **fungus(i), mold(s)**, mildew, plants, organisms or microorganisms.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.

Christopher G. Kopser

Authorized Representative
or Countersignature (in States Where Applicable)

ENDORSEMENT No. 6

This endorsement, effective 12:01 AM: July 1, 2010

Forms a part of policy no: 6907982

Issued to: ABAG PLAN CORPORATION

By: THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CANCELLATION/NONRENEWAL ENDORSEMENT

Wherever used in this endorsement: 1) "we", "us", "our", and "Insurer" mean the insurance company which issued this policy; and 2) "you", "your", "named Insured", "First Named Insured", and "Insured" mean the Named Corporation, Named Organization, Named Sponsor, Named Insured, or Insured stated in the declarations page; and 3) "Other Insured(s)" means all other persons or entities afforded coverage under the policy.

In consideration of the premium charged, it is hereby understood and agreed that the cancellation clause is replaced with the following:

CANCELLATION

The First Named Insured shown in the declarations may cancel the policy by mailing or delivering to the Insurer advance written notice of cancellation.

If the policy has been in effect for more than sixty (60) days or if it is a renewal, effective immediately, the Insurer may not cancel the policy unless such cancellation is based on one or more of the following reasons:

(1) Nonpayment of premium, including payment due on a prior policy issued by the Insurer and due during the current policy term covering the same risks.

(2) A judgement by a court or an administrative tribunal that the named Insured has violated any law of this state of or of the United States having as one of its necessary elements an act which materially increases any of the risks insured against.

(3) Discovery of fraud or material misrepresentation by either of the following:

a) The Insured or Other Insured(s) or his or her representative in obtaining the insurance; or

b) The named Insured or his or her representative in pursuing a claim under the policy.

(4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by the named Insured or Other Insured(s) or a representative of same, which materially increase any of the risks insured against.

(5) Failure by the named Insured or Other Insured(s) or a representative of same to implement reasonable loss control requirements which were agreed to by the Insured as a condition of policy issuance or which were conditions precedent to the use by the Insurer of a particular rate or rating plan if the failure materially increases any of the risks insured against.

(6) A determination by the commissioner that the loss of, or changes in, an insurer's reinsurance covering all or part of the risk would threaten the financial integrity or solvency of the Insurer.

(7) A determination by the commissioner that a continuation of the policy coverage could place the Insurer in violation of the laws of this state or the state of its domicile or that the continuation of coverage would threaten the solvency of the Insurer.

(8) A change by the named Insured or Other Insured(s) or a representative of same in the activities or property of the commercial or industrial enterprise which results in a material added risk, a materially increased risk or a materially changed risk, unless the added, increased, or changed risk is included in the policy.

Notice of cancellation shall be delivered or mailed to the producer of record and the named Insured at least ninety (90) days prior to the effective date of cancellation. Where cancellation is for nonpayment of premium or fraud, notice shall be given no less than ten (10) days prior to the effective date of cancellation.

NONRENEWAL

If the Insurer decides not to renew the policy, the Insurer shall mail or deliver to the producer of record and the named Insured notice of nonrenewal at least sixty (60) days but no more than 120 days prior to the end of the policy period. The notice shall contain the reason for nonrenewal of the policy.

RENEWAL

If a policy has been in effect for more than sixty (60) days or if the policy is a renewal, effective immediately no increase in premium, reduction in limits, or change in the conditions of coverage shall be effective during the policy period unless based upon one of the following reasons:

(1) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards by the named Insured or Other Insured(s) which materially increase any of the risks or hazards insured against.

(2) Failure by the named Insured or Other Insured(s) to implement reasonable loss control requirements which were agreed to by the Insured as a condition of policy issuance or which were conditions precedent to the use by the Insurer of a particular rate or rating plan, if the failure materially increases any of the risks insured against.

(3) A determination by the commissioner that loss of or changes in an insurer's reinsurance covering all or part of the risk covered by the policy would threaten the financial integrity or solvency of the Insurer unless the change in the terms or conditions or rate upon which the premium is based is permitted.

(4) A change by the named Insured or Other Insured(s) in the activities or property of the commercial or industrial enterprise which results in a materially added risks, a materially increased risk, or materially changed risk, unless the added, increased, or changed risk is included in the policy.

Written notice shall be mailed or delivered to the named Insured and the producer of record at least thirty (30) days prior to the effective date of any increase, reduction or change.

All other terms, conditions and exclusions of the policy remain the same.

Christopher G. Kopser

Authorized Representative
or Countersignature (in States Where Applicable)

ENDORSEMENT No. 7

This endorsement, effective 12:01 AM: July 1, 2010

Forms a part of policy no: 6907982

Issued to: ABAG PLAN CORPORATION

By: THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA

SPECIAL EXCESS LIABILITY POLICY FOR PUBLIC ENTITIES

ADDITIONAL INSURED ENDORSEMENT

In consideration of an additional premium of $ N/A (if applicable), this Policy is amended as follows:

SECTION IV. WHO IS AN INSURED is amended to include the following additional provision:

Insured means each of the following:

Any person(s), entity(ies) or organization(s) to whom the **Named Insured** is obligated by virtue of an **insured contract** to provide insurance solely with respect to **bodily injury** and **property damage** arising out of the:

a. Lease or use of premises used or occupied by **you**;

b. Lease or rental of **automobiles** by **you**;

c. Equipment owned, leased, rented, maintained or used by **you**;

d. Mortgagees of a **Named Insured**; or

e. Property owners and property managers of property owned, leased, rented or occupied by **you**.

However, the most **we** will pay for damages under this policy on behalf of such person(s), entity(ies), or organization(s) is the lesser of the Limits of Insurance shown in Item 3 of the Declarations or the minimum Limits of Insurance required within the terms of the **insured contract**.

For the purpose of this endorsement only, **SECTION V. EXCLUSIONS** is amended to include the following additional exclusions:

We will not defend or pay under this Policy for **claims** or **suits** against **you**:

For any **occurrence** which takes place prior to or after **you** cease to occupy the premise as stated in the **insured contract**.

Arising out of structural alteration, new construction or demolition operations performed by or on behalf of the additional **insured**.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.

Christopher G. Kopser

Authorized Representative
or Countersignature (Where Applicable)

ENDORSEMENT No. 8

This endorsement, effective 12:01 AM: July 1, 2010

Forms a part of policy no: 6907982

Issued to: ABAG PLAN CORPORATION

By: THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA

SPECIAL EXCESS LIABILITY POLICY FOR PUBLIC ENTITIES

CLAIM REPORTING DUTIES ENDORSEMENT

This policy is amended as follows:

SECTION VI. GENERAL CONDITIONS, Paragraph G., 2. Special Serious Claim Reporting Requirements is deleted in its entirety and replaced by the following:

2. Special Serious Claims Reporting Requirements

   You shall give **us** prompt written notice of all **occurrences**, **wrongful acts**, **or employee benefit wrongful acts** for **claims** or **suits** of which **you** become aware which involve:

   a. A serious case where, in which **your** judgment or the judgment of **your** defense counsel, the exposure may exceed fifty (50%) percent of **your retained limit**;
   b. A demand or demands totaling fifty (50%) percent of **your retained limit** or more;
   c. Death;
   d. Paralysis, paraplegia, quadriplegia;
   e. Loss of eye(s) or limb(s);
   f. Spinal cord or brain injury;
   g. Sensory organ or nerve injury, or neurological deficit;
   h. Serious burns;
   i. Substantial disability or disfigurement; or
   j. Loss of work time of six months or more.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.

Christopher G. Kopser

Authorized Representative
or Countersignature (Where Applicable)

ENDORSEMENT No. 9

This endorsement, effective 12:01 AM: July 1, 2010

Forms a part of policy no: 6907982

Issued to: ABAG PLAN CORPORATION

By: THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA

SPECIAL EXCESS LIABILITY POLICY FOR PUBLIC ENTITIES

LIMITS OF INSURANCE AMENDATORY ENDORSEMENT
(Amendment of Errors and Omissions Liability Aggregate)

This Policy is amended as follows:

The **DECLARATIONS, ITEM 3. LIMITS OF INSURANCE**, paragraph A.1.b. is amended to read:

b. $ (The amount stated in Item 3.A.1.b. of the Declarations applies.) Errors and Omissions Liability Aggregate, other than **personal injury offense** and **advertising injury offense wrongful acts**.

SECTION III. LIMITS OF INSURANCE, paragraph G.2. is deleted in its entirety and replaced by the following:

G. The Aggregate Limits are the most **we** will pay for the total of all damages:

2. For all losses arising out of all **wrongful acts**, other than **personal injury offense** and **advertising injury offense wrongful acts**.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.

Christopher G. Kopser
Authorized Representative
or Countersignature (Where Applicable)

ENDORSEMENT No. 10

This endorsement, effective 12:01 AM: July 1, 2010

Forms a part of policy no: 6907982

Issued to: ABAG PLAN CORPORATION

By: THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA

COVERAGE TERRITORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

Payment of loss under this policy shall only be made in full compliance with all United States of America economic or trade sanction laws or regulations, including, but not limited to, sanctions, laws and regulations administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").

Christopher G. Kopser

Authorized Representative

ENDORSEMENT No. 11

This endorsement, effective 12:01 AM: July 1, 2010

Forms a part of policy no.: 6907982

Issued to: ABAG PLAN CORPORATION

By: THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIAL EXCESS LIABILITY POLICY FOR PUBLIC ENTITIES

NOTIFICATION OF CLAIM OR SUIT ENDORSEMENT

This policy is amended as follows:

Section VI. GENERAL CONDITIONS, Paragraph G. **Duties in The Event of an Occurrence or Wrongful Act or Employee Benefit Wrongful Act or Claim or Suit**, subparagraph 3. is deleted in its entirety and replaced by the following:

3. Such notice is to be sent with all pertinent facts as respects GENERAL CONDITIONS, paragraphs G.1. and 2. to:

   Chartis Claims, Inc.
   175 Water Street, 22nd Floor
   New York, NY 10038
   Email: excessfnol@chartisinsurance.com
   Fax to computer: 866-743-4376

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.

Christopher G. Kopser

Authorized Representative
or Countersignature (in States Where Applicable)

ENDORSEMENT No. 12

This endorsement, effective 12:01 AM: July 1, 2010

Forms a part of policy no: 6907982

Issued to: ABAG PLAN CORPORATION

By: THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA

PublicResponse SM

(Advancement of PublicResponse Costs during a Crisis Management Event and Crisis Communications Management Insurance)

NOTICE: EXCEPT FOR HEADINGS, WORDS THAT APPEAR IN BOLD HAVE SPECIAL MEANING, WHERE APPLICABLE.

Additional Declarations

Item 1.	**PublicResponse Limit of Insurance**	**$250,000**	**Each Crisis Management Event and Aggregate**
Item 2.	**Crisis Management Limit of Insurance**	**$50,000**	**Each Crisis Management Event and Aggregate**
Item 3.	**Premium**	**$Included**	

This policy is amended to provide for Advancement of **PublicResponse Costs** during a **Crisis Management Event** and Crisis Communications Management Insurance pursuant to the terms, definitions, conditions and exclusions set forth below:

INSURING AGREEMENT- PublicResponse SM

The following insuring agreements section is added to this policy for the purpose of the coverage provided by this endorsement:

A. **Advancement of PublicResponse Costs during a Crisis Management Event**

We will pay on behalf of the **Named Insured PublicResponse Costs** that may be associated with damages covered by this policy arising from a **Crisis Management Event** first commencing during the Policy Period, up to the amount of the **PublicResponse Limit of Insurance**.

We will advance **PublicResponse Costs** that may be associated with damages covered by this policy directly to third parties.

B. **Crisis Communications Management Insurance**

We will pay on behalf of the **Named Insured Crisis Management Loss** arising from a **Crisis Management Event** first commencing during the Policy Period, up to the amount of the **Crisis Management Limit of Insurance**.

C. A **Crisis Management Event** shall first commence at the time during the Policy Period when a **Key Executive** first becomes aware of an **Occurrence** that gives rise to a **Crisis Management Event** and shall end at the earliest of the time when we determine that a crisis no longer exists or when the **PublicResponse Limit of Insurance** and/or the **Crisis Management Limit of Insurance**, whichever applies, has been exhausted.

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D. There shall be no Retained Limit or Self-Insured Retention applicable to **PublicResponse Costs** or **Crisis Management Loss**. We shall pay such **PublicResponse Costs** or **Crisis Management Loss** from first dollar, subject to other terms and conditions of this endorsement.

LIMITS OF INSURANCE

The following Limits of Insurance provisions are added to this policy for the purpose of the coverage provided by this endorsement:

A. The **PublicResponse Limit of Insurance** is the most we will pay for all **PublicResponse Costs** under this policy, regardless of the number of **Crisis Management Events** first commencing during the Policy Period. The **PublicResponse Limit of Insurance** shall be in addition to, the Limits of Insurance shown on the Declarations of this policy.

B. The **Crisis Management Limit of Insurance** is the most we will pay for all **Crisis Management Loss** under this policy, regardless of the number of **Crisis Management Events** first commencing during the Policy Period. This **Crisis Management Limit of Insurance** shall be in addition to the Limits of Insurance shown on the Declarations of this policy.

C. We will have no obligation to advance **PublicResponse Costs** or to pay **Crisis Management Loss** from the earliest of the time when we determine that a **Crisis Management Event** has ended or when the **PublicResponse Limit of Insurance** and/or the **Crisis Management Limit of Insurance**, whichever applies, has been exhausted.

DEFINITIONS

The following definitions are added to this policy for the purpose of the coverage provided by this endorsement:

A. **Crisis Management Event** means an **Occurrence** that in the good faith opinion of a **Key Executive** of the **Named Insured**, in the absence of **Crisis Management Services**, has or may reasonably been associated with or may be associated with:

1. damages covered by this policy that are in excess of the Retained Limit or Self-Insured Retention applicable to such damages; and

2. significant adverse regional or national news media coverage.

Crisis Management Event shall include, without limitation, man-made disasters such as explosions, major crashes, multiple deaths, burns, dismemberment, traumatic brain injury, permanent paralysis, or contamination of food, drink or pharmaceuticals.

B. **Crisis Management Firm** means any public relations firm or **Crisis Management Firm** approved by us that is hired by the **Named Insured** to perform **Crisis Management Services** in connection with the **Crisis Management Event**. Attached to and forming a part of this endorsement is a Schedule of firms that have been pre-approved by us and may be hired by the **Named Insured** without further approval by us.

C. **Crisis Management Limit of Insurance** means the Crisis Management Limit of Insurance shown in Item 2 of the Additional Declarations of this endorsement.

D. **Crisis Management Loss** means the following amounts incurred during a **Crisis Management Event**:

1. Amounts for the reasonable and necessary fees and expenses incurred by a **Crisis Management Firm** in the performance of **Crisis Management Services** for a **Named Insured** solely arising from a covered **Crisis Management Event**; and

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2. Amounts for reasonable and necessary printing, advertising, mailing of materials, or travel by directors, officers, employees or agents of a **Named Insured** or a **Crisis Management Firm** incurred at the direction of a **Crisis Management Firm**, solely arising from a covered **Crisis Management Event**.

E. **Crisis Management Services** means those services performed by a **Crisis Management Firm** in advising the **Named Insured** on minimizing potential harm to the **Named Insured** from a covered **Crisis Management Event** by maintaining and restoring public confidence in the **Named Insured**.

F. **Key Executive** means the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, General Counsel or general partner (if the **Named Insured** is a partnership) of the **Named Insured** or sole proprietor (if the **Named Insured** is a sole proprietorship). A **Key Executive** also means any other person designated as such and scheduled by written endorsement.

G. **PublicResponse Costs** means the following reasonable and necessary expenses incurred during a **Crisis Management Event** directly caused by a **Crisis Management Event**, provided that such expenses have been pre-approved by us and may be associated with damages that would be covered by this policy:

1. Medical expenses;
2. Funeral expenses;
3. Psychological counseling;
4. Travel expenses;
5. Temporary living expenses;
6. Expenses to secure the scene of a **Crisis Management Event**; and
7. Any other expenses pre-approved by the Company.

PublicResponse Costs will not include defense costs or **Crisis Management Loss**.

G. **PublicResponse Limit of Insurance** means the **PublicResponse Limit of Insurance** shown in Item 1 of the Additional Declarations of this endorsement.

EXCLUSIONS

The following exclusions are added to this policy for the purpose of the coverage provided by this endorsement:

This insurance will not apply to any **PublicResponse Costs** or **Crisis Management Loss** in connection with a **Crisis Management Event**:

A. arising out of, based upon or attributable to the acts alleged, or to the same or related acts alleged or contained, in any crisis or claim that has been reported, or in any circumstances where notice has been given, under any policy of which (i) this policy is a renewal or replacement or which it may succeed in time, or (ii) any underlying policy, which is listed in the Schedule of Underlying Insurance or Declarations, is a renewal or replacement or which it may succeed in time;

B. arising out of, based upon or attributable to any pending or prior crisis, claim, or **Suit** as of the inception date of this policy.

CONDITIONS

The following conditions are added to this policy for the purpose of the coverage provided by this endorsement:

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A. You must report any **Crisis Management Event** to us within twenty-four (24) hours of the time that a Key Executive first becomes aware of an Occurrence that gives rise to a **Crisis Management Event** to be eligible for the advancement of **PublicResponse Costs** and the payment of **Crisis Management Loss**.

Notice of a **Crisis Management Event** may be given by calling 1-877-244-3100. If notice is given by telephone, written notice shall be given as soon as practicable thereafter. Written notice should include:

1. how, when and where the **Crisis Management Event** is taking or took place;

2. the names and addresses of any injured persons and any witnesses; and

3. the nature and location of any injury or damage arising out of the **Crisis Management Event**.

Written notice should be mailed or delivered to:

Chartis Claims, Inc.
175 Water Street, 22nd Floor
New York, NY 10038
Email: excessfnol@chartisinsurance.com
Fax to computer: 866-743-4376

B. There shall be no requirement that you obtain prior written approval from us before incurring any **Crisis Management Loss**, provided that the **Crisis Management Firm** selected by you to perform the Crisis Management Services has been approved by us. If you choose to retain a firm that does not appear in the Schedule attached to and forming a part of this endorsement, you must obtain our consent, which shall remain in our sole discretion, prior to retaining the services of such firm.

C. Any payments for **Crisis Management Loss** or advancement of **PublicResponse Costs** that we make under this endorsement:

1. will not be deemed to be a determination of **Insured's** liability with respect to any claim or **Suit** that results from a **Crisis Management Event**; and

2. will not create any duty to defend any **Suit** or to investigate any claim arising from a **Crisis Management Event**, nor any coverage obligations under this policy.

D. If the Crisis Communications Management Insurance provided by this endorsement and any other insurance issued to the **Named Insured** by us or any of our affiliated companies shall apply to the same crisis or claim, the maximum limit of insurance under all insurance available will not exceed the highest applicable limit of insurance available under any one policy or endorsement. This condition does not apply to any other insurance issued by us or any of our affiliated companies specifically to apply as excess insurance over this endorsement.

E. In the event of a dispute between the **Named Insured** and us as to whether a Crisis Management Event has occurred, the **Named Insured** may, at its own cost, retain the services of an approved **Crisis Management Firm** and/or advance **PublicResponse Costs**. Provided, however, if the **Named Insured** elects to retain an approved **Crisis Management Firm** or to advance **Public Response Costs**, we shall have no obligation to reimburse under this endorsement the **Named Insured** for such costs or expenses. The right to reimbursement shall be arbitrated pursuant to the rules of the American Arbitration Association in New York, New York or in the state indicated on the Declarations of this policy as the **Named Insured's** principal place of business.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.

Christopher G. Kopser

Authorized Representative
or Countersignature (Where Applicable)

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Schedule A

Approved Crisis Management Firms

The following firms are approved **Crisis Mangement Firms:**

Crisis Communications Mangement Firms:

FIRM/ADDRESS	CONTACT/TELEPHONE	EMERGENCY TELEPHONE
Abernathy MacGregor Group		
New York Office 501 Madison Avenue New York, N.Y. 10022 www.abmac.com	James T. MacGregor Tel: (212) 371-5999 Cell: (646) 236-3271 Fax: (212) 752-0723 jtm@abmac.com Rhonda Barnat Tel: (212) 371-5999 Cell: (917) 912-6378 Fax: (212) 752-0723 rb@abmac.com	**Emergency** Tel: (212) 343-0818 Cell: (917) 449-9964
Los Angeles Office 611 West Sixth Street Suite 1880 Los Angeles, CA 90017	Ian D. Campbell Tel: (213) 630-6550 Cell: (213) 489-3443 Fax: (213) 489-3443 idc@abmac.com	**Emergency** Tel: (818) 957-5650 Cell: (917) 940-3476
Citigate Sard Verbinnen		
New York City 630 Third Avenue New York, N.Y. 10017 www.sardverb.com	George Sard Tel: (212) 687-8080 Fax:(212) 687-8344 gsard@sardverb.com Paul Verbinnen Tel: (212) 687-8080 Fax: (212) 687-8344 pv@sardverb.com	**Emergency** (917) 750-4392 24 Hours/7 Day
Chicago 343 West Erie Street Suite 600 Chicago, IL 60610	Ron Culp Tel: (312) 944-7398 Fax: (312) 944-7785	
San Francisco 101 Second Street Suite 2250 San Francisco, CA 94106	Paul Kranhold Tel: (415) 618-8750 Fax: (415) 618-8702	

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FIRM/ADDRESS	CONTACT/TELEPHONE	EMERGENCY TELEPHONE
Hill & Knowlton		
New York City 466 Lexington Avenue 3rd Floor New York, N.Y. 10017 www.hillandknowlton.com	Richard C. Hyde Direct Tel: (212) 885-0372 Main: (212) 855-0300 Cell: (917) 816-2208 Fax: (212) 885-0570 dhyde@hillandknowlton.com Christopher R. Gidez Direct Tel: (212) 885-0480 Main Tel: (212) 885-0300 Cell: (914) 319-6582 Fax: (212) 885-0570 cgidez@hillandknowlton.com	**Emergency** H&K Crisis Pager (818) 264-5193 24 Hours/7 Days
Ottawa, Canada 55 Metcalfe Street Suite 1100 Ottawa, Canada K1P 6L5	Jo-Anne Polak Direct Tel: (613) 786-9954 Main Tel: (613) 238-4371 Cell: (613) 761-2684 Fax: (613) 238-8642 jpolak@hillandknowlton.ca	
Lexicon Communications Corp.		
Pasadena (Suburb of Los Angeles) 520 Bellmore Way Pasadena, CA 91103 information@lexiconcorp.com	Steven Fink Direct Tel: (626) 683-9333 Main Tel: (626) 683-9200 Cell: (626) 253-1519 Fax: (626) 449-7659 sfink@lexiconcorp.com	**Emergency** (626) 683-9333 24 Hours/7 Days
Zeno Group		
Washington, D.C. The Foundry Building 1055 Thomas Jefferson St., NW Washington, D.C. 20007 www.zenogroup.com	Phillip Armstrong Direct Tel: (202) 965-7801 Cell: (202) 669-9926 phil.armstrong@zenogroup.com	
Robinson Lerer & Montgomery		
New York City 1345 Avenue of the Americas 4th Floor New York, N.Y. 10105 www.rlmnet.com	Michael Gross Direct Tel: (646) 805-2003 Main Tel: (646) 805-2000 Cell: (917) 853-0620 Fax: (646) 805-2828 mgross@rlmnet.com	

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FIRM/ADDRESS	CONTACT/TELEPHONE	EMERGENCY TELEPHONE
Sitrick and Company, Inc.		
Los Angeles 1840 Century Park East Suite 800 Los Angeles, CA 90067 www.sitrick.com	Michael S. Sitrick Direct Tel: (310) 788-2850 Fax: (310) 788-2855 mike_sitrick@sitrick.com	**Emergency** (310) 358-1011 24 Hours/7 Days
New York City 655 Third Avenue New York, N.Y. 10017	Jeffrey Lloyd Direct Tel: (212) 573-6393 Main Tel: (212) 573-6100 Cell: (310) 963-2850 Fax: (212) 573-6165	

Investigative Firms:

Kroll Associates		
New York City 900 Third Avenue New York, N.Y. 10022	Mary Jo Phillips Direct Tel: (212) 833-3246 Fax: (212) 644-5794 mphillips@krollworldwide.com	**Emergency** (800) GET-KROL (800) 438-5765 World Wide Crisis Division 24 Hours/7 Days
GAB Robins North America, Inc.		
Parsippany 9 Campus Drive Suite 7 Parsippany, N.J. 07504 www.gabrobinsna.com	Kim Mertens Direct Tel: (973) 993-3438 Cell: (201) 404-6026 Fax: (973) 993-1624 mertens@gabrobins.com	**Emergency** 800-422-4436
Montreal CGI (Division of GAB Robins) 1611 Cremazie Blvd. East 3rd Floor Montreal, Quebec H2M 2P2 Canada www.cgi.com-insurance.htm	Andre Mancini Direct Tel: (800) 263-5361 Cell: (450) 566-5073 Fax: (514) 735-8439 andre.mancini@cgi.com	**Emergency** 800-263-5361

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ENDORSEMENT NO. 13

This endorsement, effective 12:01 AM: July 1, 2010

Forms a part of policy no.: 6907982

Issued to: ABAG PLAN CORPORATION

By: THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA

SPECIAL EXCESS LIABILITY POLICY FOR PUBLIC ENTITIES

NAMED INSURED ENDORSEMENT

It is hereby agreed that the **Named Insured** is completed to read as follows:

1) American Canyon, City of
2) Atherton, Town of
3) Benicia, City of
4) Burlingame, City of
5) Campbell, City of
6) Colma, Town of
7) Cupertino, City of
8) Dublin, City of
9) East Palo Alto, City of
10) Foster City, City of
11) Gilroy, City of
12) Half Moon Bay, City of
13) Hillsborough, Town of
14) Los Altos, City of
15) Los Altos Hills, Town of
16) Los Gatos, Town of
17) Millbrae, City of
18) Milpitas, City of
19) Morgan Hill, City of
20) Newark, City of
21) Pacifica, City of
22) Portola Valley, Town of
23) Ross, Town of
24) San Bruno, City of
25) San Carlos, City of
26) San Mateo, City of
27) Saratoga, City of
28) South San Francisco, City of
29) Suisun City, City of
30) Tiburon, Town of
31) Woodside, Town of

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.

Christopher G. Kopser
Authorized Representative
or countersignature (where required by law)

ENDORSEMENT NO. 14

This endorsement, effective 12:01 AM: July 1, 2010

Forms a part of policy no.: 6907982

Issued to: ABAG PLAN CORPORATION

By: THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA

SPECIAL EXCESS LIABILITY POLICY FOR PUBLIC ENTITIES

WAIVER OF SUBROGATION ENDORSEMENT

This Policy is amended as follows:

SECTION VI. GENERAL CONDITIONS is amended to include the following additional condition:

Waiver of Subrogation

In the event of any payment under this policy for a **claim** or **suit** for which you have waived the right of recovery in a written contract entered into prior to such **claim** or **suit**, we hereby agree to also waive our right of recovery. This waiver shall only apply with respect to a **claim** or **suit** occurring due to operations undertaken as per the specific contract in which you waived the right of recovery.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.

Christopher G. Kopser

Authorized Representative
or countersignature (where required by law)

ENDORSEMENT NO. 15

This endorsement, effective 12:01 AM: July 1, 2010

Forms a part of policy no.: 6907982

Issued to: ABAG PLAN CORPORATION

By: THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA

SPECIAL EXCESS LIABILITY POLICY FOR PUBLIC ENTITIES

DAM COVERAGE ENDORSEMENT
(Limited Applicability)

Solely with respect to the City of San Mateo, California, this Policy is amended as follows:

SECTION V. EXCLUSIONS, Paragraph Z. is deleted only as respects to the following **dams**:

1) Crystal Springs Dam
2) Laurel Creek Dam
3) East Laurel Creek Dam

SECTION V. EXCLUSIONS, Paragraph X. is amended to include the following additional provision:

This exclusion shall not apply to liability arising out of **dams**.

SECTION II. DEFINITIONS, Paragraph F. is deleted in its entirety and replaced by the following:

F. **Dam** means any artificial barrier, together with appurtenant works, which does or may impound or divert water, and which:

1. Is twenty five (25) feet or more in height from the natural bed of the stream or watercourse at the downstream toe of the barrier to the maximum possible water storage elevation,

2. Is twenty-five (25) feet or more in height from the lowest elevation of the outside limit of the barrier, if it is not across a stream channel or watercourse, to the maximum possible water storage elevation, or

3. Has an impounding capacity of fifty (50) acre-feet or more.

However, the following shall not be considered a **dam**:

1. Any artificial barrier, together with appurtenant works, which does or may impound or divert water, but which is not in excess of six (6) feet in height, regardless of storage capacity,

2. Any artificial barrier, together with appurtenant works, which does or may impound or divert water, but which has a storage capacity not in excess of fifteen (15) acre-feet, regardless of height,

3. Any obstruction in a canal used to raise or lower water therein or divert water therefrom,

4. Any levee, including but not limited to a levee on the bed of a natural lake, the primary purpose of which levee is to control floodwaters,

5. Any railroad fill or structure,

6. Any tank constructed of steel or concrete or of a combination thereof,

7. Any tank elevated above the ground,

8. Any barrier which is not across a stream channel, watercourse or natural drainage area, and which has the principal purpose of impounding water for agricultural use, and

9. Any obstruction in the channel of a stream or watercourse which is fifteen (15) feet or less in height from the lowest elevation of the obstruction and which has the single purpose of spreading water within the bed of the stream or watercourse upstream from the construction for percolation underground.

Regardless of the language of the above definition, however, no structure specifically exempted from jurisdiction by the State of California Department of Water Resources, Division of Safety of Dams shall be considered a **dam**, unless such structure is under the jurisdiction of an agency of the federal government.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.

Christopher G. Kopser

Authorized Representative
or countersignature (where required by law)

ENDORSEMENT NO. 16

This endorsement, effective 12:01 AM: July 1, 2010

Forms a part of policy no.: 6907982

Issued to: ABAG PLAN CORPORATION

By: THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA

SPECIAL EXCESS LIABILITY POLICY FOR PUBLIC ENTITIES

AMENDATORY NAMED INSURED ENDORSEMENT

It is hereby agreed that the **Named Insured** endorsement number 13 has been deleted in its entirety and amended to read as follows:

1) American Canyon, City of
2) Atherton, Town of
3) Benicia, City of
4) Burlingame, City of
5) Campbell, City of
6) Central County Fire Department
7) Colma, Town of
8) Cupertino, City of
9) Dublin, City of
10) East Palo Alto, City of
11) Foster City, City of
12) Gilroy, City of
13) Half Moon Bay, City of
14) Hillsborough, Town of
15) Los Altos, City of
16) Los Altos Hills, Town of
17) Los Gatos, Town of
18) Millbrae, City of
19) Milpitas, City of
20) Morgan Hill, City of
21) Newark, City of
22) Pacifica, City of
23) Portola Valley, Town of
24) Ross, Town of
25) San Bruno, City of
26) San Carlos, City of
27) San Mateo, City of
28) Saratoga, City of
29) South San Francisco, City of

30) Suisun City, City of
31) Tiburon, Town of
32) Woodside, Town of

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.

Christopher G. Kopser
Authorized Representative
or countersignature (where required by law)

POLICYHOLDER NOTICE

Thank you for purchasing insurance from the Chartis companies. Chartis insurance companies generally pay compensation to brokers and independent agents, and may have paid compensation in connection with your policy. You can review and obtain information about the nature and range of compensation paid by Chartis insurance companies to brokers and independent agents in the United States by visiting our website at www.chartisinsurance.com/producercompensation or by calling 1-800-706-3102.