

RESOLUTION NO. 23-FY2017

EXHIBIT C (3 of 4)

BUSINESS OWNERS POLICY



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PLEASE READ YOUR POLICY. If incorrect return for immediate correction.
Carefully note condition requiring immediate notice of every occurrence, claim or suit.
Loss, if any, please notify: Equitable Adjusting & Service at 477-8495

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PLEASE READ YOUR POLICY

If incorrect return for immediate correction. Carefully note conditions requiring immediate notice of every occurrence, claim or suit.

- Coverage
- No Coverage

**BUSINESSOWNERS POLICY - SECTION I
BUILDINGS, BUSINESS PERSONAL PROPERTY COVERAGES**

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 shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to H—PROPERTY DEFINITIONS.

A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this policy, means the following types of property for which a Limit of Insurance is shown in the Declarations:

a. Buildings, meaning the buildings and structures at the premises described in the Declarations, including:

- (1) Completed additions;
- (2) Permanently installed fixtures, machinery and equipment;
- (3) Your personal property in apartments or rooms furnished by you as landlord;
- (4) Outdoor fixtures;
- (5) Personal property owned by you that is used to maintain or service the buildings or structures or the premises, including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (6) If not covered by other insurance:

(a) Additions under construction, alterations and repairs to the buildings or structures;

(b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the buildings or structures.

b. Business Personal Property located in or on the buildings at the described premises or in the open (or in a vehicle) within 100 feet of the described premises, including:

- (1) Property you own that is used in your business;
- (2) Property of others that is in your care, custody or control; but this property is not covered for more than the amount for which you are legally liable, plus the cost of labor, materials or services furnished or arranged by you on personal property of others; and
- (3) Tenant's improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove.

2. Property Not Covered

Covered Property does not include:

- a. Aircraft, automobiles, motortrucks and other vehicles subject to motor vehicle registration;
- b. Bullion, money or securities;
- c. Contraband, or property in the course of illegal transportation or trade;
- d. Land (including land on which the property is located), water, growing crops or lawns;
- e. Outdoor fences, radio or television antennas, including their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants, all except as provided

In the:

(1) Outdoor Property Coverage Extension;
or

(2) Outdoor Signs Optional Coverage;

f. Watercraft (including motors, equipment and accessories) while afloat.

3. Covered Causes of Loss

a. Fire.

b. Lightning.

c. Explosion, including the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass. This cause of loss does not include loss or damage by:

(1) Rupture, bursting or operation of pressure relief devices; or

(2) Rupture bursting due to expansion or swelling of the contents of any building or structure, caused by or resulting from water.

d. Smoke causing sudden and accidental loss or damage. This cause of loss does not include smoke from agricultural smudging or industrial operations.

e. Aircraft or Vehicles, meaning only physical contact of an aircraft, a spacecraft, a self propelled missile, a vehicle or an object thrown up by a vehicle with the Covered Property or with the building or structure containing the Covered Property. This cause of loss includes loss or damage by objects falling from aircraft.

We will not pay for loss or damage caused by or resulting from vehicles you own or operate.

f. Windstorm or Hail, but not including:

(1) Frost or cold weather;

(2) Ice (other than hail), snow or sleet whether driven by wind or not;

(3) Loss of or damage to awnings or canopies of fabric or slat construction, including their supports, outside of buildings; or

(4) Loss of or damage to the interior of any

building or structure, or the property inside the building or structure, caused by rain, snow, sand or dust, whether driven by wind or not, unless the building or structure first sustains wind or hail damage to its roof or walls through which the rain, snow, sand or dust enters.

g. Riot or Civil Commotion, including:

(1) Acts of striking employees while occupying the described premises; and

(2) Looting occurring at the time and place of a riot or civil commotion.

h. Vandalism, meaning willful and malicious damage to, or destruction of, Covered Property.

We will not pay for loss or damage:

(1) To glass (other than glass building blocks) that is part of a building, structure, or an outdoor sign; but we will pay for loss of or damage to other property caused by or resulting from breakage of glass by vandals.

(2) Caused by or resulting from theft, except for building damage caused by the breaking in or exiting of burglars.

i. Sprinkler Leakage, meaning leakage or discharge of any substance from an Automatic Sprinkler System, including collapse of a tank that is part of the system.

If the building or structure containing the Automatic Sprinkler System is Covered Property, we will also pay the cost to:

(1) Repair or replace damaged parts of the Automatic Sprinkler System if the damage:

(a) Results in sprinkler leakage; or

(b) Is directly caused by freezing.

(2) Tear out and replace any part of the building or structure to repair damage to the Automatic Sprinkler System that has resulted in sprinkler leakage.

Automatic Sprinkler System means:

(a) Any automatic fire protective or extinguishing system, including connected;

- (i) Sprinklers and discharge nozzles;
 - (ii) Ducts, pipes, valves and fittings;
 - (iii) Tanks, their component parts and supports; and
 - (iv) Pumps and private fire protection mains.
- (b) When supplied from an automatic fire protective system:
- (i) Non-automatic fire protective systems; and
 - (ii) Hydrants, standpipes and outlets.

J. Sinkhole Collapse, meaning loss or damage caused by the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or similar rock formations. This cause of loss does not include the cost of filling sinkholes.

K. Volcanic Action, meaning direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (1) Airborne volcanic blast or airborne shock waves;
- (2) Ash, dust or particulate matter; or
- (3) Lava flow.

All volcanic eruptions that occur within any 72-hour period will constitute a single occurrence. This cause of loss does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss of or damage to Covered Property.

I. Transportation, meaning loss or damage caused by:

- (1) Collision, derailment or overturn of a vehicle;
- (2) Stranding or sinking of vessels; and
- (3) Collapse of bridges, culverts, piers, wharves or docks.

This cause of loss applies only to Covered Property in course of transit.

4. Additional Coverages

a. Debris Removal

(1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the earlier of:

- (a) The date of direct physical loss or damage; or
- (b) The end of the policy period.

(2) The most we will pay under this Additional Coverage is 25% of:

- (a) The amount we pay for the direct loss or damage; plus
- (b) The deductible in this policy applicable to that loss or damage. But this limitation does not apply to any additional debris removal limit provided in paragraph (4) below.

(3) This Additional Coverage does not apply to costs to:

- (a) Extract "pollutants" from land or water; or
- (b) Remove, restore or replace polluted land or water.

(4) If:

- (a) The sum of loss or damage and debris removal expense exceeds the Limit of Insurance; or
- (b) The debris removal expense exceeds the amount payable under the 25% Debris Removal coverage limitation in paragraph (2) above:

We will pay up to an additional \$5,000 for each location in any one occurrence under the Debris Removal Additional Coverage.

b. Preservation of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss of or damage to that property:

(1) While it is being moved or while temporarily stored at another location; and

(2) Only if the loss or damage occurs within 10 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for your liability for fire department service charges:

(1) Assumed by contract or agreement prior to loss; or

(2) Required by local ordinance.

d. Business Income

We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to property at the described premises, including personal property in the open (or in a vehicle) within 100 feet, caused by or resulting from any Covered Cause of Loss.

We will only pay for loss of Business Income that occurs within 12 consecutive months after the date of direct physical loss or damage. This Additional Coverage is not subject to the Limits of Insurance.

Business Income means the:

(1) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

(2) Continuing normal operating expenses incurred, including payroll.

e. Extra Expense

We will pay necessary Extra Expense you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property at the described premises, including personal property in the open (or in a vehicle) within 100 feet, caused by or resulting from a Covered Cause of Loss.

Extra Expense means expense incurred:

(1) To avoid or minimize the suspension of business and to continue "operations":

(a) At the described premises; or

(b) At replacement premises or at temporary locations, including:

(i) Relocation expenses; and

(ii) Costs to equip and operate the replacement or temporary locations.

(2) To minimize the suspension of business if you cannot continue "operations".

(3) (a) To repair or replace any property; or

(b) To research, replace or restore the lost information on damaged valuable papers and records;

to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage or Additional Coverage d., Business Income.

We will only pay for Extra Expense that occurs within 12 consecutive months after the date of direct physical loss or damage. This Additional Coverage is not subject to the Limits of Insurance.

f. Pollutant Clean Up and Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the release, discharge or dispersal of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the earlier of:

(1) The date of direct physical loss or damage; or

(2) The end of the Policy period.

The most we will pay for each location under this Additional Coverage is \$10,000 for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

5. Coverage Extensions

In addition to the Limits of Insurance, you may

extend the Insurance provided by this policy as follows:

a. Personal Property at Newly Acquired Premises

(1) You may extend the Insurance that applies to Business Personal Property to apply to that property at any premises you acquire.

The most we will pay for loss or damage under this Extension is \$10,000 at each premises.

(2) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

- (a) This policy expires.
- (b) 30 days expire after you acquire or begin construction at the new premises; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the premises.

b. Personal Property Off Premises

You may extend the insurance that applies to Business Personal Property to apply to covered Business Personal Property, other than money and securities, while it is in course of transit or temporarily at a premises you do not own, lease or operate. The most we will pay for loss or damage under this Extension is \$1,000.

c. Outdoor Property

You may extend the Insurance provided by this policy to apply to your outdoor fences, radio and television antennas, signs (other than signs attached to buildings) trees, shrubs and plants, including debris removal expense, caused by or resulting from any of the following causes of loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or

(5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant.

d. Valuable Papers and Records Cost of Research

You may extend the insurance that applies to Business Personal Property to apply to your costs to research, replace or restore the lost information on lost or damaged valuable papers and records, including those which exist on electronic or magnetic media, for which duplicates do not exist. The most we will pay under this Extension is \$1,000 at each described premises.

B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Building Ordinance

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

b. Earth Movement

- (1) Any earth movement (other than sink hole collapse), such as an earthquake, landslide or earth sinking, rising or shifting. But if loss or damage by fire or explosion results, we will pay for that resulting loss or damage.
- (2) Volcanic eruption, explosion or effusion. But if loss or damage by fire or volcanic action results, we will pay for that resulting loss or damage.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire

would be covered under this policy.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if loss or damage by fire results, we will pay for that resulting loss or damage.

e. Power Failure

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises.

But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

f. War and Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up from a sewer or drain; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings.

But if loss or damage by fire, explosion or sprinkler leakage results, we will pay for that resulting loss or damage.

2. We will not pay for loss or damage caused by or resulting from:

a. Electrical Apparatus: Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires.

But if loss or damage by fire results, we will pay for that resulting loss or damage.

b. Burst Piping: Rupture or bursting of water pipes (other than Automatic Sprinkler Systems) unless caused by a Covered Cause of Loss.

c. Water Discharge: Leakage or discharge of water or steam resulting from the breaking or cracking of any part of a system or appliance containing water or steam (other than an Automatic Sprinkler System), unless the system or appliance is damaged by a Covered Cause of Loss.

d. Steam Apparatus: Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control.

But if loss or damage by fire or combustion explosion results, we will pay for that resulting loss or damage.

e. Mechanical Breakdown: Mechanical breakdown, including rupture or bursting caused by centrifugal force.

But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

3. **Business Income and Extra Expense Exclusions.** We will not pay for:

a. Any Extra Expense, or increase of Business Income loss, caused by or resulting from:

(1) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

(2) Suspension, lapse or cancellation of

any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations", we will cover such loss that affects your Business Income during the "period of restoration".

- b. Any other consequential loss.

C. LIMITS OF INSURANCE

1. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.
2. The most we will pay for loss of or damage to outdoor signs attached to buildings is \$1,000 per sign in any one occurrence.
3. The limits applicable to the Coverage Extensions and the Fire Department Service Charge and Pollutant Clean Up and Removal Additional Coverages are in addition to the Limits of Insurance.
4. Building Limit - Automatic Increase
 - a. The Limit of Insurance for Buildings will automatically increase by the annual percentage shown in the Declarations.
 - b. The amount of increase will be:
 - (1) The Building limit that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Building limit, times
 - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Building limit, divided by 365.

Example:

If: The applicable Building limit is \$100,000. The annual percentage increase is 8%. The number of days since the beginning of the policy year (or last policy change) is 146.

The amount of increase is $\$100,000 \times .08 \times 146 \div 365 = \$3,200$.

5. Business Personal Property Limit - Seasonal Increase

- a. The Limit of Insurance for Business Personal Property will automatically increase by 25% to provide for seasonal variations.
- b. This increase will apply only if the Limit of Insurance shown for Business Personal Property in the Declarations is at least 100% of your average monthly values during the lesser of:

(1) The 12 months immediately preceding the date the loss or damage occurs; or

(2) The period of time you have been in business as of the date the loss or damage occurs.

D. DEDUCTIBLES

1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Insurance.
2. Regardless of the amount of the Deductible, the most we will deduct from any loss or damage under all of the following Optional Coverages in any one occurrence is \$250:
 - a. Burglary and Robbery;
 - b. Employee Dishonesty;
 - c. Exterior Grade Floor Glass; and
 - d. Outdoor Signs.

But this \$250 deductible will not increase the deductible shown in the Declarations. This deductible will be used to satisfy the requirements of the deductible in the Declarations.

3. No deductible applies to the following Additional Coverages:
 - a. Fire Department Service Charge;
 - b. Business Income; and
 - c. Extra Expense.

E. PROPERTY LOSS CONDITIONS

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having Jurisdiction. The appraisers will state separately the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If, we submit to an appraisal, we will still retain our right to deny the claim.

3. Duties In The Event Of Loss Or Damage

You must see that the following are done in the event of loss or damage to Covered Property:

- a. Notify the police if a law may have been broken.
- b. Give us prompt notice of the loss or damage. Include a description of the property involved.
- c. As soon as possible, give us a description of how, when and where the loss or damage occurred.
- d. Take all reasonable steps to protect the Covered Property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs for consideration in the settlement of the claim. This will not increase the limit of insurance.
- e. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

f. Permit us to inspect the property and records proving the loss or damage.

g. If requested, permit us to question you under oath at such times as may be reasonably required about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed.

h. Send us a signed, sworn statement of loss containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

i. Cooperate with us in the investigation or settlement of the claim.

j. Resume all or part of your "operations" as quickly as possible.

4. Legal Action Against Us

No one may bring a legal action against us under this insurance unless:

- a. There has been full compliance with all of the terms of this insurance; and
- b. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

5. Limitation - Electronic Media and Records

We will not pay for any loss of Business Income caused by direct physical loss of or damage to Electronic Media and Records after the longer of:

- a. 60 consecutive days from the date of direct physical loss or damage; or
- b. The period, beginning with the date of direct physical loss or damage, necessary to repair, rebuild or replace with reasonable speed and similar quality, other property at the described premises due to loss or damage caused by the same occurrence.

Electronic Media and Records are:

- (1) Electronic data processing, recording or storage media such as films, tapes, discs, drums or cells;
- (2) Data stored on such media; or

(3) Programming records used for electronic data processing or electronically controlled equipment.

Example No. 1:

A Covered Cause of Loss damages a computer on June 1. It takes until September 1 to replace the computer, and until October 1 to restore the data that was lost when the damage occurred. We will only pay for the Business Income loss sustained during the period June 1-September 1. Loss during the period September 2-October 1 is not covered.

Example No. 2:

A Covered Cause of Loss results in the loss of data processing programming records on August 1. The records are replaced on October 15. We will only pay for the Business Income loss sustained during the period August 1 - September 29 (60 consecutive days). Loss during the period September 30-October 15 is not covered.

6. Loss Payment

In the event of loss or damage covered by this policy:

- a. We will not pay you more than your financial interest in the Covered Property.
- b. We will either:
 - (1) Pay the value of lost or damaged property, as described in paragraph d. below;
 - (2) Pay the cost of repairing or replacing the lost or damaged property, plus any reduction in value of repaired items;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild or replace the property with other property of like kind and quality.
- c. We will give notice of our intentions within 30 days after we receive the sworn statement of loss.
- d. We will determine the value of Covered Property as follows:
 - (1) At replacement cost (without deduction for

depreciation), except as provided in (2) through (7) below.

- (a) You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.
- (b) We will not pay on a replacement cost basis for any loss or damage:
 - (i) Until the loss or damaged property is actually repaired or replaced; and
 - (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.
- (c) We will not pay more for loss or damage on a replacement cost basis than the least of:
 - (i) The cost to replace, on the same premises, the lost or damaged property with other property:
 - i. Of comparable material and quality; and
 - ii. Used for the same purpose; or
 - (ii) The amount you actually spend that is necessary to repair or replace the lost or damaged property.
- (2) If the "Actual Cash Value-Buildings" option applies, as shown in the Declarations, paragraph (1) above does not apply to Buildings. Instead, we will determine the value of Buildings at actual cash value.
- (3) The following property at actual cash value:
 - (a) Used or second-hand merchandise held in storage or for sale;
 - (b) Property of others;
 - (c) Household contents, except personal property in apartments or rooms furnished by you as landlord;

(d) Manuscripts;

(e) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac.

(4) Glass at the cost of replacement with safety glazing material if required by law.

(5) Tenants' Improvements and Betterments at:

(a) Replacement cost if you make repairs promptly.

(b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:

(i) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and

(ii) Divide the amount determined in (i) above by the number of days from the installation of improvements to the expiration of the lease. If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

(c) Nothing if others pay for repairs or replacement.

(6) Valuable Papers and Records, including those which exist on electronic or magnetic media (other than prepackaged software programs), at the cost of:

(a) Blank materials for reproducing the records; and

(b) Labor to transcribe or copy the records.

(7) Applicable only to the Optional Coverages:

(a) Money at its face value; and

(b) Securities at their value at the close of business on the day the loss is discovered.

The value of United States Government Internal Revenue taxes and custom duties and refundable state and local taxes paid or fully determined on the following property held for sale will not be considered in determining the value of Covered Property:

(a) Distilled spirits;

(b) Wines;

(c) Rectified products; or

(d) Beer.

e. Our payment for loss of or damage to personal property of others will only be for the account of the owners of the property. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

g. We will pay for covered loss or damage within 30 days after we receive the sworn statement of loss, if:

(1) You have complied with all of the terms of this policy; and

(2) (a) We have reached agreement with you on the amount of loss; or

(b) An appraisal award has been made.

7. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, you may retain the property. But then you must return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

8. Resumption of Operations

We will reduce the amount of your:

a. Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

b. Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

9. Vacancy

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage, we will:

a. Not pay for any loss or damage caused by:

- (1) Vandalism; or
- (2) Sprinkler leakage unless you have protected the system against freezing.

b. Reduce the amount we would otherwise pay for the loss or damage by 15%.

Buildings under construction are not considered vacant.

F. PROPERTY GENERAL CONDITIONS

1. Control of Property

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

If you violate a condition of this policy, we will not pay for loss or damage at the involved location. But your coverage will continue for other locations at which the violation does not apply.

2. Mortgage Holders

- a. The term "mortgage holder" includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgage holder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the mortgage holder will still have the right to receive loss payment if the mortgage holder:
 - (1) Pays any premium due under this policy at our request if you have failed to do so;
 - (2) Submits a signed, sworn statement of loss within 60 days after receiving notice from us

of your failure to do so; and

(3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgage holder.

All of the terms of this policy will then apply directly to the mortgage holder.

e. If we pay the mortgage holder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:

- (1) The mortgage holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
- (2) The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At our option, we may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

f. If we cancel this policy, we will give written notice to the mortgage holder at least:

- (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

g. If we do not renew this policy, we will give written notice to the mortgage holder at least 10 days before the expiration date of this policy.

3. No Benefit to Bailee

No person or organization, other than you having custody of Covered Property will benefit from this insurance.

4. Policy Period, Coverage Territory

Under this form:

a. We cover loss or damage commencing:

- (1) During the policy period shown in the Declarations; and

(2) Within the coverage territory or, with respect to property in transit, while it is between points in the coverage territory.

b. The coverage territory is:

(1) The United States of America (including its territories and possessions);

(2) Puerto Rico; and

(3) Canada.

G. OPTIONAL COVERAGES

If shown as applicable in the Declarations, the following Optional Coverages also apply. These coverages are subject to the terms and conditions applicable to property coverage in this policy, except as provided below.

1. Outdoor Signs

a. We will pay for direct physical loss of or damage to all outdoor signs at the described premises:

(1) Owned by you; or

(2) Owned by others but in your care, custody or control.

b. Paragraph A.3., Covered Causes of Loss, and Section B., Exclusions, do not apply to this Optional Coverage, except for:

(1) Paragraph B.1.c., Governmental Action;

(2) Paragraph B.1.d., Nuclear Hazard; and

(3) Paragraph B.1.f., War and Military Action.

c. We will not pay for loss or damage caused by or resulting from:

(1) Wear and tear;

(2) Hidden or latent defect;

(3) Rust;

(4) Corrosion; or

(5) Mechanical breakdown.

d. The most we will pay for loss of or damage in any one occurrence is the Limit of Insurance for Outdoor Signs shown in the Declarations.

e. The provisions of this Optional Coverage supersede all other references to outdoor signs in this policy.

2. Exterior Grade Floor Glass

a. We will pay for direct physical loss of or damage to all exterior grade floor and basement glass, including all lettering and ornamentation, located at the described premises and:

(1) Owned by you; or

(2) Owned by others but in your care, custody or control.

b. We will also pay for necessary:

(1) Expenses incurred to put up temporary plates or board up openings;

(2) Repair or replacement of encasing frames; and

(3) Expenses incurred to remove or replace obstructions.

c. Paragraph A.3., Covered Causes of Loss, and Section B., Exclusions, do not apply to this Optional Coverage, except for:

(1) Paragraph B.1.c., Governmental Action;

(2) Paragraph B.1.d., Nuclear Hazard; and

(3) Paragraph B.1.f., War and Military Action.

d. We will not pay for loss or damage caused by or resulting from:

(1) Wear and tear;

(2) Hidden or latent defect;

(3) Corrosion; or

(4) Rust.

3. Burglary and Robbery

a. We will pay for direct physical loss of or damage to Business Personal Property, including money and securities, at the described premises resulting directly from actual or attempted:

(1) Burglary, meaning the taking of property from

inside the described premises by a person unlawfully entering or leaving the premises as evidenced by marks of forcible entry or exit; or

(2) Robbery, meaning the taking of property from the care and custody of a person by one who has:

(a) Caused or threatened to cause that person bodily harm; or

(b) Committed an obviously unlawful act witnessed by the person from whom the property was taken.

b. Coverage for money and securities extends to that property while at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee having care and custody of the property, at the described premises, or in transit between any of these places.

c. We will not pay for loss or damage:

(1) To household and personal effects in living quarters occupied by you, your partner, officer, director or stockholder or any relative of any of these.

(2) To accounts, deeds, evidences of debt and manuscripts.

(3) Of property that is missing when there is no physical evidence to show what happened to it, such as shortage disclosed on taking inventory.

(4) Resulting from any dishonest or criminal act:

(a) That you or any of your partners commit whether acting alone or in collusion with other persons; or

(b) Committed by any of your employees, directors, trustees or authorized representatives:

(i) Acting alone or in collusion with other persons; or

(ii) While performing services for you or otherwise.

(5) Resulting from voluntary parting with any property by you or anyone else to whom

you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

(6) Of property that has been transferred to a person or place outside the described premises on the basis of unauthorized instructions.

(7) Resulting from delay, loss of use or loss of market.

(8) Occurring during a fire at the described premises.

d. The most we will pay for loss or damage in any one occurrence is:

(1) The limit shown in the Declarations for Inside the Premises for money and securities while:

(a) In or on the described premises; or

(b) Within a bank or savings institution:

(2) The limit shown in the Declarations for Outside the Premises for money and securities while any where else; and

(3) 25% of the Business Personal Property Limit of Insurance for all other property. But each of the following types of property are covered only up to \$2,500:

(a) Furs, fur garments and garments trimmed with fur;

(b) Jewelry, watches, watch movements, jewels, precious and semi-precious stones, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item; and

(c) Patterns, dies, molds and forms.

e. All loss or damage:

(1) Caused by one or more persons; or

(2) Involving a single act or series of related acts; is considered one occurrence.

4. Employee Dishonesty

- a. We will pay for direct loss of or damage to Business Personal Property, including money and securities, resulting from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:
- (1) Cause you to sustain loss or damage; and also
 - (2) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
 - (a) Any employee; or
 - (b) Any other person or organization.
- b. We will not pay for loss or damage:
- (1) Resulting from any dishonest or criminal act that you or any of your partners commit whether acting alone or in collusion with other persons.
 - (2) The only proof of which as to its existence or amount is:
 - (a) An inventory computation; or
 - (b) A profit and loss computation.
- c. The most we will pay for loss or damage in any one occurrence is the Limit of Insurance for Employee Dishonesty shown in the Declarations.
- d. All loss or damage:
- (1) Caused by one or more persons; or
 - (2) Involving a single act or series of related acts; is considered one occurrence.
- e. We will pay only for loss or damage you sustain through acts committed or event occurring during the Policy Period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.
- f. This Optional Coverage does not apply to any employee immediately upon discovery by:
- (1) You; or
 - (2) Any of your partners, officers or directors not in collusion with the employee; of any dishonest act committed by that employee before or after being hired by you.
- g. We will pay only for covered loss or damage discovered no later than one year from the end of the Policy Period.
- h. If you (or any predecessor in interest) sustained loss or damage during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Optional Coverage, provided:
- (1) This Optional Coverage became effective at the time of cancellation or termination of the prior insurance; and
 - (2) The loss or damage would have been covered by this Optional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.
- i. The insurance under paragraph h. above is part of, not in addition to, the Limit of Insurance applying to this Optional Coverage and is limited to the lesser of the amount recoverable under:
- (1) This Optional Coverage as of its effective date; or
 - (2) The prior insurance it had remained in effect.
5. Mechanical Breakdown
- a. We will pay for direct damage to Covered Property caused by an Accident to an Object. The Object must be:
- (1) Owned by you or in your care, custody or control; and
 - (2) At the described premises.
- b. Accident means a sudden and accidental breakdown of the Object or a part of the Object. At the time the breakdown occurs, it must manifest itself by physical damage to the Object that necessitates repair or replacement.

c. None of the following is an Accident:

- (1) Depletion, deterioration, corrosion or erosion;
- (2) Wear and tear;
- (3) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
- (4) Breakdown of any vacuum tube, gas tube or brush;
- (5) Breakdown of any electronic computer or electronic data processing equipment;
- (6) Breakdown of any structure or foundation supporting the Object or any of its parts;
- (7) The functioning of any safety or protective device; or
- (8) The explosion of gases or fuel within the furnace of any Object or within the flues or passages through which the gases of combustion pass.

d. Object means any of the following equipment:

- (1) Boiler and Pressure Vessels:
 - (a) Steam heating boilers and condensate return tanks used with them;
 - (b) Hot water heating boilers and expansion tanks used with them;
 - (c) Hot water supply boilers;
 - (d) Other fired or unfired vessels used for maintenance or service of the described premises but not used for processing or manufacturing;
 - (e) Steam boiler piping, valves, fittings, traps and separators, but only if they:
 - (i) Are on your premises or between parts of your premises;
 - (ii) Contain steam or condensate of steam; and
 - (iii) Are not part of any other vessel or apparatus;
 - (f) Feed water piping between any steam

boiler and a feed pump or injector.

(2) Air Conditioning Units - Any air conditioning unit that has a capacity of 60,000 BTU or more, including:

- (a) Inductors, converters and coils that make use of a refrigerant and form part of a cooling, humidity control or space heating system;
- (b) Interconnecting piping, valves and fittings containing only a refrigerant, water, brine or other solution;
- (c) Vessels heated directly or indirectly that:
 - (i) Form part of an absorption type system; and
 - (ii) Function as a generator, refrigerator or concentrator;
- (d) Compressors, pumps, fans and blowers used solely with the system together with their driving electric motors; and
- (e) Control equipment used solely with the system.

e. Object does not mean:

- (1) As Boiler and Pressure Vessels:
 - (a) Equipment that is not under internal vacuum or internal pressure other than weight of contents;
 - (b) Boiler settings;
 - (c) Insulating or refractory material; or
 - (d) Electrical, reciprocating or rotating apparatus within or forming a part of the boiler or vessel.
- (2) As Air Conditioning Units, any:
 - (a) Vessel, cooling tower, reservoir or other source of cooling water for a condenser or compressor, or any water piping leading to or from that source; or
 - (b) Wiring or piping leading to or from the unit.

f. We will not pay for an Accident to any Object while being tested.

g. Suspension

Whenever an Object is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an Accident to that Object. This can be done by delivering or mailing a written notice of suspension to:

- (1) Your last known address; or
- (2) The address where the Object is located.

If we suspend your insurance, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

H. PROPERTY DEFINITIONS

- 1. "Operations" means your business activities occurring at the described premises.
- 2. "Period of Restoration" means the period of time that:
 - a. Begins with the date of direct physical loss or damage caused by or resulting from any

Covered Cause of Loss at the described premises; and

- b. Ends on the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality.

"Period of restoration" does not include any increased period required due to the enforcement of any law that:

- (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
- (2) Regulates the prevention, control, repair, clean-up or restoration of environmental damage.

The expiration date of this policy will not cut short the "Period of restoration".

- 3. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
SECTION I - BUSINESS OWNERS FIRE POLICY PROVISIONS**

The endorsement modifies insurance provided under the following:

BUSINESSOWNERS POLICY

The provisions of the Standard Fire Policy are stated below. State law still requires that they be attached to all policies. If any conditions of this form are construed to be more liberal than any other policy conditions relating to the perils of fire, lightning or removal, the conditions of this form will apply.

IN CONSIDERATION OF THE PROVISIONS AND STIPULATIONS HEREIN OR ADDED HERETO, AND OF THE PREMIUM SPECIFIED in the Declarations or in endorsements made a part hereof, this Company, for the term of years specified in the Declarations from inception date shown in the Declarations at 12.00 noon (Standard Time) to expiration date shown in the Declarations at 12.00 noon (Standard Time) at location of property involved, to an amount not exceeding the limit of liability specified in the Declarations, does insure the Insured named in the Declarations and legal representatives, to the extent of the actual cash

value of the property at the time of loss, but not exceeding the amount which it would cost to repair or replace the property with material of like kind and quality within a reasonable time after such loss, without allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair, and without compensation for loss resulting from interruption of business or manufacture, nor in any event for more than the interest of the Insured, against all DIRECT LOSS BY FIRE, LIGHTNING AND OTHER PERILS INSURED AGAINST IN THIS POLICY INCLUDING REMOVAL FROM PREMISES ENDANGERED BY THE PERILS INSURED AGAINST IN THIS POLICY, EXCEPT AS HEREINAFTER PROVIDED, to the property described in the Declarations while located or contained as described in this policy, or pro rata for five days at each proper place to which any of the property shall necessarily be removed for preservation from the perils insured against this policy, but not elsewhere.

Assignment of this policy shall not be valid except with the written consent of this Company.

This policy is made and accepted subject to the foregoing

provisions and stipulations and those hereinafter stated, which are hereby made a part of this policy, together with such other provisions, stipulations and agreements as may be added hereto, as provided in this policy.

Concealment, fraud. This entire policy shall be void if, whether before or after a loss, the insured has willfully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof or the interest of the insured therein, or in case of any fraud or false swearing by the insured relating thereto.

Uninsurable and excepted property. This policy shall not cover accounts, bills, currency, deeds, evidences of debt, money or securities; nor, unless specifically named hereon in writing, bullion or manuscripts.

Perils not included. This Company shall not be liable for loss by fire or other perils insured against in this policy caused, directly or indirectly, by (a) enemy attack by armed forces, including action taken by military naval or air forces in resisting an actual or an immediately impending enemy attack, (b) invasion, (c) insurrection, (d) rebellion, (e) revolution, (f) civil war, (g) usurped power, (h) order of any civil authority except acts of destruction at the time of and for the purpose of preventing the spread of fire, provided that such fire did not originate from any of the perils excluded by this policy, (i) neglect of the insured to use all reasonable means to save and preserve the property at and after a loss, or when the property is endangered by fire in neighboring premises, (j) nor shall this Company be liable for loss by theft.

Other insurance. Other insurance may be prohibited or the amount of insurance may be limited by endorsement attached hereto.

Conditions suspending or restricting insurance. Unless otherwise provided in writing added hereto this Company shall not be liable for loss occurring

- (a) while the hazard is increased by any means within the control or knowledge of the insured, or
- (b) while a described building, whether intended for occupancy owner or tenant, is vacant or unoccupied beyond a period of sixty consecutive days; or
- (c) as a result of explosion or riot, unless fire ensue, and in that event for loss of fire only.

Other perils or subjects. Any other peril to be insured against or subject of insurance to be covered in this policy shall be by endorsement in writing hereon or added hereto.

Added provisions. The extent of the application of insurance under this policy and of the contribution to be made

by this Company in case of loss, and any other provision or agreement not inconsistent with the provisions of this policy, may be provided for in writing added hereto, but no provision may be waived except such as by the terms of this policy is subject to change.

Waiver provisions. No permission affecting this insurance shall exist, or waiver of any provision be valid, unless granted herein or expressed in writing added hereto. No provision, stipulation or forfeiture shall be held to be waived by any requirement or proceeding on the part of this Company relating to appraisal or to any examination provided for herein.

Cancellation of policy. This policy shall be canceled at any time at the request of the insured, in which case this Company shall, upon demand and surrender of this policy, refund the excess of paid premium above the customary short rates for the expired time. This policy may be canceled at any time by this Company by giving to the insured a five days' written notice of cancellation with or without tender of the excess of paid premium above the pro rata premium for the expired time, which excess, if not tendered, shall be refunded on demand. Notice of cancellation shall state that excess premium (if not tendered) will be refunded on demand.

Mortgagee interests and obligations. If loss hereunder is made payable, in whole or in part, to a designated mortgagee not named herein as the insured, such interest in this policy may be canceled by giving to such mortgagee a ten days' written notice of cancellation.

If the insured fails to render proof of loss such mortgagee, upon notice, shall render proof of loss in the form herein specified within sixty (60) days thereafter and shall be subject to the provisions hereof relating to appraisal and time of payment and of bringing suit. If this Company shall claim that no liability existed as to the mortgagor or owner, it shall, to the extent of payment of loss to the mortgagee, be subrogated to all the mortgagee's rights of recovery, but without impairing mortgagee's right to sue; or it may pay off the mortgage debt and require an assignment thereof and of the mortgage. Other provisions relating to the interests and obligations of such mortgagee may be added hereto by agreement in writing.

Pro rata liability. This Company shall not be liable for a greater proportion of any loss than the amount hereby insured shall bear to the whole insurance covering the property against the peril involved, whether collectible or not.

Requirement in case loss occurs. The insured shall give immediate written notice to this Company of any loss, protect the property from further damage, forthwith separate the damaged and undamaged personal property, put it in the best possible order, furnish a complete inventory of the destroyed, damaged and undamaged property, showing in

detail quantities, costs, actual cash value and amount of loss claimed; and within sixty days after the loss, unless such time is extended in writing by this Company, the insured shall render to this Company a proof of loss, signed and sworn to by the insured, stating the knowledge and belief of the insured as to the following; the time and origin of the loss, the interest of the insured and of all others in the property, the actual cash value of each item thereof and the amount of loss thereon, all encumbrances thereon, all other contracts of insurance, whether valid or not, covering any of said property, any changes in the title, use, occupation, location, possession or exposures of said property since the issuing of this policy, by whom and for what purpose any building herein described and the several parts thereof were occupied at the time of loss and whether or not it then stood on leased ground, and shall furnish a copy of all the descriptions and schedules in all policies and, if required verified plans and specifications of any building, fixtures or machinery destroyed or damaged. The insured, as often as may be reasonably required, shall exhibit to any person designated by the Company all that remains of any property herein described, and submit to examinations under oath by any person named by this Company, and subscribe the same; and, as often as may be reasonably required, shall produce for examination all books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by this Company or its representative, and shall permit extracts and copies thereof to be made.

Appraisal. In case the insured and this Company shall fail to agree as to the actual cash value or the amount of loss, then, on the written demand of either, each shall select a competent and disinterested appraiser and notify the other of the appraiser selected within twenty days of such demand. The appraisers shall first select a competent and disinterested umpire; and failing for fifteen days to agree upon such umpire, then, on request of the insured or this Company, such umpire shall be selected a judge of a court

of record in the state in which the property covered is located. The appraisers shall then appraise the loss, stating separately actual cash value and loss to each item; and failing to agree, shall submit their differences, only, to the umpire. An award in writing, so itemized, of any two when filed with this Company shall determine the amount of actual cash value and loss. Each appraiser shall be paid by the party selecting him and the expenses of appraisal and umpire shall be paid by the parties equally.

Company's options. It shall be optional with this Company to take all, or any part, of the property at the agreed or appraised value, and also to repair, rebuild or replace the property destroyed or damaged with other of like kind and quality within a reasonable time, on giving notice of its intention so to do within thirty days after the receipt of the proof of loss herein required.

Abandonment. There can be no abandonment to this Company of any property.

When loss payable. The amount of loss for which this Company may be liable shall be payable sixty days after proof of loss, as herein provided, is received by this Company and ascertainment of the loss is made either by agreement between the insured and this Company expressed in writing or by the filing with this Company of an award as herein provided.

Suit. No suit or action on this policy for the recovery of any claim shall be sustainable in any court of law or equity unless all the requirements of this policy shall have been complied with, and unless commenced within twelve months next after inception of the loss.

Subrogation. This Company may require from the insured an assignment of all right of recovery against any part for loss to the extent that payment therefor is made by this Company.

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

Endorsement No. 1
BUILDING LIMITATION CLAUSE

Notwithstanding anything contained herein to the contrary, it is hereby mutually understood and agreed that the insurance provided by the Insurance Company on the building described under this Policy excludes the following structure which is attached thereto to read as follows:

Any structure or any portion of any structure including any property contained herein, which is not of the same Construction Type as that indicated under the Declarations whether or not such structure be attached to or in contact with the dwelling, building, including but not limited to fences, carports, patios or outdoor kitchens.

It is further understood and agreed that the structure described above in the event of loss is not covered under any perils provided under this Policy.

Endorsement No. 2
COINSURANCE CLAUSE

Important, this policy contains a coinsurance clause. If the amount of insurance purchased is not equal to % of the actual cash value or replacement cost of your insured property, then the settlement you receive arising from the future losses will not be sufficient to replace the loss you have suffered. It is your responsibility as the insured to make certain the insured value, as stated below, is equal to the actual cash value or full replacement cost of your insured property if you desire full protection.

This company shall not be liable for a greater proportion of any loss or damage to the property described herein than the sum hereby insured bears to percent (%) of the actual cash value of said property at the time such loss shall happen, not for more than the proportion which this policy bears to the total insurance thereon.

If the insurance under this policy be divided into two or more items, the foregoing shall apply to each item separately.

*** See Schedule Attached**

Endorsement No. 3
Agreed Value Clause

It is hereby understood and agreed that with respect to the

insurance of a building or buildings this policy in the event of total loss shall be considered a Valued Policy in accordance with the terms of Section 43356 of the Government Code of Guam. In the event of partial loss, the condition of the attached Coinsurance Clause shall apply.

Endorsement No. 4
COINSURANCE CLAUSE

Important, this policy contains a coinsurance clause. If the amount of the insurance purchased is not equal to % of the actual cash value or replacement cost of your insured property, then the settlement you receive arising from future losses will not be sufficient to replace the loss you have suffered. It is your responsibility as the insured to make certain the insured value, as stated below, is equal to the actual cash value or full replacement cost of your insured property if you desire full protection.

It is a condition of this cover that in the event of loss, this Company shall not be liable for a greater proportion of any loss, less the amount of the deductible, if any, from typhoon and/or windstorm than the amount hereby insured bears to Percent (%) of the actual cash value of the property described in this Policy at the time such loss shall happen.

*** See Schedule Attached**

Endorsement No. 5
LENDER'S LOSS PAYABLE CLAUSE

Loss, if any, under this policy shall be payable to See Declaration Schedule as lender, mortgagee, or trustee, as interest may appear.

It is understood that the lender, mortgagee or trustee now has or will acquire from time to time an insurable interest in certain property insured under this policy as established by warehouse receipts, bills of lading documentary or other written evidence.

This insurance, solely as to the interest therein of the lender, mortgagee or trustee, shall not be impaired or invalidated by any act or neglect of the borrower, mortgagor or owner of the within described property except as provided in the last paragraph hereof, nor by any change in the title of ownership of the property, nor by the occupation of the premises wherein such property is located for purposes more hazardous than are permitted by this policy; provided that in case of the borrower, mortgagor or owner shall neglect

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

to pay any premium due under this policy the lender, mortgagee or trustee shall, on demand, pay the same.

Provided, also, that the lender, mortgagee or trustee shall notify this Company of any change of ownership or occupancy or increase of hazard which shall come to the knowledge of said lender, mortgagee or trustee, and unless permitted by this policy. It shall noted thereon and the lender, mortgagee or trustee shall, on demand, pay the premium for such increased hazard for the term of the use thereof; otherwise this policy shall be pull and void.

This company reserves the right to cancel this policy at any time as provided by its terms, but in such case this policy shall continue in force for the benefit only of the lender, mortgagee or trustee for ten days after notice to the lender, mortgagee or trustee of such cancellation and shall then cease, and this Company shall have the right, on like notice to cancel this agreement.

Wherever this Company shall pay the lender, mortgagee or trustee any sum for loss or damage under this policy and shall claim that as to the borrower, mortgagor or owner, no liability therefore existed, this company shall, to the extent of such payment be thereupon legally subrogated to all the rights of the party to whom such payment shall be made, under all securities held as collateral to the debt, or may at its option, pay the lender, mortgagee or trustee, the whole principal due or to grow due on the debt with interest, and shall thereupon received a full assignment and transfer of the debt and of the mortgage and of all such other securities as evidence the interest of the lender, mortgagee or trustee in the within described property; but no subrogation shall impair the right of the lender, mortgagee or trustee to recover the full amount of its claim against the borrower, mortgagor or owner.

All the other terms and conditions of the policy to which this Endorsement is attached and of which it is a part, remain unchanged, which other terms and conditions include the limit(s) of liability named in the policy and the conditions of any Value Reporting, Full Reporting, Total Insurance, Coinsurance, Reduced Rate Contribution or Average Clauses incorporated therein or attached thereto.

Endorsement No. 6
EARTHQUAKE

This endorsement modifies insurance provided under the following:

a. The following are added to COVERED CAUSES OF LOSS

In Paragraph A.3 in the Bussinesowners Property Coverage Form:

(1) Earthquake

(2) Volcanic Eruption, meaning the eruption, explosion or effusion of a volcano.

b. All Earthquake shocks or Volcanic Eruption that occur within any 168-hour period will constitute a single Earthquake or Volcanic Eruption. The expiration of this policy will not reduce the 168-hour period.

c. We will not pay for loss or damage caused by or resulting from :

(1) Fire, explosion (other than volcanic explosion), landslide, mine subsidence, tidal wave, flood, mudslide or mudflow, even if attributable to an Earthquake or Volcanic Eruption.

(2) Any Earthquake or Volcanic Eruption that begins before inception of this insurance. But if this policy replaces earthquake insurance that includes loss or damage that occurs after the expiration of the policy, we will pay for loss or damage by Earthquake or Volcanic Eruption that occurs on or after the inception of insurance, if the series of Earthquake Shocks or Volcanic Eruptions began within 168 hours prior to the inception of this insurance.

d. The EARTH MOVEMENT EXCLUSION does not apply.

e. The DEDUCTIBLES Paragraph is replaced by the following for Earthquake and Volcanic Eruption:

(1) We will subtract a sum from the amount of loss or damage in any one occurrence.

i) The sum we subtract from each separate item will be the amount as shown in the Declarations.

ii) This Deductible applies separately to the following:

1) Each building or structure;

2) The contents of each building or structure; and

3) Personal property in the open.

(2) No Deductible applies to the following Additional

Coverages:

- i) Business Income; and
- ii) Extra Expense.

f. The following is added to the LIMITS OF INSURANCE SECTION:

The limit of Insurance that applies to coverage under this endorsement also applies to the Business Income and Extra Expense Additional Coverages.

**BUSINESSOWNERS POLICY - SECTION II
BUSINESS LIABILITY COVERAGE**

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 shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

The word "insured" means any person or organization qualifying as such under SECTION C - WHO IS AN INSURED.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION F - LIABILITY AND MEDICAL EXPENSES DEFINITIONS.

A. COVERAGES

1. Business Liability. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury", "property damage", "personal injury" or "advertising injury" to which this insurance applies. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under COVERAGE EXTENSION-SUPPLEMENTARY PAYMENTS.

a. This insurance applies only:

- (1) To "bodily injury" or "property damage":
 - (a) That occurs during the policy period; and
 - (b) That is caused by an "occurrence". The "occurrence" must take place in the "coverage territory".
- (2) To "personal injury" caused by an offense:
 - (a) Committed in the "coverage territory" during the policy period; and
 - (b) Arising out of the conduct of your business, excluding advertising, publishing, broadcasting or telecasting done by or for you.

(3) To "advertising injury" caused by an offense committed:

- (a) In the "coverage territory" during the policy period; and
- (b) In the course of advertising your goods, products or services.

b. We will have the right and duty to defend any "suit" seeking those damages. But:

- (1) The amount we will pay for damages is limited as described in Section D - Limits of Insurance;
- (2) We may investigate and settle any claim or "suit" at our discretion; and
- (3) Our right and duty to defend and when we have used up the applicable limit of insurance in the payment of judgments or settlements or medical expenses.

c. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

d. "Property damage" that is loss of use of tangible property that is not physically injured will be deemed to occur at the time of the "occurrence" that caused it.

e. Coverage Extension - Supplementary Payments

In addition to the Limit of Insurance, we will pay, with respect to any claim or "suit" we defend:

- (1) All expenses we incur.
- (2) Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for "bodily injury" applies. We do not have to furnish these bonds.

(3) The cost of bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to furnish these bonds.

(4) All reasonable expenses incurred by the Insured at our request to assist us in the investigation or defense of the claim or "suit" including actual loss of earnings up to \$100 a day because of time off from work.

(5) All costs taxed against the Insured in the "suit" .

(6) Prejudgment interest awarded against the Insured on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.

(7) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance

2. Medical Expenses

a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

(1) On premises you own or rent;

(2) On ways next to premises you own or rent;
or

(3) Because of your operations;
provided that:

(a) The accident takes place in the "coverage territory" and during the policy period;

(b) The expenses are incurred and reported to us within one year of the date of the accident; and

(c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

b. We will make these payments regardless of fault. These payments will not exceed the Limit of Insurance. We will pay reasonable expenses for:

(1) First aid at the time of an accident;

(2) Necessary medical, surgical, x-ray and dental services including prosthetic devices; and

(3) Necessary ambulance, hospital, professional nursing and funeral services.

B. EXCLUSIONS

1. Applicable to Business Liability Coverage. This insurance does not apply to:

a. "Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. "Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

(1) Assumed in a contract or agreement that is an "insured contract"; or

(2) That the insured would have in the absence of the contract or agreement.

c. "Bodily injury" or "property damage" for which any insured may be held liable by reason of:

(1) Causing or contributing to the intoxication of any person;

(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

(3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

d. Any obligation of the insured under a workers compensation, disability benefits or unemployment compensation law or any similar law.

e. "Bodily Injury" to:

(1) An employee of the insured arising out of and in the course of employment by the insured; or

(2) The spouse, child, parent, brother or sister of that employee as a consequence of (1) above.

This exclusion applies:

- (a) Whether the insured 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.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

f. (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, release or escape of pollutants:

- (a) At or from premises you own, rent or occupy;
- (b) At or from any site or location used by or for you or others for the handling, storage, disposal, processing or treatment of waste;
- (c) That are at any time transported, handled, stored, treated, disposed of or processed as waste by or for you or any person or organization for whom you may be legally responsible; or
- (d) At or from any site or location on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations:
 - (i) If the pollutants are brought on or to the site or location in connection with such operations; or
 - (ii) If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the pollutants.

(2) Any loss, cost or expense arising out of any governmental direction or request that you test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

Subparagraphs (a) and (d)(i) of paragraph (1) of this exclusion do not apply to "bodily injury" or "property damage" caused by heat,

smoke or fumes from a hostile fire. As used in this exclusion, a hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be.

g. "Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 26 feet long; and
 - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (5) "Bodily injury" or "property damage" arising out of the operation of any of the following equipment:
 - (a) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - (b) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

h. "Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice or preparation for, a prearranged racing, speed or demolition contest or in

any stunting activity.

i. "Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. "Bodily injury" or "property damage" due to rendering or failure to render any professional service. This includes but is not limited to:

(1) Legal, accounting or advertising services;

(2) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;

(3) Supervisory, inspection or engineering services;

(4) Medical, surgical, dental, x-ray or nursing services or treatment;

(5) Any health service or treatment;

(6) Any cosmetic or tonsorial service or treatment;

(7) Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;

(8) Ear piercing services; and

(9) Services in the practice of pharmacy; but this exclusion does not apply to an insured whose operations include those of a retail druggist or drugstore.

k. "Property damage" to:

(1) Property you own, rent or occupy;

(2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;

(3) Property loaned to you;

(4) Personal property in your care, custody or control;

(5) That particular part of real property on which you or any contractor or subcontractor

working directly or indirectly on your behalf is performing operations, if the "property damage" arises out of those operations; or

(6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a side-track agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

l. "Property damage" to "your product" arising out of it or any part of it.

m. "Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard."

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

n. "Property damage" to "impaired property" or property that has not been physically injured, arising out of:

(1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or

(2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

o. Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

(1) "Your product";

(2) "Your work"; or

(3) "Impaired property";

if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

p. "Personal injury" or "advertising injury:"

(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;

(2) Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;

(3) Arising out of the willful violation of a penal statute or ordinance committed by or with the consent of the insured; or

(4) For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

q. "Advertising injury" arising out of:

(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) An offense committed by an insured whose business is advertising, broadcasting, publishing or telecasting.

Exclusions c., d., e., f., g., h., i., k., l., m., n. and o. do not apply to damage by fire or explosion to premises rented to you. A separate Limit of Insurance applies to this coverage as described in Section D., Limits of Insurance.

2. Applicable to Medical Expenses Coverage -
We will not pay expenses for "bodily injury":

a. To any insured.

b. To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. To a person injured on that part of premises you own or rent that the person normally occupies.

d. To a person, whether or not an employee of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers compensation or disability benefits law or a similar law.

e. To a person injured while taking part in athletics.

f. Included within the "products-completed operations hazard".

g. Excluded under Business Liability Coverage.

h. Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

3. Applicable to both Business Liability Coverage and Medical Expenses Coverage - Nuclear Energy Liability Exclusion.

This insurance does not apply:

a. Under Business Liability Coverage, to "bodily injury" or "property damage":

(1) With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which:

(a) Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or

(b) The insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America or any agency thereof, with any person or organization.

b. Under Medical Expenses Coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization .

c. Under Business Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of the "nuclear material"; if

(1) The "nuclear material":

(a) Is at any "nuclear facility" owned by, or operated by or on behalf of, an insured; or

(b) Has been discharged or dispersed therefrom;

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

(3) The "bodily injury" or "property damage" arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility"; but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

As used in this exclusion:

"byproduct material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

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

"nuclear facility" means:

(a) Any "nuclear reactor";

(b) Any equipment or device designed or used for:

(1) Separating the isotopes of uranium or plutonium;

(2) Processing or utilizing "spent fuel"; or

(3) Handling, processing or packaging "waste";

(c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

(d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste"; and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

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

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

"property damage" includes all forms of radioactive contamination of property;

"source material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"special nuclear material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

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

"waste" means any waste material:

(a) Containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content; and

(b) Resulting from the operation by any person or organization of any "nuclear facility" included under paragraphs (a) and (b) of the definition of "nuclear facility".

C. WHO IS AN INSURED

1. If you are designated in the Declarations as:

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b. A partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds, but only with respect to the conduct of your business.
- c. An organization other than a partnership or joint venture you are an insured. Your executive officers and directors are insureds but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

2. Each of the following is also an insured:

- a. Your employees, other than your executive officers, but only for acts within the scope of their employment by you. However, none of these employees is an insured for:
 - (1) "Bodily injury" or "personal injury" to you or to a co-employee while in the course of his or her employment;
 - (2) "Bodily injury" or "personal injury" arising out of his or her providing or failing to provide professional health care services; or
 - (3) "Property damage" to property owned or occupied by or rented or loaned to that employee, any of your other employees, or any of your partners or members (if you are a partnership or joint venture).
- b. Any person (other than your employee), or any organization while acting as your real estate manager.
- c. Any person or organization having proper temporary custody of your property if you die, but only:
 - (1) With respect to liability arising out of the maintenance or use of that property; and
 - (2) Until your legal representative has been appointed.
- d. Your legal representative if you die, but only with

respect to duties as such. That representative will have all your rights and duties under this policy.

3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:

- a. "Bodily injury" to a co-employee of the person driving the equipment; or
- b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.

No person or organization is an insured with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

D. LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

- a. Insureds;
- b. Claims made or "suits" brought; or
- c. Persons or organizations making claims or bringing "suits".

2. The most we will pay for the sum of all damages because of all:

- a. "Bodily Injury", "property damage" and "medical expenses" arising out of any one "occurrence"; and
- b. "Personal Injury" and "advertising injury" sustained by any one person or organization; is the Liability and Medical Expenses limit shown in the Declarations. But the most we will pay for all medical expenses because of "bodily injury" sustained by any one person is the Medical Expenses limit shown in the Declarations.

3. The most we will pay under Business Liability

Coverage for damages because of "property damage" to premises rented to you arising out of any one fire or explosion is the Fire Legal Liability limit shown in the Declarations.

4. Aggregate Limits

The most we will pay for:

- a. Injury or damage under the "products completed operations hazard" arising from all "occurrences" during the policy period is the Liability and Medical Expenses limit; and
- b. All other injury or damage, including medical expenses, arising from all "occurrences" during the policy period is twice the Liability and Medical Expenses limit. This limitation does not apply to "property damage" to premises rented to you arising out of fire or explosion.

The limits of this policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

E. LIABILITY AND MEDICAL EXPENSES GENERAL CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this policy.

2. Duties in The Event Of Occurrence, Claim Or Suit

- a. You must see to it that we are notified promptly of an "occurrence" that may result in a claim. Notice should include:

(1) How, when and where the "occurrence" took place; and

(2) The names and addresses of any injured persons and witnesses.

- b. If a claim is made or "suit" is brought against any insured, you must see to it that we receive prompt written notice of the claim or "suit".

- c. You and any other involved insured must:

(1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";

(2) Authorize us to obtain records and other information;

(3) Cooperate with us in the investigation, settlement or defense of the claim or "suit"; and

(4) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.

- d. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Financial Responsibility Laws

a. When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, the insurance provided by the policy for "bodily injury" liability and "property damage" liability will comply with the provisions of the law to the extent of the coverage and limits of insurance required by that law.

b. With respect to "mobile equipment" to which this insurance applies. We will provide any liability, uninsured motorists, under insured motorists. No-fault or other coverage required by any motor vehicle law. We will provide the required limits for those coverages.

4. Legal Action Against Us

No person or organization has a right under this policy:

a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or

b. To sue us on this policy unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed

by us, the insured and the claimant or the claimant's legal representative.

5. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this policy to the first Named Insured, this Insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each Insured against whom claim is made or "suit" is brought.

F. LIABILITY AND MEDICAL EXPENSES DEFINITIONS

1. "Advertising Injury" means injury arising out of one or more of the following offenses:

- a. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- b. Oral or written publication of material that violates a person's right of privacy;
- c. Misappropriation of advertising ideas or style of doing business; or
- d. Infringement of copyright, title or slogan.

2. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".

3. "Bodily Injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

4. "Coverage Territory" means:

- a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
- b. International waters or air space, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above; or
- c. All parts of the world if:

(1) The injury or damage arises out of:

- (a) Goods or products made or sold by you in

the territory described in a. above; or

(b) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; and

(2) The Insured's responsibility to pay damages is determined in a "suit" on the merits in the territory described in a. above or in a settlement we agree to.

5. "Impaired Property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:

a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or

b. You have failed to fulfil the terms of a contract or agreement;

if such property can be restored to use by:

(1) The repair, replacement, adjustment or removal of "your product" or "your work"; or

(2) Your fulfilling the terms of the contract or agreement.

6. "Insured Contract" means:

a. A lease of premises;

b. A sidetrack agreement;

c. An easement or license agreement in connection with vehicle or pedestrian private railroad crossings at grade;

d. Any other easement agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;

e. An indemnification of a municipality as required by ordinance, except in connection with work for a municipality;

f. An elevator maintenance agreement; or

g. That part of any other contract or agreement pertaining to your business under which you assume the tort liability of another to pay damages because of "bodily injury" or "property damage" to a third person or organization, if the contract or agreement is made prior to the "bodily injury" or "property damage". Tort liability means

a liability that would be imposed by law in the absence of any contract or agreement.

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

(a) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:

(1) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or

(2) Giving directions or instructions, or failing to give them, if that is the primary cause of injury or damage;

(b) Under which the insured, if an architect, engineer or surveyor, assumes liability for injury or damage arising out of the insured's rendering or failing to render professional services, including those listed in (a) above and supervisory, inspection or engineering services; or

(c) That indemnifies any person or organization for damage by fire or explosion to premises rented or loaned to you.

7. "Loading or Unloading" means the handling of property:

a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";

b. While it is in or on an aircraft watercraft or "auto"; or

c. While it is being moved from an aircraft, watercraft or "auto" 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, watercraft or "auto".

8. "Mobile Equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;

b. Vehicles maintained for use solely on or next to

premises you own or rent;

c. Vehicles that travel on crawler treads;

d. Vehicles, whether self-propelled or not, on which are permanently mounted:

(1) Power cranes, shovels, loaders, diggers or drills; or

(2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

e. Vehicles not described in a., b., c or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

(1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

(2) Cherry pickers and similar devices used to raise or lower workers;

f. Vehicles not described in a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

(1) Equipment designed primarily for:

(a) Snow removal;

(b) Road maintenance, but not construction or resurfacing;

(c) Street cleaning;

(2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

(3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

9. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

10. "Personal Injury" means injury, other than "bodily injury", arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. Wrongful entry into, or eviction of a person from, a room, dwelling or premises that the person occupies;
- d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
- e. Oral or written publication of material that violates a person's right of privacy.

11. a. "Products Completed Operations Hazard" includes all "bodily injury" and "property damage" arising out of "your product" or "your work" except:

- (1) Products that are still in your physical possession; or
- (2) Work that has not yet been completed or abandoned.

The "bodily injury" or "property damage" must occur away from premises you own or rent, unless your business include the selling, handling or distribution of "your product" for consumption on premises you own or rent.

b. "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.
- (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.

c. 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 on a vehicle created by the "loading or unloading" of it; or
- (2) The existence of tools, uninstalled equipment or abandoned or unused materials.

12. "Property Damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property; or
- b. Loss of use of tangible property that is not physically injured.

13. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage", "personal injury" or "advertising injury" to which this insurance applies are alleged. "Suit" includes an arbitration proceeding alleging such damages to which you must submit or submit with our consent.

14. "Your Product" means:

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

- (1) You;
- (2) Others trading under your name; or
- (3) A person or organization whose business or assets you have acquired; and

b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

"Your product" includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in a. and b. above.

"Your product" does not include vending for the use of others but not sold.

15. "Your Work" means:

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

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

made at any time with respect to the fitness, quality, durability or performance of any of the items included in a. or b. above.

"Your work" includes warranties or representations

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

Endorsement No. 01
ASBESTOS EXCLUSION CLAUSE

It is hereby understood and agreed that such insurance as is afforded by this policy for personal injury liability and property damage liability is subject to the following exclusion;

This insurance does not apply to any liability for property damage, bodily injury, sickness, disease, occupational disease, disability, shock, death, mental anguish and mental injury at any time arising out of the manufacture of or mining of, or use, or exposure to asbestos products, asbestos fibers or asbestos dust, or to any obligation of the insured to indemnify any party because of damages arising out of such property damage, bodily injury, sickness, disease, occupational disease, disability, shock, death, mental anguish or mental injury at any time as a result of the manufacture of, use of or exposure to asbestos products, asbestos fibers or asbestos dust.

It is further understood and agreed that the Company shall not be obligated to defend any suit or claim against the insured alleging personal injury or property damage seeking damages, if such suit or claim arises from personal injury or property damage resulting from or contributed to, by any, and all manufacture or, use of, or exposure to asbestos products, asbestos fibers or asbestos dust.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the policy, except as hereinabove set forth.

Endorsement No. 02
COMMUNICABLE DISEASE EXCLUSION CLAUSE

It is hereby understood and agreed that no coverage applies to bodily injury or property damage which arises out of the transmission of a communicable disease by a covered person.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the policy, except as hereinabove set forth.

Endorsement No. 03
PUNITIVE DAMAGES EXCLUSION ENDORSEMENT

It is hereby understood and agreed that this Policy excludes all fines, penalties, punitive or exemplary damages.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the Policy except as herein above set forth.

Endorsement No. 04
Y2K EXCLUSION CLAUSE

This insurance does not apply to "bodily injury", "property damage", "personal injury" or "advertising injury" arising or "products/completed operations" liability arising directly or indirectly out of:

a. Any actual or alleged failure, malfunction or inadequacy of

- (1) any of the following, whether belonging to any insured or to others
 - (i) Computer hardware, including microprocessors;
 - (ii) Computer application software;
 - (iii) Computer operating systems and related software;
 - (iv) Computer networks;
 - (v) Microprocessors (computer chips) not part of any computer system; or
 - (vi) Any other computerized or electronic equipment or components; or

- (2) Any other products, and any services, data or function that directly or indirectly use or rely on, in any manner, on any of the items listed in Paragraph a.(1). of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept the year 2000 and beyond.

- b. Any device, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by or for the Named Insured to determine, rectify or test for, any potential or actual problems described in Paragraph a. of this endorsement.

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

Endorsement No. 05
AMENDMENT - LIMIT OF LIABILITY
(SINGLE LIMIT)

This endorsement modifies such insurance as is afforded by the provision of the policy relating to the following:

It is agreed that the provisions of the policy captioned "LIMITS OF LIABILITY" relating to Bodily Injury and Property Damage Liability are amended to read as follows:

LIMITS OF LIABILITY

Regardless of the number of (1) insured under this policy, (2) persons or organizations who sustain bodily injury or property damage (4) units of mobile equipment to which this policy applies, the Company's liability is limited as follows:

BODILY INJURY AND PROPERTY DAMAGE LIABILITY

- (a) The limit of liability stated in the Schedule of this Endorsement is applicable to "each occurrence" is the total limit of the company's liability for all damages because of bodily injury and property damage as a result of one occurrence.
- (b) Subject to the above provisions respecting "each occurrence", the total liability of the company for all damages because of all bodily injury and property damages which occur during each annual period while this policy is in force commencing from its effective date shall not exceed the limit of liability stated in the Schedule of this endorsement as "aggregate".

Nothing herein contained shall be held to vary, alter, waived or extent any of the Agreements, Conditions, Declarations, Exclusions Limitations or Terms of the Policy or any Coverage parts thereof other than as stated above.

BUSINESSOWNERS POLICY CONDITIONS

All coverages of Section I and II are subject to the following conditions.

A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.

2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

a. 5 days before the effective date of cancellation if any one of the following conditions exists at any building that is Covered Property in this policy.

(1) The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:

(a) Seasonal unoccupancy; or

(b) Buildings in the course of construction, renovation or addition.

Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.

(2) After damage by a covered cause of loss, permanent repairs to the building:

(a) Have not started, and

(b) Have not been contracted for, within 30 days of initial payment of loss.

(3) The building has:

(a) An outstanding order to vacate;

(b) An outstanding demolition order; or

(c) Been declared unsafe by governmental authority.

(4) Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.

(5) Failure to:

(a) Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or

(b) Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.

b. 10 days before the effective date of cancellation if we cancel for nonpayment of premium.

c. 30 days before the effective date of cancellation if we cancel for any other reason.

3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.

4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

5. If this policy is canceled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.

6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. CONCEALMENT, MISREPRESENTATION OR FRAUD

This policy is void in any case of fraud by you at any time as it relates to this policy. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This policy;

- 2. The Covered Property;
- 3. Your interest in the Covered Property; or
- 4. A claim under this policy.

D. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

E. INSPECTIONS AND SURVEYS

We have the right but are not obligated to:

- 1. Make inspections and surveys at any time;
- 2. Give you reports on the conditions we find; and
- 3. Recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

- 1. Are safe or healthful; or
- 2. Comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

F. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

G. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this policy without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.

H. OTHER INSURANCE

1. If there is other insurance covering the same loss or damage, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

2. Business Liability Coverage is excess over any other insurance that insures for direct physical loss or damage.

3. When this insurance is excess, we will have no duty under Business Liability Coverage to defend any claim or "suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to the Insured's rights against all those other insurers.

I. PREMIUMS

1. The first Named Insured shown in the Declarations:

- a. Is responsible for the payment of all premiums; and
- b. Will be the payee for any return premiums we pay.

2. The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued.

On each renewal, continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

3. With our consent, you may continue this policy in force by paying a continuation premium for each successive one-year period. The premium must be:

- a. Paid to us prior to the anniversary date; and
- b. Determined in accordance with paragraph 2. above.

Our forms then in effect will apply. If you do not pay the continuation premium, this policy will expire on the first anniversary date that we have not received the premium.

4. Undeclared exposures or change in your business operation, acquisition or use of locations may occur during the policy period that are not shown in the Declarations. If so, we may require an additional premium. That premium will be determined in accordance with our rates and rules then in effect.

J. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHER TO US

1. Applicable to Businessowners Property coverage:

If any person or organization to or for whom we make payment under this policy has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to a loss to your Covered Property.
- b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:
 - (1) Someone insured by this insurance,
 - (2) A business firm:
 - (a) Owned or controlled by you; or
 - (b) That owns or controls you; or
 - (3) Your tenant.

You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers. This will not restrict your insurance.

2. Applicable to Businessowners Liability coverage:

If the insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them. This condition does not apply to Medical Expenses Coverage.

K. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

**BUSINESSOWNERS POLICY - SECTION III
WORKMEN'S COMPENSATION AND EMPLOYERS' LIABILITY**

Agrees with the insured, named in the declarations made a part hereof, in consideration of the payment of the premium and in reliance upon the statements in the declaration and subject to the limits of liability, exclusions, conditions and other terms of this policy section:

INSURING AGREEMENTS

A. COVERAGE E - WORKMEN'S COMPENSATION

To pay promptly when due all compensation and other benefits required of the insured by the Workmen's Compensation Law.

B. COVERAGE F - EMPLOYERS' LIABILITY

To pay on behalf of the insured all sums which the insured shall become legally obligated to pay as damages because of bodily injury by accident or disease, including death at any time resulting therefrom.

- (a) Sustained in the Territory of Guam by any employee of the insured arising out of and in the course of his employment by the insured either in operations in a territory designated in the declarations or in operations necessary or incidental thereto; or
- (b) Sustained while temporarily outside the territory of Guam by any employee of the insured who is a citizen or resident of the territory of Guam arising out of and in the course of his employment by the insured in connection with operations in a territory designated in the declarations; but this insurance does not apply to any suit brought in or any judgment rendered by any court outside the territory of Guam or to an action on such judgment wherever brought.

**DEFENSE, SETTLEMENT, SUPPLEMENTARY
PAYMENTS**

As respects the insurance afforded by the other terms of this policy the company shall:

- (a) Defend any proceeding against the insured seeking such benefits and any suit against the insured alleging such injury and seeking damages on account thereof, even if such proceeding or suit is groundless, false or fraudulent; but the company may make such investigation, negotiation and settlement of any claim or suit as it deems expedient;
- (b) Pay all premiums on bonds to release attachments

for an amount not in excess of the applicable limit of liability of this policy all premiums on appeal bonds required in any such defended proceeding or suits but without any obligation to apply for or furnish any such bonds;

- (c) Pay all expenses incurred by the company, all costs taxed against the insured in any such proceeding or suit and all interest accruing after entry of judgment until the company has paid or tendered or deposited in court such part of such judgment as does not exceed the limit of the company's liability thereon;
- (d) Reimburse the insured for all reasonable expenses, other than loss of earnings, incurred at the company's request.

The amounts incurred under this insuring agreement, except settlements of claims and suits, are payable by the company in addition to the amounts payable under Coverage E or the applicable limit of liability under Coverage F.

APPLICATION OF POLICY

This policy applies only to injury:

- (1) By accident occurring during the policy period, or
- (2) By disease caused or aggravated by exposure of which the last day of the last exposure, in the employment of the insured, to conditions causing the disease occurs during the policy period.

EXCLUSIONS

This policy does not apply:

- (a) Under coverages E and F, to operations conducted at or from any workplace not described in the declarations if the insured has, under the Workmen's Compensation Law, other insurance for such operations or is a qualified self-insurer therefor;
- (b) Under coverages E and F, unless required by law or described in the declarations, to domestic employment or to farm or agricultural employment;
- (c) Under coverage F, to liability assumed by the insured under any contract or agreement, but this exclusion does not apply to a warranty that work performed by or on behalf of the insured will be done in a workmanlike manner;

(d) Under coverage F;

- (1) To punitive or exemplary damages on account of bodily injury to or death of any employee employed in violation of law, or
- (2) With respect to any employee employed in violation of law with the knowledge or acquiescence of the insured or any executive officer thereof;

(e) Under coverage F, to bodily injury by disease unless prior to thirty-six months after the end of the policy period written claim is made or suit is brought against the insured for damages because of such injury or death resulting therefrom;

(f) Under coverage F, to any obligation for which the insured or any carrier as his insurer may be held liable under the workmen's compensation or occupational disease law of a territory designated in the declarations any other Workmen's Compensation or Occupational Disease Law, any unemployment compensation or disability benefits law, or under any similar law.

approved by the governmental agency having jurisdiction thereof.

If the declarations provide for adjustment of premium on other than an annual basis, the insured shall pay the deposit premium to the company upon the inception of this policy and thereafter interim premiums shall be computed in accordance with the manuals in use by the company and paid by the insured promptly after the end of each interval specified in the declarations. The deposit premium shall be retained by the company until termination of this policy and credited to the final premium adjustment.

The insured shall maintain records of the information necessary for premium computation on the bases stated in the declarations, and shall send copies of such records to the company at the end of the policy period and at such times during the policy period as the company may direct. If the insured does not furnish records of the remuneration of persons within division (b) of the definition of remuneration foregoing the remuneration of such persons shall be computed in accordance with the manuals in use by the company.

CONDITIONS

1. PREMIUM

The premium bases and rates for the classifications of operations described in the declarations are as stated therein and for classifications not so described are those applicable in accordance with the manuals in use by the company. This policy is issued by the company and accepted by the insured with the agreement that if any change in classifications, rates or rating plans is or becomes applicable to this policy under any law regulating this insurance or because of any amendments affecting the benefits provided by the Workmen's Compensation Law, such change with the effective date thereof shall be stated in an endorsement issued to form a part of this policy;

When used as a premium basis, "remuneration" means the entire remuneration, computed in accordance with the manuals in use by the company, earned during the policy period by (a) all executive officers and other employees of the insured engaged in operations covered by this policy, and (b) any other person performing work which may render the company liable under this policy for injury to or death of such person in accordance with the Workmen's Compensation Law. "Remuneration" shall not include the remuneration of any person within division (b) of the foregoing if the insured maintains evidence satisfactory to the company that the payment of compensation and other benefits under such law to such person is secured by other valid and collectible insurance or by any other undertaking

The premium stated in the declarations is an estimated premium only. Upon termination of this policy, the earned premium shall be computed in accordance with the rules, rates, rating plans, premiums and minimum premiums applicable to this insurance in accordance with the manuals in use by the company. If the earned premium thus computed exceeds the premium previously paid, the insured shall pay the excess to the company; if less, the company shall return to the insured the unearned portion paid by the insured. All premiums shall be fully earned whether any workmen's compensation law, or any part thereof, is or shall be declared invalid or unconstitutional.

2. LONG TERM POLICY

If this policy is written for a period longer than one year, all the provisions of this policy shall apply separately to each consecutive twelve months period, or, if the first or last consecutive period is less than twelve months, to such period of less than twelve months, in the same manner as if a separate policy had been written for each consecutive period. The earned premium for each such period shall be computed as provided by Condition 1 of this policy subject, except as otherwise provided in the manuals in use by the company with respect to classifications of operations for which this policy provides a per capita premium basis, to the following provisions:

- (a) The premium rates for the first consecutive period shall be those stated in the declarations and those applicable for such period in accordance with the manuals in use by the company;

(b) The premium bases, classifications of operations, rates, rating plans, premiums and minimum premiums for each such subsequent period shall be those applicable for such period in accordance with the manuals in use by the company.

3. PARTNERSHIP OR JOINT VENTURE AS INSURED

If the insured is a partnership or joint venture, such insurance as is afforded by this policy applies to each partner or member thereof as an insured only while he is acting within the scope of his duties as such partner or member.

4. INSPECTION AND AUDIT

The company and any rating authority having jurisdiction by law shall each be permitted but not obligated to inspect at any reasonable time the workplaces, operations, machinery and equipment covered by this policy. Neither the right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking on behalf of or for the benefit of the insured or others, to determine or warrant that such workplaces, operations, machinery or equipment are safe or healthful, or are in compliance with any law, rule or regulation.

The company and any rating authority having jurisdiction by law shall each be permitted to examine and audit the insured's payroll records, general ledger, disbursements, vouchers, contracts, tax reports and all other books, documents and records of any and every kind at any reasonable time during the policy period and any extension thereof and within three years after termination of this policy, as far as they show or tend to show or verify the amount of remuneration or other premium basis, or relate to the subject matter of this insurance.

5. NOTICE OF INJURY

When an injury occurs written notice shall be given by or on behalf of the insured to the company or any of its authorized agents as soon as practicable. Such notice shall contain particulars sufficient to identify the insured and also reasonably obtainable information respecting the time, place and circumstances of the injury, the names and addresses of the injured and of available witnesses.

6. NOTICE OF CLAIM OR SUIT

If claim is made or suit or other proceeding is brought against the insured, the insured shall immediately forward to the company every demand, notice, summons or other process received by him or his representative.

7. ASSISTANCE AND COOPERATION OF THE INSURED

The insured shall cooperate with the company and, upon the company's request, shall attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits or proceedings.

The insured shall not, except at his own cost, voluntarily make any payment, assume any obligation or incur any expense other than for such immediate medical and other services at the time of injury as are required by the Workmen's Compensation Law.

8. STATUTORY PROVISIONS - Coverage E

The company shall be directly and primarily liable to any person entitled to the benefit of the Workmen's Compensation Law under this policy. The obligations of the company may be enforced by such person, or for his benefit by any agency authorized by law, whether against the company alone or jointly with the insured. Bankruptcy or insolvency of the insured or of the insured's estate, or any default of the insured, shall not relieve the company of any of its obligations under coverage E.

As between the employee and the company, notice or knowledge of the injury on the part of the insured shall be notice or knowledge as the case may be, on the part of the company; the jurisdiction of the insured, for the purposes of the Workmen's Compensation Law, shall be jurisdiction of the company and the company shall in all things be bound by and subject to the findings, judgments, awards, decrees, orders or decisions rendered against the insured in the form and manner provided by such law and within the terms, limitations and provisions of this policy not inconsistent with such law.

All of the provisions of the Workmen's Compensation Law shall be and remain a part of this policy as fully and completely as if written herein, so far as they apply to compensation and other benefits provided by this policy and to special taxes, payments into security or other special funds, and assessments required of or levied against compensation insurance carriers under such law.

The insured shall reimburse the company for any payments required of the company under the Workmen's Compensation Law, in excess of the benefits regularly provided by such law, solely because of injury to (a) any employee by reason of the serious and willful misconduct of the insured, or (b) any employee employed by the insured in violation of law with the knowledge or acquiescence of the insured or any executive officer thereof.

Nothing herein shall relieve the insured of the obligations imposed upon the insured by the other terms of this policy.

9. LIMITS OF LIABILITY - Coverage F

The words "damages because of bodily injury by accident or disease, including death at any time resulting therefrom", in Coverage F include damages for care and loss of services and damages for which the insured is liable by reason of suits or claims brought against the insured by others to recover the damages obtained from such others because of such bodily injury sustained by employees of the insured arising out of and in the course of their employment. The limit of liability stated in the declarations for Coverage F is the total limit of the company's liability for all damages because of bodily injury by accident, including death at any time resulting therefrom, sustained by one or more employees of the insured in operations in any territory designated in the declarations or in operations necessary or incidental thereto.

The inclusion herein of more than one insured shall not operate to increase the limits of the company's liability.

10. ACTION AGAINST COMPANY - Coverage F

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

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. Nothing contained in this policy shall give any person or organization any right to join the company as a co-defendant in any action against the insured to determine the insured's liability.

Bankruptcy or insolvency of the insured or of the insured's estate shall not relieve the company of any of its obligations under coverage F.

11. OTHER INSURANCE

If the insured has other insurance against a loss covered by this policy, the company shall not be liable to the insured hereunder for a greater proportion of such loss than the amount which would have been payable under this policy, had no such other insurance existed, bears to the sum of said amount and the amounts which

would have been payable under each other policy applicable to such loss, had each such policy been the only policy so applicable.

12. SUBROGATION

In the event of any payment under this policy, the company shall be subrogated to all rights of recovery therefor of the insured and any person entitled to the benefits of this policy against any person or organization, and the insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The insured shall do nothing after loss to prejudice such rights.

13. CHANGES

Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy or stop the company from asserting any right under the terms of this policy; nor shall the terms of this policy be waived or changed, except by endorsement issued to form a part of this policy, signed by a duly authorized representative of the company.

14. ASSIGNMENT

Assignment of interest under this policy shall not bind the company until its consent is endorsed hereon. If, however, during the policy period the insured shall die and written notice is given to the company within thirty days after the date of such death this policy shall cover the insured's legal representative as insured; provided that notice of cancellation addressed to the insured named in the declarations and mailed or delivered, after such death to the address shown in this policy shall be sufficient notice to effect cancellation of this policy.

15. CANCELLATION

This policy may be canceled by the insured by surrender thereof to the company or any of its authorized agents or by mailing to the company written notice stating when thereafter the cancellation shall be effective. This policy may be canceled by the company by mailing to the insured at the address shown in this policy written notice stating when not less than ten days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of the surrender or the effective date and hour of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the insured or by the company shall be equivalent to mailing.

If the insured cancels, unless the manuals in use by the company otherwise provide, earned premium shall be

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

(1) computed in accordance with the customary short rate table and procedure and (2) not less than the minimum premium stated in the declarations. If the company cancels, earned premium shall be computed pro rata. Premium adjustment may be made at the time cancellation is effected and, if not then made, shall be made as soon as practicable after cancellation becomes effective. The company's check or the check of its representative mailed or delivered as aforesaid shall be a sufficient tender of any refund of premium due to the insured.

When the insurance under the Workmen's Compensation Law may not be canceled except in accordance with such law, this condition so far as it applies to the insurance under this policy with respect to such law, is amended to conform to such law.

16. TERMS OF POLICY CONFORMED TO STATUTE - Coverage E

Terms of this policy which are in conflict with the provisions of the Workmen's Compensation Law are hereby amended to conform to such law.

17. DECLARATIONS

By acceptance of this policy the insured agrees that the statements in the declarations are his agreements and representations, that this policy is issued in reliance upon the truth of such representations and that this

Endorsement No. 01
WORKMEN'S COMPENSATION UNDER TITLE 33
GOVERNMENT CODE OF GUAM

The obligations of Paragraph One (Coverage A) of the Policy include Title 33, Government Code of Guam, otherwise known as Public Law 80, First Guam Legislature (Workmen's Compensation Law of Guam), and all laws amendatory thereof or supplementary thereto which may be or become effective while this Policy is in force.

The Company shall carry out the provisions of Section 37035, Title 33, Government Code of Guam, and shall comply with Section 37036 of Title 33, Government Code of Guam. Insolvency or bankruptcy of the employer or discharge therein, or both, shall not relieve the Carrier from payment of compensation for disability or death sustained by an employee during the life of the Policy.

The Company agrees to abide by all the provisions of the Title 33, Government Code of Guam and all lawful rules,

policy embodies all agreements existing between himself and the company or any of its agents relating to this insurance.

DEFINITIONS

- (a) **WORKMEN'S COMPENSATION LAW.** The unqualified term "workmen's compensation law" means the workmen's compensation law and any occupational disease law of the territory designated in Section III of the declarations, but does not include those provisions of any such law which provide non-occupational disability benefits.
- (b) **TERRITORY.** The word "territory" means the Territory of Guam.
- (c) **BODILY INJURY BY ACCIDENT; BODILY INJURY BY DISEASE.** The contraction of disease is not an accident within the meaning of the word "accident" in the terms "bodily injury by accident and only such disease as results directly from a bodily injury by accident" is included within the term "bodily injury by accident". The term "bodily injury by disease" includes only such disease as is not included within the term "bodily injury by accident."
- (d) **ASSAULT AND BATTERY.** Under Coverage F, assault and battery shall be deemed an accident unless omitted by or at the direction of the insured.

regulations, orders and decisions of the Workmen's Compensation Commission and Commissioner of Guam unless and until set aside, modified or reversed by a court having jurisdiction of the parties and the subject matter.

If the Employer is a contractor the subject of whose contract includes operations covered by this policy and he shall sub-contract all or any part of such contract to one or more sub-contractors, the remuneration of all the direct employees of all such sub-contractors shall be included in the return of remuneration under the provisions of this Policy upon which premium is computed. Such remuneration so reported shall be considered the remuneration of employees of this Employer and shall in all instances be governed by the same terms, conditions, requirements and obligations of the Policy as the remuneration of the direct Employees of the Employer. The requirements of this paragraph shall not apply as respects any such sub-contractor who has secured compensation for his direct employees as required by Title 33, Government Code of Guam, but this Employer shall not claim the benefit of this exemption unless and until he shall satisfy the Corporation by certifi-

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

cate or otherwise that any such subcontractor has legally secured the payment of compensation to his own direct employees and then only respecting any sub-contractor who has furnished such proof.

This Policy and Endorsement shall not be cancelled prior to the date specified in this policy or Endorsement for its expiration until at least thirty (30) days have elapsed after a notice of cancellation has been sent to the Commissioner and the Employer in accordance with the provisions of subsection (c) of Section 37012, Title 33, Government Code of Guam.

All terms, conditions, requirements and obligations expressed in this Policy or in any other endorsement attached thereto which are not inconsistent with or inapplicable to the provisions of this endorsement are hereby made a part of this endorsement as fully and completely as if wholly written herein.

References to the law of any state in Conditions 2 and 4 of this Policy are hereby declared to include for the purpose of this endorsement only, the provisions of Title 33, Government Code of Guam.

Endorsement No. 02
EXECUTIVE OFFICERS ENDORSEMENT

Notwithstanding anything to the contrary contained in this policy or any other endorsements hereto, it is hereby noted and agreed that coverage hereunder is extended to apply

in respect of Executive Officers of the Employer.

Endorsement No. 03
AMENDATORY ENDORSEMENT

It is hereby agreed that:

Condition 4-Inspection and Audit of the policy is amended to read as follows:

"The Company and any rating authority having jurisdiction by law shall each be permitted but not obligated to inspect at any reasonable time the workplaces, operations, machinery and equipment covered by this policy. Neither the right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking on behalf of or for the benefit of the insured or others, to determine or warrant that such workplaces, operations, machinery or equipment are safe or healthful, or are in compliance with any law, rule or regulation."

"The company and any rating authority having jurisdiction by law shall each be permitted to examine and audit the insured's payroll records, general ledger, disbursements, vouchers, contracts, tax reports and all other books, documents and records of any and every kind at any reasonable time during the policy period and any extension thereof and within three years after termination of this policy, as far as they show or tend to show or verify the amount of remuneration or other premium basis, or relate to the subject matter of this insurance."

IN WITNESS WHEREOF, the company has caused this policy to be signed by its president and manager, but this policy shall not be valid unless completed by the attachment hereto of a Declarations page designated as part Two and countersigned on the aforesaid Declarations page by a duly authorized agent of the Company.



YONJO CHOI

MANAGER



JEONG-NAM KIM

PRESIDENT

MACHINERY AND PLANT BREAKDOWN

Underwriters agree (subject to the terms and conditions of the Policy to which this extension forms part) to insure against **MACHINERY AND PLANT BREAKDOWN** and resultant Business Interruption.

The words "**MACHINERY AND PLANT**" in capital letters shall mean all integral parts of any boiler or any item of machinery or plant of any kind and description the property of the Insured or in which the Insured has insurable interest.

The word "**BREAKDOWN**" in capital letters shall mean the actual failure breaking distortion explosion or burning out of any part of the **MACHINERY AND PLANT** whilst in use or connected ready for use causing its sudden stoppage and necessitating its immediate repair or replacement before it can resume normal work and arising out of

- 1) mechanical or electrical defects in the item
- 2) failure or fluctuation of electricity supply.

Unless damage results from a peril insured by the policy of which this extension forms a part this insurance does not cover direct or indirect damage caused by any failure of a system resulting in damage (whether direct or indirect) to any such system or to any other property insured.

This extension does not cover the amounts of the Self Insured Retention stated in the Schedule in respect of each and every loss as ascertained after the application of all other terms and conditions of the policy including any condition of Average (Underinsurance)

This extension does not insure against:

1. Damage resulting from experiments or overload or similar tests requiring the imposition of abnormal conditions.
2. Damage due to faults or defects which were in existence when the insurance was arranged and known to the Insured (or his representative) but not disclosed to the Underwriters.
3. Wastage of material or the like or wearing out of any part of a machine caused by or naturally resulting from ordinary usage or working or other gradual deterioration rust oxidation corrosion or erosion.
4. Damage to exchangeable parts and detachable tools and appliances such as moulds engraved cylinders bits drills cutters or other cutting edges saw blades dies pattern rollers pulverising and crushing hammers refractory lining screens sieves chains belts ropes elevator and conveyor bands batteries tyres connecting wires trailing cables flexible pipes and hoses attachments working below ground level jointing and packing material and parts not made of metal unless damage results from a peril insured by the policy of which this extension forms a part.
5. Loss or damage for which a supplier contractor or repairer is responsible either by law or under contract.

Underwriters shall not be liable for the costs

1. of normal upkeep normal making good maintenance
2. arising from false of unauthorised programming punching labelling or inserting inadvertent cancelling of information or discarding of data media and from loss of information caused by magnetic fields.

Provisions applying to BREAKDOWN only

Basis of Settlement

a. Reinstatement Basis

In the event of BREAKDOWN to MACHINERY AND PLANT which at the time of BREAKDOWN is less than 3 years old for which indemnity is provided by this extension Underwriters will pay the cost of reinstatement meaning

1. where the MACHINERY AND PLANT is lost or destroyed to the extent that it cannot be economically repaired the cost of replacement by similar MACHINERY AND PLANT
2. where the MACHINERY AND PLANT is damaged the cost of repairing or restoring the damage portions to a condition substantially the same as but not better or more extensive than its condition when new.

b. Indemnity Basis

In the event of BREAKDOWN other than as described above Underwriters will pay the amount of loss meaning

1. where the MACHINERY AND PLANT is lost or destroyed the value of the MACHINERY AND PLANT prior to its loss or destruction.
2. where the MACHINERY AND PLANT is damaged the cost of repairing or restoring the damaged portions to a condition substantially the same as but not better or more extensive than its condition prior to the occurrence of the damage

c) Special Provisions

The following provisions will apply

1. Where BREAKDOWN occurs to only part of the MACHINERY AND PLANT the liability of Underwriters shall not exceed the amount which Underwriters would have been liable to pay had the MACHINERY AND PLANT been wholly destroyed
2. The work of reinstatement must be commenced and carried out without unreasonable delay and in any case must be completed within twelve months after the BREAKDOWN or within such further time as Underwriters may allow during the said twelve months and may be carried out wholly or partially upon another site and in any manner suitable to the requirements of the Insured provided that it does not increase the liability of Underwriters
3. Underwriters' liability for the cost of reinstatement shall be limited to the value of the MACHINERY AND PLANT prior to the occurrence of BREAKDOWN until the cost of reinstatement shall have actually been incurred

SERVICE OF SUIT CLAUSE (U.S.A.)

This Service of Suit Clause will not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in any Arbitration provision within this Policy. This Clause is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to such Arbitration provision for resolving disputes arising out of this contract of insurance (or reinsurance).

It is agreed that in the event of the failure of the Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Insured (or Reinsured), will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States.

It is further agreed that service of process in such suit may be made upon AM Insurance, Suite 113F Ada's Commercial Center, 215-A Chalan Santo Papa, Agana, Guam that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured (or Reinsured) to give a written undertaking to the Insured (or Reinsured) that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured (or Reinsured) or any beneficiary hereunder arising out of this contract of insurance (or reinsurance), and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

14/09/2005

LMA5020

Form approved by Lloyd's Market Association

U.S.A. & CANADA

LAND, WATER AND AIR EXCLUSION

Notwithstanding any provision to the contrary within the Policy of which this Endorsement forms part (or within any other Endorsement which forms part of this Policy), this Policy does not insure land (including but not limited to land on which the insured property is located), water or air, howsoever and wherever occurring, or any interest or right therein.

SEEPAGE AND/OR POLLUTION AND/OR CONTAMINATION EXCLUSION

Notwithstanding any provision to the contrary within the Policy of which this Endorsement forms part (or within any other Endorsement which forms part of this Policy), this Policy does not insure:

- (a) any loss, damage, cost or expense, or
- (b) any increase in insured loss, damage, cost or expense, or
- (c) any loss, damage, cost, expense, fine or penalty, which is incurred, sustained or imposed by order, direction, instruction or request of, or by any agreement with, any court, government agency or any public, civil or military authority, or threat thereof, (and whether or not as a result of public or private litigation),

which arises from any kind of seepage or any kind of pollution and/or contamination, or threat thereof, whether or not caused by or resulting from a peril insured, or from steps or measures taken in connection with the avoidance, prevention, abatement, mitigation, remediation, clean-up or removal of such seepage or pollution and/or contamination or threat thereof.

The term "any kind of seepage or any kind of pollution and/or contamination" as used in this Endorsement includes (but is not limited to):

- (a) seepage of, or pollution and/or contamination by, anything, including but not limited to, any material designated as a "hazardous substance" by the United States Environmental Protection Agency or as a "hazardous material" by the United States Department of Transportation, or defined as a "toxic substance" by the Canadian Environmental Protection Act for the purposes of Part II of that Act, or any substance designated or defined as toxic, dangerous, hazardous or deleterious to persons or the environment under any other Federal, State, Provincial, Municipal or other law, ordinance or regulation; and
- (b) the presence, existence, or release of anything which endangers or threatens to endanger the health, safety or welfare of persons or the environment.

DEBRIS REMOVAL ENDORSEMENT

THIS ENDORSEMENT CONTAINS PROVISIONS WHICH MAY LIMIT OR PREVENT RECOVERY UNDER THIS POLICY FOR LOSS WHERE COSTS OR EXPENSES FOR DEBRIS REMOVAL ARE INCURRED.

Nothing contained in this Endorsement shall override any Seepage and/or Pollution and/or Contamination Exclusion or any Radioactive Contamination Exclusion or any other Exclusion applicable to this Policy.

Any provision within this Policy (or within any other Endorsement which forms part of this Policy) which insures debris removal is cancelled and replaced by the following:

1. In the event of direct physical damage to or destruction of property, for which Underwriters hereon agree to pay, or which but for the application of a deductible or underlying amount they would agree to pay (hereinafter referred to as "Damage or Destruction"), this Policy also insures, within the Sum Insured, subject to the limitations and method of calculation below, and to all the other terms and conditions of the Policy, costs or expenses;
 - (a) which are reasonably and necessarily incurred by the Assured in the removal, from the premises of the Assured at which the Damage or Destruction occurred, of debris which results from the Damage or Destruction; and
 - (b) of which the Assured becomes aware and advises the amount thereof to Underwriters hereon within one year of the commencement of such Damage or Destruction.
2. In calculating the amount, if any, payable under this Policy for loss where costs or expenses for removal of debris are incurred by the Assured (subject to the limitations in paragraph 1 above):
 - (a) the maximum amount of such costs or expenses that can be included in the method of calculation set out in (b) below shall be the greater of US\$25,000 (twenty-five thousand dollars) or 10% (ten percent) of the amount of the Damage or Destruction from which such costs or expenses result; and
 - (b) the amount of such costs or expenses as limited in (a) above shall be added to:
 - (i) the amount of the Damage or Destruction; and
 - (ii) all other amounts of loss, which arise as a result of the same occurrence, and for which Underwriters hereon also agree to pay, or which but for the application of a deductible or underlying amount they would agree to pay; and

the resulting sum shall be the amount to which any deductible or underlying amount to which this Policy is subject and the limit (or applicable sub-limit) of this Policy, shall be applied.

**24/11/88
NMA2340**

**RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE -
PHYSICAL DAMAGE - DIRECT (U.S.A.)**

This Policy does not cover any loss or damage arising directly or indirectly from nuclear reaction nuclear radiation or radioactive contamination however such nuclear reaction nuclear radiation or radioactive contamination may have been caused * NEVERTHELESS if Fire is an insured peril and a Fire arises directly or indirectly from nuclear reaction nuclear radiation or radioactive contamination any loss or damage arising directly from that Fire shall (subject to the provisions of this Policy) be covered EXCLUDING however all loss or damage caused by nuclear reaction nuclear radiation or radioactive contamination arising directly or indirectly from that Fire.

* NOTE. - If Fire is not an insured peril under this Policy the words "NEVERTHELESS" to the end of the clause do not apply and should be disregarded.

7/5/59
NMA1191

ELECTRONIC DATE RECOGNITION EXCLUSION (EDRE)

This Policy does not cover any loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

- (a) the calculation, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, programme or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not; or
- (b) any change, alteration, or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, programme or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not.

This clause applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

17/12/97
NMA2802

ELECTRONIC DATA ENDORSEMENT B

1. Electronic Data Exclusion

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

- (a) This Policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA from any cause whatsoever (including but not limited to COMPUTER VIRUS) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorised instructions or code including a set of maliciously introduced unauthorised instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

- (b) However, in the event that a peril listed below results from any of the matters described in paragraph (a) above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage occurring during the Policy period to property insured by this Policy directly caused by such listed peril.

Listed Perils

Fire

Explosion

2. Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost of the blank media plus the costs of copying the ELECTRONIC DATA from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling such ELECTRONIC DATA. If the media is not repaired, replaced or

restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Assured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

25/01/01

NMA2915

WAR AND TERRORISM EXCLUSION ENDORSEMENT

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss:

1. war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power, or
2. any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to 1 and/or 2 above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Assured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

08/10/01

NMA2918

BIOLOGICAL OR CHEMICAL MATERIALS EXCLUSION

It is agreed that this Insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.

06/02/03
NMA 2962

**U.S. TERRORISM RISK INSURANCE ACT OF 2002 AS AMENDED
NOT PURCHASED CLAUSE**

This Clause is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as amended as summarized in the disclosure notice.

It is hereby noted that the Underwriters have made available coverage for "insured losses" directly resulting from an "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002", as amended ("TRIA") and the Insured has declined or not confirmed to purchase this coverage.

This Insurance therefore affords no coverage for losses directly resulting from any "act of terrorism" as defined in TRIA except to the extent, if any, otherwise provided by this policy.

All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

LMA5219
12 January 2015

ASBESTOS ENDORSEMENT

- A. This Insurance only insures asbestos physically incorporated in an insured building or structure, and then only provides indemnity in respect of that part of the asbestos which has been physically damaged during the period of insurance by one of these Listed Perils:

Fire, Lightning, Explosion, Aircraft, Riot or Civil Commotion, Earthquake, Subterranean Fire, Storm or Flood, Escape of Water, Impact, Sprinkler Leakage, Subsidence.

This coverage is subject to all limitations in the policy to which this endorsement is attached and in addition to each of the following specific limitations:

1. The said building or structure must be insured under this Insurance for damage by a Listed Peril.
2. The Listed Peril must be the immediate sole cause of the damage to the asbestos.
3. The Assured must report to the Underwriters the existence and cost of the damage as soon as practicable after the Listed Peril first damaged the asbestos. However this Insurance does not insure any such damage first reported to the Underwriters more than 12 (twelve) months after the expiration, or termination, of the period of insurance.
4. This Insurance shall provide no cover (whether for physical damage, business interruption, delay of repair or other consequential loss) in respect of:
 - (i) wear and tear or inherent defect, quality or vice in or of any asbestos;
 - (ii) any compliance with or breach of any legal or other duty or obligation (including without limitation any duty arising from any contract or statute, or any instruction, request or order of any court or governmental or regulatory authority) of any person in connection with the design, manufacture, installation, use, retention, treatment, management, repair, replacement or removal of any asbestos (damaged or otherwise);
or
 - (iii) any asbestos which the Listed Peril has not physically damaged.

- B. Except as set forth in the foregoing Part A of this endorsement, this Insurance does not insure asbestos or any interest relating thereto.

LMA5011 22/11/04

Form approved by Lloyd's Market Association

MICROORGANISM EXCLUSION (ABSOLUTE)

This Policy does not insure any loss, damage, claim, cost, expense or other sum directly or indirectly arising out of or relating to:

mold, mildew, fungus, spores or other microorganism of any type, nature, or description, including but not limited to any substance whose presence poses an actual or potential threat to human health.

This Exclusion applies regardless whether there is (i) any physical loss or damage to insured property; (ii) any insured peril or cause, whether or not contributing concurrently or in any sequence; (iii) any loss of use, occupancy, or functionality; or (iv) any action required, including but not limited to repair, replacement, removal, cleanup, abatement, disposal, relocation, or steps taken to address medical or legal concerns.

This Exclusion replaces and supersedes any provision in the Policy that provides insurance, in whole or in part, for these matters.

14/09/2005

LMA5018

Form approved by Lloyd's Market Association

FRAUDULENT CLAIM CLAUSE

If the (re)insured shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this contract shall become void and all claim hereunder shall be forfeited.

LMA5062

04/06/2006

Form approved by Lloyd's Market Association

SANCTION LIMITATION AND EXCLUSION CLAUSE

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

15/09/10

LMA3100

SAMPLE

ENDORSEMENTS attaching to and forming part of this policy

1. The Insuring Clause of the Policy is amended to read as follows:
SUBJECT TO THE EXCLUSION, CONDITIONS AND LIMITATIONS CONTAINED HEREIN, this Policy insured (1) the Property of the Insured which has been declared to and agreed by Underwriters and (2) Property of others in which the Insured has insurable interest, as more fully defined in the Schedule, against RISKS OF DIRECT PHYSICAL LOSS OR DAMAGE occurring during the period of this Policy
2. The schedules of property provided to Underwriters represent, to the best of the Insured's knowledge, a complete listing of all its owned and leased real and personal property and the current replacement values thereof. The schedules are not to be used to establish sub-limits of coverage, nor are they to be considered as any form of valuation. The amount payable under this Policy shall not be limited by individual values shown on the schedules prepared for Underwriters
3. **Ingress/Egress: This Policy is extended to cover the actual loss sustained during the period of time when, as a result of a direct physical loss or damage caused by a peril insured against, access to real or personal property of the Insured is impaired or denied by order of civil authority or otherwise in whole or in part (4 week limitation)**
4. **Preservation of Property: In the case of actual or imminent physical loss or damage of the type insured against by this Policy, the expenses incurred by the Insured in taking reasonable and necessary actions for the temporary protection and preservation of property insured hereunder shall be added to the total physical loss or damage, if any, otherwise recoverable under this Policy and be subject to the applicable Deductible and without increase in the Limit provisions contained in this Policy**
5. **Condition 5 (Valuation) of the Policy is amended to read as follows:
In the event of loss recovery shall be made on the basis of 100% of the property's current replacement value at the time and place of loss. The Insured shall not be required to rebuild damaged or destroyed property on the same site nor with like kind and quality**
6. **Condition 16 (Cancellation) of the Policy is amended to read as follows:
This Policy may be cancelled by the Insured at any time by written notice or by surrender of this Policy. If Underwriters desire to cancel this Policy they shall give 90 days' prior written notice by email and Certified Mail to: Greg P. Cruz, Chief Financial Officer, Guam Waterworks Authority, P.O. Box 3010, Hagatna, Guam 96932, e-mail address: gpcruz@guamwaterworks.org.**

If this Insurance shall be cancelled by the Insured the Underwriters shall retain the customary short rate proportion of the premium hereon, except that if this Insurance is on an adjustable basis the Underwriters shall receive the earned premium hereon or the short rate proportion of any minimum or deposit premium stipulated herein whichever is the greater.

If this insurance shall be cancelled by or on behalf of the Underwriters, the Underwriters shall retain the pro rata proportion of the premium hereon except that if this Insurance is on an adjustable basis the Underwriters shall receive the earned premium hereon or the pro rata proportion of any minimum premium stipulated herein whichever is the greater.

Payment or tender of any unearned premium by the Underwriters shall not be a condition precedent to the effectiveness of Cancellation but such payment shall be made as soon as practicable.

If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

7. The Professional Fees clause in the Policy is amended to read as follows: "The sums insured herein are deemed to include architects', surveyors' and consultants' fees necessarily incurred by the Insured in the reinstatement of the property following upon its destruction or damage by any peril insured against including fees for the preparation of a claim or an estimate of loss subject to the scales of professional charges prevailing at the time of the destruction or damage."
8. Underwriters waive their rights of subrogation against any tenant occupying, renting or leasing property from the Insured
9. This insurance includes losses resulting from interruption or interference with the Business in consequence of damage to or loss of use of:
 1. property at the Guam Waterworks Authority, including equipment anywhere on Guam.
 2. property of electricity, steam, water, gas, refrigeration, telephone or signal communication, power or other similar type of utility services

SAMPLE

ANNUAL REVIEW CLAUSE

Policy Number:

Inception Date:

Expiry Date:

In consideration of the granting of this Policy for a period in excess of 12 months, it is agreed by both Underwriters and the Insured that on each 12 month Anniversary Date the Underwriters will be required to continue insurance coverage under this Policy for a further period of 12 months at the same premium and subject to the same terms and conditions, except if any of the following factors apply as at that Anniversary Date (in which case the Underwriters are entitled to review the insurance coverage and amend its terms and conditions, including the premium and the deductible or excess, or, at the sole option of the Underwriters, to issue notice of cancellation in accordance with the conditions set out under the Policy):

1. There has been a Material Change in the Risk.
2. There has been an increase of more than 10% in the Insured's estimated turnover for the forthcoming 12 months period in comparison to that given for the preceding 12 months period.
3. There has been a change in law which has the effect of increasing the Underwriters' exposure.
4. The Incurred Claims exceed 50% of the Net Premium in respect of the prior 12 months' period of insurance to which this clause relates.
5. There has been significant adverse development in the historical loss record in any of the prior 5 years whereby Incurred Claims exceed 50% of the Net Premium.
6. There has been a change in legal regulations relating to insurance contracts which oblige the Underwriters to alter any terms or conditions of the Policy, or
7. There has been a change in Underwriters' reinsurance arrangements - having the effect that reinsurance protection is no longer available to the Underwriters on substantially the same terms and conditions as previously.

The term "Material Change in the Risk" shall mean any change relating to or affecting the Insured's business activities which, if disclosed, might influence the Underwriters to either decline to continue the insurance or to stipulate a higher premium including, but not limited to, the following:

- (a) Any change in the business activities of the Insured of a partial or additional nature
- (b) Any change, either through expansion or contraction, in the territories or countries in which the Insured transacts their business either in terms of domicile, operations therein or exports thereto
- (c) Any change in production methods or the adoption of new technology in the business of the Insured

- (d) Any change in approach to the training of the Insured's employees or a change in the minimum required competencies of such employees
- (e) Any change in approach to the risk management procedures adopted by the Insured
- (f) In respect of any information previously supplied to Underwriters, any change in that information

The term "Incurred Claims" means the total cost of claims including actual claim payments (including medical, legal and other costs and expenses) and reserves set by the Underwriters on outstanding claims (also including such costs and expenses).

The term "Net Premium" means the premium received by the Underwriters net of tax and any commissions or other deductions.

Nothing in this Clause shall prejudice any rights the Underwriters may have to cancel this policy in accordance with (i) any cancellation condition, or the like, which may be contained in the Policy or (ii) in accordance with any general principle of contract law (including but not limited to misrepresentation).

The terms of this Clause apply only to this Policy and not to any subsequent policy issued in renewal of this policy nor to any Excess Liability Policy which may be issued to operate in excess of this Policy (unless specifically stated to the contrary herein).

SAMPLE

Dongbu Insurance Co., Ltd.

Seoul, Korea

General Liability Policy

Part Two. This Declarations Page and Coverage Part(s) with "policy provision Part One" completes the below numbered

Item	DECLARATIONS	POLICY NUMBER:																																																																																																																																		
1.	<p style="font-size: 1.2em; font-style: italic;">Named Insured</p> <p>Address:</p>																																																																																																																																			
2	POLICY PERIOD: 12:01 AM STANDARD TIME AT THE ADDRESS FROM: TO: OF THE NAMED INSURED AS STATES HEREIN																																																																																																																																			
Insurance hereunder is provided in the insurance company named below. (hereinafter called the Company) Dongbu Insurance Co., Ltd.																																																																																																																																				
3.	The insurance afforded is only with respect to such of the following parts designated by an "X" in <input type="checkbox"/> and Coverages therein as are indicated by specific premium charge or charges. The limit of Company's Liability against each such Coverage shall be as stated herein, subject to all the terms of this policy having reference thereto.																																																																																																																																			
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">Comprehensive General Liability Insurance.....</td> <td style="width: 10%;"></td> <td colspan="2" style="text-align: center;">LIMITS OF LIABILITY</td> <td style="width: 10%; text-align: center;">ADVANCE PREMIUM</td> </tr> <tr> <td>Owners' Landlords' and Tenants' Liability Insurance.....</td> <td></td> <td colspan="2"></td> <td></td> </tr> <tr> <td>Manufacturers' and Contractors' Liability Insurance.....</td> <td></td> <td colspan="2"></td> <td></td> </tr> <tr> <td>Contractual Liability Insurance.....</td> <td></td> <td colspan="2"></td> <td></td> </tr> <tr> <td>Products and Completed Operations Liability Insurance.....</td> <td></td> <td style="text-align: center;">EACH OCCURRENCE</td> <td style="text-align: center;">EACH AGGREGATE</td> <td></td> </tr> <tr> <td>Owners' and contractors protection liability.....</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Bodily Injury Liability</td> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$</td> <td></td> <td style="text-align: center;">\$</td> </tr> <tr> <td style="padding-left: 20px;">Property Damage Liability</td> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$</td> <td></td> <td style="text-align: center;">\$</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">EACH PERSON</td> <td style="text-align: center;">EACH ACCIDENT</td> <td></td> </tr> <tr> <td>Premises Medical Payments.....</td> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$</td> <td></td> <td style="text-align: center;">\$</td> </tr> <tr> <td></td> <td></td> <td colspan="2" style="text-align: center;">AGGREGATE</td> <td></td> </tr> <tr> <td>Personal Injury Liability Insurance.....</td> <td></td> <td></td> <td></td> <td style="text-align: center;">\$</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">INDIVIDUAL PARTNERSHIP</td> <td style="text-align: center;">EACH CLAIMS \$ XXX</td> <td style="text-align: center;">AGGREGATE XXX</td> </tr> <tr> <td>Comprehensive Automobile Liability Insurance.....</td> <td></td> <td style="text-align: center;">EACH PERSON</td> <td style="text-align: center;">EACH OCCURRENCE</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Bodily Injury Liability</td> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$</td> <td></td> <td style="text-align: center;">\$</td> </tr> <tr> <td style="padding-left: 20px;">Property Damage Liability</td> <td style="text-align: center;">XXX</td> <td style="text-align: center;">\$</td> <td></td> <td style="text-align: center;">\$</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">EACH PERSON</td> <td style="text-align: center;">EACH ACCIDENT</td> <td></td> </tr> <tr> <td>Automobile Medical Payments Insurance.....</td> <td style="text-align: center;">\$</td> <td style="text-align: center;">XXX</td> <td></td> <td style="text-align: center;">\$</td> </tr> <tr> <td>Garage Insurance.....</td> <td></td> <td colspan="2" style="text-align: center;">See Coverage Part for Limits of Liability</td> <td style="text-align: center;">\$</td> </tr> <tr> <td>Automobile Physical Damage Insurance (Non-Fleet).....</td> <td></td> <td colspan="2" style="text-align: center;">See Coverage Part for Limits of Liability</td> <td style="text-align: center;">\$</td> </tr> <tr> <td>Automobile Physical Damage Insurance (Fleet Automatic).....</td> <td></td> <td colspan="2" style="text-align: center;">See Coverage Part for Limits of Liability</td> <td style="text-align: center;">\$</td> </tr> <tr> <td>Schedule Automobile Liability Insurance.....</td> <td></td> <td colspan="2" style="text-align: center;">See Coverage Part for Limits of Liability</td> <td style="text-align: center;">\$</td> </tr> <tr> <td>Endorsement and Additional Coverage Parts # (IDENTIFY BY FORM NUMBERS)</td> <td colspan="4" style="text-align: center;">See Schedule of Endorsement attached.</td> </tr> <tr> <td colspan="2">If Policy Period more than one year and the premium is to be paid</td> <td colspan="2" style="text-align: right;">Total Advanced Premium</td> <td style="text-align: center;">\$</td> </tr> <tr> <td colspan="2">In installments, premium is payable: on effective date of policy \$</td> <td style="text-align: center;">1st Anniversary \$</td> <td style="text-align: center;">2nd Anniversary \$</td> <td style="text-align: center;">\$</td> </tr> <tr> <td colspan="2">Audit Period: Annual, unless otherwise stated</td> <td colspan="2"></td> <td style="text-align: center;">\$</td> </tr> </table>	Comprehensive General Liability Insurance.....		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5	Policy Territory: Island of Guam, The United States and in United States territories or possessions.																																																																																																																																			

Form No. KGL - 0301

CLT /COV /AGT /UND /HFC

Signed By: _____

Authorized Representative
Moylan's Insurance Underwriters, Inc.
 General Agent

Named Insured: _____

SCHEDULE OF ENDORSEMENT

Subject to the following clauses/riders or endorsements marker "X" under the policy:

Subject to the following clauses/riders or endorsements attached to and forming part of this policy:

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits of conditions of the Policy except as herein above set forth.

This endorsement is effective as of inception of the policy of which this form is made a part.

Attached to and forming part of Policy No. _____ of the Dongbu Insurance Co., Ltd.

Date issued:

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Named Insured: _____

**GUAM WATERWORKS
AUTHORITY**

**GENERAL LIABILITY
POLICY
SPECIMEN**

**“Terms and Conditions contained therein will be
provided to the Corporation without change”**



MOYLAN'S INSURANCE UNDERWRITERS, INC.
Home of the Good Guys and Gals
424 W OBrien Dr Ste 102
Hagatna GU 96910

RISK DETAILS

TYPE Commercial General Liability reinsurance

ORIGINAL INSURED The Guam Waterworks Authority, any director, officer, elected or appointed official, contract employee, servant, employee or volunteer worker acting for or on behalf of the Authority

ADDRESS Lot 2512, Municipality of Mangilao
688 Route 15
Fadian Mangilao
GUAM
96923

REINSURED Dongbu Insurance Company Ltd, Guam

PERIOD 36 months from 1st May 2017
to 1st May 2020
both days at 12:01am local standard time at the address of the Original Insured.

Or 60 months from 1st May 2017
to 1st May 2022
both days at 12:01am local standard time at the address of the Original Insured.

Period hereon: 1st May 2017 to 1st May 2018 both days at 12:01am local standard time at the address of the Original Insured.

BUSINESS Ownership, operation and maintenance of fresh and waste water facilities

LIMIT OF INDEMNITY Section A - Public Liability USD 50,000,000 any one occurrence
Section B - Pollution Liability USD 15,000,000 any one occurrence and in the aggregate
Section C - Products Liability USD 50,000,000 any one occurrence and in the aggregate

TERRITORIAL LIMITS Guam but worldwide in respect of Products.

CONDITIONS Underwriters agree to waive sight of retention
Subject to the express terms of this Reinsurance, Reinsurers are liable under this Reinsurance to the extent that the Reassured is liable under the contract protected hereunder.
Claims Control Clause as attached
NMA1998 Service of Suit Clause as attached
LMA3100 Sanction Limitation and Exclusion Clause
This reinsurance is subject to notice of cancellation at the anniversary date.
Notice of cancellation with effect from 1st May 2018 is hereby given
Annual Review Clause as attached

Original Conditions

Wording: NVA07 Intl CGL plus Personal Injury Extension as attached

Excess USD 300,000 each and every loss
Employees, officials and directors of the Insured are covered whilst attending meetings worldwide subject to the policy terms, conditions and limitations

If Underwriters desire to cancel this policy other than for non-payment of premium, they shall give not less than ninety (90) days' prior written notice by e-mail and Certified Mail to:

Greg P Cruz, Chief Financial Officer
PO Box 3010
Hagatna
Guam 96923
e-mail gpcruz@guamwaterworks.org

Additional Insureds, waivers of subrogation, indemnities and contractual agreements, hold harmless agreements and cross liability clauses shall be held covered subject to notification to Insurers as soon as is practicable

Including the Insured's liability arising out of any events held throughout the year on the Insured's premises

Including the liability of the Insured for bodily injury and/or property damage caused by an occurrence arising out of the giving or serving of alcoholic beverages by the Insured at functions incidental to the Insured's business, subject to a policy limit of USD 1,000,000 any one occurrence. Such limit is included within and not in addition to the limit of liability shown in the policy

In the event of a claim under this policy, Insurers waive the right to invoke the legal defence of sovereign immunity

**EXPRESS
WARRANTIES**

None
(Other than those that may be expressly contained within the policy conditions, wordings, clauses and in addition to any implied warranties under the law to which this insurance is subject - failure to comply with a warranty will, in normal circumstances, void this insurance policy).

**CONDITIONS
PRECEDENT**

None
(Other than those that may be expressly contained within the policy conditions, wordings, clauses and in addition to any implied warranties under the law to which this insurance is subject - failure to comply with any such Condition Precedent may result in the cancellation of or denial of coverage under this policy).

SUBJECTIVITIES

None
(Other than those that may be expressly contained within the policy conditions, wordings, clauses to which this insurance is subject - failure to comply with any such Subjectivities may result in the cancellation of this policy and the issuance of a policy premium refund on a pro rata basis).

**CHOICE OF LAW
& JURISDICTION**

This insurance shall be governed by and construed in accordance with the laws of Guam and the exclusive jurisdiction of the Guam courts. The seat of arbitration shall be Tamuning

**PREMIUM
PAYMENT
TERMS**

It is a condition of this contract of reinsurance that the premiums due must be paid to and received by Reinsurer on or before midnight on the dates specified

If this condition is not complied with this policy shall terminate from midnight on the due date of the first breach with the Reinsured hereby agreeing to pay premium calculated at not less than pro rata temporis

- 1) 1st July 2017 - 50%
- 2) 1st October 2017 - 50%

The second instalment is to be paid as an Additional Premium and not as deferred

**TAXES PAYABLE
BY REINSURED
WHICH ARE
ADMINISTERED
BY REINSURERS**

None

**RECORDING,
TRANSMITTING &
STORING
INFORMATION**

Where the Broker maintains risk and claim data/information/documents the
Broker may hold data/information/documents electronically

**INSURER
CONTRACT
DOCUMENTATION**

This document details the contract terms entered into by the reinsurer(s), and
constitutes the contract document

INFORMATION

The following information was provided to insurer(s) to support the assessment of the risk at the time of underwriting.

2012 turnover - USD 67,315,207
2013 turnover - USD 67,111,723
2014 turnover - USD 81,000,000
2015 turnover - USD 94,000,000
2016 turnover - USD 104,987,000

Invitation for Competitive Sealed Bids IFB 2017-12

PREMISES

The Authority occupies an approximate 15,000ft administration building at 578 North Marine Corps Drive, Tamuning, Guam. It also has the following facilities located throughout Guam:

Fresh water system

1 treatment plant
21 reservoirs
33 booster pump stations
35 pressure relief valve vaults
120 water well sites
19 owned water storage tanks
394 miles of pipe

Waste water system

7 treatment plants
164 booster pump stations
72 pumping stations
6,776 manholes
224 miles of pipe

Operations consist principally of administration, routine maintenance and repair work. 333 employees

In addition to the Insured's fresh water sources, the US Navy supplies water from its system to the Insured for sale to non-military customers

No data is currently available as to contractual obligations incurred by the Authority

CLAIMS

No claims exceeding the deductible in the last 5 years

SECURITY DETAILS

INSURER'S LIABILITY LMA3333

(Re)insurer's liability several not joint

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning 'signing' below. In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite under this contract. The business address of each member is Lloyd's, One Lime Street, London, EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportions may be obtained by writing to Market Services, Lloyd's, at the above address.

Proportion of liability

Unless there is 'signing' (see below) the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its 'written line'. Where this contract permits, written lines, or certain written lines, may be adjusted ('signed'). In that case, a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a 'signed line'. The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred. Although reference is made at various points in this clause to 'this contract' in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

ORDER HEREON

100% of 100%

**BASIS OF
WRITTEN LINES**

Percentage of whole

**SIGNING
PROVISIONS**

In the event that the written lines hereon exceed 100% of the order, any lines written "to stand" will be allocated in full and all other lines will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order without further agreement of any of the insurers.

However:

a) in the event that the placement of the order is not completed by the commencement date of the period of insurance then all lines written by that date will be signed in full;

b) the signed lines resulting from the application of the above provisions can be varied, before or after the commencement date of the period of insurance, by the documented agreement of the insured and all insurers whose lines are to be varied. The variation to the contracts will take effect only when all such insurers have agreed, with the resulting variation in signed lines commencing from the date set out in that agreement.

PUBLIC & PRODUCTS LIABILITY INSURANCE

1. OPERATIVE CLAUSE

The Underwriters will indemnify the Insured against their liability to pay damages (including claimants' costs, fees and expenses) in accordance with the law of any country but not in respect of any judgement, award, payment or settlement made within countries which operate under the laws of the United States of America or Canada (or to any order made anywhere in the world to enforce such judgement, award, payment or settlement either in whole or in part) unless the Insured has requested that there shall be no such limitation and has accepted the terms offered by Underwriters in granting such cover, which offer and acceptance must be signified by specific endorsement to this Policy.

This indemnity applies only to such liability as defined by each insured Section of this Policy arising out of the Business specified in the Schedule, subject always to the terms, Conditions and Exclusions of such Section and of the Policy as a whole.

For the purpose of determining the indemnity granted

- 1.1. "Injury" means death, bodily injury, illness or disease of or to any person;
- 1.2. "Damage" means loss of possession or control of or actual damage to tangible property;
- 1.3. "Pollution" means pollution or contamination of the atmosphere or of any water, land or other tangible property;
- 1.4. "Product" means any property after it has left the custody or control of the Insured which has been designed, specified, formulated, manufactured, constructed, installed, sold, supplied, distributed, treated, serviced, altered or repaired by or on behalf of the Insured, but shall not include food or drink supplied by or on behalf of the Insured primarily to the Insured's employees as a staff benefit.
- 5. "Terrorism" means an act, including but not limited to the use of force or violence and/or threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or governments(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.
- 6. "Occurrence" means an event, including continuous or repeated exposures to substantially the same general conditions, which result in Injury and/or Damage neither expected nor intended from the standpoint of the Insured. All events of a series consequent upon or attributable to one source or original cause shall be deemed one Occurrence

2. **INDEMNITY TO OTHERS**

The indemnity granted extends to

- 2.1 at the request of the Insured, any party who enters into an agreement with the Insured for any purpose of the Business, but only to the extent required by such agreement to grant such indemnity and subjects always to Clauses 7.3.3, and 12.3;
- 2.2 officials of the Insured in their business capacity for their liability arising out of the performance of the Business and/or in their private capacity arising out of their temporary engagement of the Insured's employees;
- 2.3 at the request of the Insured any person or firm for their liability arising out of the performance of a contract to provide labour only services to the Insured;
- 2.4 the officers, committee and members of the Insured's canteen, social, sports, medical, fire fighting and welfare organisations in their respective capacity as such;
- 2.5 the personal representatives of the estate of any person indemnified by reason of this Clause 2 in respect of liability incurred by such persons;

provided always that all such persons or parties shall observe, fulfil and be subject to the terms, Conditions and Exclusions of this Policy as though they were the Insured.

3. **CROSS LIABILITIES**

Each person or party specified as the Insured in the Schedule is separately indemnified in respect of claims made against any of them by any other, subject to Underwriters' total liability not exceeding the stated Indemnity Limits.

4. **DEFENCE COSTS**

The Underwriters will pay all costs, fees and expenses incurred by the Insured with the Underwriters prior written consent in the investigation defence or settlement of any claim made against the Insured under this Policy (hereinafter called "Defence Costs") other than in respect of any actions in the United States of America or Canada.

Defence Costs extend to include the costs of representation at any inquest inquiry or other proceedings in respect of matters which have a direct relevance to any claim made or which might be made against the Insured provided such claim or claims arise from an Occurrence which is the subject of indemnity by this Policy

5. **INDEMNITY LIMITS**

Underwriters' liability to pay damages (including claimants' costs, fees and expenses) shall not exceed the sum stated in the Schedule against each Section in respect of any one Occurrence or series of Occurrences arising from one originating cause, but under Section B and Section C the Indemnity Limits represent Underwriters' total liability in respect of all Occurrences.

Defence Costs will be payable in addition to the Indemnity Limits unless this Policy is endorsed to the contrary.

Should liability arising from the same originating cause form the subject of indemnity by more than one Section of this Policy, each Section shall be subject to its own Indemnity Limit, provided always

that the total amount of Underwriters' liability shall not exceed the greatest Indemnity Limit available under any one of the Sections providing indemnity.

SECTION A - PUBLIC LIABILITY

6. SECTION A - INDEMNITY

The Insured is indemnified by this Section in accordance with the Operative Clause for and/or arising out of Injury and/or Damage occurring during the Period of Insurance but not against liability arising out of

- 6.1 Pollution;
- 6.2 or in connection with any Product.

7. SECTION A - EXCLUSIONS

This section does not cover liability

- 7.1 arising out of the ownership, possession or use of any motor vehicle or trailer by or on behalf of the Insured, other than claims
 - 7.1.1 caused by the use of any tool or plant forming part of or attached to or used in connection with any motor vehicle or trailer;
 - 7.1.2 arising beyond the limits of any carriageway or thoroughfare and caused by the loading or unloading of any motor vehicle or trailer;
 - 7.1.3 for damage to any bridge, weighbridge, road or anything beneath caused by the weight of any motor vehicle or trailer or the load thereon;
 - 7.1.4 arising out of any motor vehicle or trailer temporarily in the Insured's custody or control for the purpose of parking;

provided always that no indemnity is granted against liability compulsorily insurable by legislation or for which the government or other authority has accepted responsibility;

- 7.2 arising out of the ownership, possession or use by or on behalf of the Insured of any aircraft, watercraft or hovercraft (other than watercraft not exceeding five metres in length and then only whilst on inland waterways);
- 7.3 for and/or arising out of Damage to property owned, leased or hired by or under hire purchase or on loan to the Insured or otherwise in the Insured's care, custody or control other than
 - 7.3.1 premises (or the contents thereof) temporarily occupied by the Insured for work therein, and/or other property temporarily in the Insured's possession for work thereon (but no indemnity is granted for Damage to that part of the property on which the Insured is working and which arises out of such work);
 - 7.3.2 clothing and personal effects belonging to employees and visitors of the Insured;
 - 7.3.3 premises tenanted by the Insured to the extent that the Insured would be held liable in the absence of any specific agreement.

SECTION B - POLLUTION LIABILITY

8. SECTION B - INDEMNITY

The Insured is indemnified by this Section in accordance with the Operative Clause for and/or arising out of Injury and/or Damage occurring during the Period of Insurance and arising out of Pollution, but only to the extent that the Insured can demonstrate that such Pollution

8.1 was the direct result of a sudden, specific and identifiable event occurring during the Period of Insurance;

8.2 was not the direct result of the Insured failing to take reasonable precautions to prevent such Pollution.

9. SECTION B - EXCLUSIONS

This Section is subject to the Exclusions of Sections A7 and C11, and also does not cover liability for and/or arising out of

9.1 Damage to premises which is presently or was at any time previously owned, leased or tenanted by the Insured;

9.2 Damage to land or water within or below the boundaries of any land or premises which is presently or was at any time previously owned, leased or tenanted by the Insured or otherwise in the Insured's care, custody or control.

SECTION C - PRODUCTS LIABILITY

10. SECTION C - INDEMNITY

The Insured is indemnified by this Section in accordance with the Operative Clause for and/or arising out of Injury and/or Damage occurring during the Period of Insurance but only against liability arising out of or in connection with any Product and not against liability arising out of Pollution.

11. SECTION C - EXCLUSIONS

This Section does not cover liability

- 11.1 for and/or arising out of Damage to any Product or part thereof;
- 11.2 for costs incurred in the repair, reconditioning, modification or replacement of any Product or part thereof and/or financial loss consequent upon the necessity for such repair, reconditioning, modification or replacement;
- 11.3 arising out of the recall of any Product or part thereof;
- 11.4 arising out of any Product or part thereof which with the Insured's knowledge is intended to be incorporated into the structure, machinery or controls of any aircraft.

12. GENERAL EXCLUSIONS APPLICABLE TO ALL SECTIONS OF THE POLICY

This Policy does not cover liability

- 12.1 arising out of the deliberate, conscious or intentional disregard by the Insured's technical or administrative management of the need to take all reasonable steps to prevent Injury or Damage;
- 12.2 for and/or arising out of Injury to any person under a contract of employment or apprenticeship with or the provision of labour only services to the Insured where such Injury arises out of the execution of such contract;
- 12.3 arising out of liquidated damages clauses, penalty clauses or performance warranties unless proven that liability would have attached in the absence of such clauses or warranties;
- 12.4 directly or indirectly occasioned by, happening through or in consequence of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military or usurped power;
- 12.5 directly or indirectly caused by or contributed to by or arising from
 - 12.5.1 ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel;
 - 12.5.2 the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;
- 12.6 for Injury and/or Damage directly or indirectly caused by, resulting from or in connection with any act of Terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

This exclusion also excludes Injury and/or Damage directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of Terrorism.

If the Underwriters allege that by reason of this exclusion, any Injury and/or Damage is not covered by this Policy the burden of proving the contrary shall be upon the Insured.

In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

12.7 directly or indirectly caused by or alleged to be caused by or contributed to in whole or in part or arising from the existence of or exposure to asbestos and /or any asbestos containing materials

12.8 for the Excess as stated in the Schedule in respect of the first amount of each claim or series of claims arising out of one originating cause

(if any product from one prepared or acquired batch causes Damage to property of or Injury to more than one person, the Damage to property of all persons and all Injury resulting from that batch shall be considered as arising out of one originating cause);

12.9 which forms the subject of insurance by any other policy and this Policy shall not be drawn into contribution with such other insurance;

12.10 for awards or damages of a punitive or exemplary nature whether in the form of fines, penalties, multiplication of compensation awards or damages or aggravated damages or in any other form whatsoever.

13. GENERAL CONDITIONS

(Conditions 13.1 to 13.4 are precedent to Underwriters' liability to provide indemnity under this Policy).

13.1 The Insured shall give written notice to the Underwriters as soon as reasonably practicable of any Occurrence that may give rise to a claim under this Policy and shall give all such additional information as the Underwriters may require. Every claim, writ, summons or process and all documents relating thereto shall be forwarded to the Underwriters immediately they are received by the Insured.

13.2 No admission, offer, promise or payment shall be made or given by or on behalf of the Insured without the prior written consent of the Underwriters who shall be entitled to take over and conduct in the name of the Insured the defence or settlement of any claim or to prosecute in the name of the Insured to their own benefit any claim for indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings and in the settlement of any claim and the Insured shall give all such information and assistance as the Underwriters may reasonably require.

13.3 The Insured shall give notice as soon as reasonably practicable of any fact or event which materially changes the information supplied to Underwriters at the time when this Policy was effected and Underwriters may amend the terms of this Policy according to the materiality of the change.

13.4 Where the premium is provisionally based on the Insured's estimates, the Insured shall keep accurate records and after expiry of the Period of Insurance declare as soon as possible such details as Underwriters require. The premium shall then be adjusted and any difference paid by or allowed to the Insured as the case may be subject to any minimum premium that may apply.

13.5 The Underwriters may at any time pay to the Insured in connection with any claim or series of claims under this Policy to which an Indemnity Limit applies the amount of such Limit (after deduction of any sums already paid) or any lesser amount for which such claims can be settled and upon such payment being made the Underwriters shall relinquish the conduct and control of and be under no further liability in connection with such claims except for the payment of Defence Costs incurred prior to the date of such payment (unless the Indemnity Limit is stated to be inclusive of Defence Costs).

Provided that if Underwriters exercise the above option and the amount required to dispose of any claim or series of claims exceeds the Indemnity Limit and such excess amount is insured either in whole or in part, with Defence Costs payable in addition to the Indemnity Limit under this Policy then the Underwriters will also contribute their proportion of subsequent Defence Costs incurred with their prior consent.

13.6 Any dispute concerning the interpretation of this Policy and/or Schedule will be determined in accordance with the Law of Guam.

The Insured and Underwriters submit to the exclusive jurisdiction of any court of competent jurisdiction within Guam and agree to comply with all requirements necessary to give such court jurisdiction. All matters arising hereunder shall be determined in accordance with the law and practice of such court.

13.7 Any phrase or word in this Policy will be interpreted in accordance with the law of Guam. The Policy and the Schedule shall be read together as one contract and any word or

expression to which a specific meaning has been attached in any part of this Policy or the Schedule shall bear such specific meaning wherever it may appear.

- 13.8 The Underwriters may cancel this Policy by giving sixty days' notice in writing of such cancellation to the Insured's last known address.
- 13.9 If any claim under this Policy is in any respect fraudulent all benefit under the Policy shall be forfeited.

CLAIMS CONTROL CLAUSE

The following clause applies to all circumstances that may give rise to a claim under the Original Policy. Adherence by the Reinsured to the conditions set out herein is a condition precedent to Reinsurer's liability

- (1) **The Reinsured shall inform Reinsurers of any circumstance that may give rise to a claim on the Original Policy. In addition, the Reinsured shall provide Reinsurers with all available supporting information and documentation relating to the circumstance as soon as reasonably practicable but in any event within 14 days of the Reinsured becoming aware of such circumstance.**
- (2) **Reinsurers shall have the right but not the obligation to assume control of the investigation of the circumstance and the defence and/or settlement of any resultant claim. Where Reinsurers assume control, the Reinsured shall act according to Reinsurers' direction.**
- (3) **No settlement shall be made by the Reinsured without prior written approval of Reinsurers.**

Subject otherwise to the Terms Conditions Limitations and Exclusions of the Policy

SERVICE OF SUIT CLAUSE (USA)

It is agreed that in the event of the failure of Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Insured (or Reinsured), will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer to a case to another Court as permitted by the laws of the United States or of any State in the United States.

It is further agreed that service of process in such suit may be made upon

AM Insurance
Suite 113F
Ada's Commercial Center
Agana
Guam

and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured (or Reinsured) to give a written undertaking to the Insured (or Reinsured) that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured (or Reinsured) or any beneficiary hereunder arising out of this contract of insurance (or reinsurance), and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

NMA1998

24/04/1986

PERSONAL INJURY EXTENSION

The insurance provided by this Policy extends to include the Insured's legal liability for damages sustained by any person arising out of one or more of the following offences committed during the Policy period:-

1. False arrest, restraint, detention or imprisonment.
2. Malicious prosecution.
3. Wrongful entry, eviction or other invasion of the right of private occupancy.
4. The publication or utterance of a libel or slander or of other defamatory or disparaging material in violation of an individual's right of privacy except publication or utterance in the course of or related to advertising, broadcasting or telecasting activities conducted by or on behalf of the Named Insured.
5. Incidental medical malpractice error or mistake by a physician, surgeon, nurse, medical technician or other person performing medical services but only for or on behalf of the Insured in the provision of emergency medical relief.

The following additional exclusions shall apply to the Insurance provided by this extension:-

- (a) liability assumed by the Named Insured under any contract or agreement
- (b) personal injury arising out of the wilful violation of penal statute or ordinance committed by or with the knowledge or consent of the Named Insured
- (c) personal injury arising out of offence 4 above
 - (i) if the first injurious publication or utterance of the same or similar material was made prior to the effective date of this insurance
 - (ii) if such publication or utterance was made by or at the direction of the Insured with the knowledge of the false nature thereof
- (d) liability for personal injury sustained by any person directly or indirectly related to the past, present or potential employment of such person by the Insured.

The limit of liability applicable to Personal Injury claims shall be USD 10,000,000 any one offence and in the aggregate during the Policy period

MEMORANDUM OF UNDERSTANDING

Annual Review Clause

Policy Number: 17N1598
Inception Date: 1st May 2017
Expiry Date: 1st May 2020/1st May 2022

In consideration of the granting of this Policy for a period in excess of 12 months, it is agreed by both Underwriters and the Reinsured that on each 12 month Anniversary Date the Underwriters will be required to continue insurance coverage under this Policy for a further period of 12 months at the same premium and subject to the same terms and conditions, except if any of the following factors apply as at that Anniversary Date (in which case the Underwriters are entitled to review the insurance coverage and amend its terms and conditions, including the premium and the deductible or excess, or, at the sole option of the Underwriters, to issue notice of cancellation in accordance with the conditions set out under the Policy):

1. There has been a Material Change in the Risk.
2. There has been an increase of more than 10% in the Insured's estimated turnover for the forthcoming 12 months period in comparison to that given for the preceding 12 months period.
3. There has been a change in law which has the effect of increasing the Underwriters' exposure.
4. The Incurred Claims exceed 50% of the Net Premium in respect of the prior 12 months' period of insurance to which this clause relates.
5. There has been significant adverse development in the historical loss record in any of the prior 5 years whereby Incurred Claims exceed 50% of the Net Premium.
6. There has been a change in legal regulations relating to insurance contracts which oblige the Underwriters to alter any terms or conditions of the Policy, or
7. There has been a change in Underwriters' reinsurance arrangements - having the effect that reinsurance protection is no longer available to the Underwriters on substantially the same terms and conditions as previously.

The term "Material Change in the Risk" shall mean any change relating to or affecting the Insured's business activities which, if disclosed, might influence the Underwriters to either decline to continue the insurance or to stipulate a higher premium including, but not limited to, the following:

- (a) Any change in the business activities of the Insured of a partial or additional nature
- (b) Any change, either through expansion or contraction, in the territories or countries in which the Insured transacts their business either in terms of domicile, operations therein or exports thereto
- (c) Any change in production methods or the adoption of new technology in the business of the Insured
- (d) Any change in approach to the training of the Insured's employees or a change in the minimum required competencies of such employees
- (e) Any change in approach to the risk management procedures adopted by the Insured
- (f) In respect of any information previously supplied to Underwriters, any change in that information

The term "Incurred Claims" means the total cost of claims including actual claim payments (including medical, legal and other costs and expenses) and reserves set by the Underwriters on outstanding claims (also including such costs and expenses).

The term "Net Premium" means the premium received by the Underwriters net of tax and any commissions or other deductions.

Nothing in this Clause shall prejudice any rights the Underwriters may have to cancel this policy in accordance with (i) any cancellation condition, or the like, which may be contained in the Policy or (ii) in accordance with any general principle of contract law (including but not limited to misrepresentation).

The terms of this Clause apply only to this Policy and not to any subsequent policy issued in renewal of this policy nor to any Excess Liability Policy which may be issued to operate in excess of this Policy (unless specifically stated to the contrary herein).



Dongbu Insurance Co., Ltd.

(Herein called the Company)

In consideration of the payment of the premium, in reliance upon the statements in the declarations made a part hereof and subject to all of the terms of this policy, the company hereby agrees with the Named Insured as follows:

COVERAGE

Coverage is afforded under this policy in accordance with the specific Coverage Parts identified in the Declarations as being a part of this policy.

SUPPLEMENTARY PAYMENTS

The Company will pay, in addition to the applicable limit of liability:

- (a) all expenses incurred by the Company, all costs taxed against the Insured in any suit defended by the Company and all interest on the entire amount of any judgment therein which accrues after entry of the judgment and before the Company has paid or tendered or deposited in court that part of the judgment which does not exceed the limit of the Company's liability thereon;
- (b) premiums on appeal bonds required in any such suit, premiums on bonds to release attachments in any such suit for an amount not in excess of the applicable limit of liability of this policy, and the cost

of bail bonds required of the Insured because of accident or traffic law violation arising out of the use of any vehicle to which this policy applies, not to exceed \$250 per bail bond, but the Company shall have no obligation to apply for or furnish any such bonds;

- (c) expenses incurred by the Insured for first aid to others at the time of an accident, for bodily injury to which this policy applies;
- (d) reasonable expenses incurred by the Insured at the Company's request, including actual loss of wages or salary (but not loss of other income) not to exceed \$25 per day because of his attendance at hearings or trials at such request.

DEFINITIONS

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

"automobile" means a land motor vehicle, trailer or semitrailer designed for travel on public roads (including any machinery or apparatus attached thereto), but does not include mobile equipment;

"bodily injury" means bodily injury, sickness or disease sustained by any person;

"collapse hazard" includes "structural property damage" as defined herein and property damage to any other property at any time resulting therefrom. "Structural property

damage" means the collapse of or structural injury to any building or structure due to (1) grading of land, excavating, borrowing, filling, back-filling, tunnelling, pile driving, cofferdam work or caisson work or (2) moving, shoring, underpinning, raising or demolition of any building or structure or removal or rebuilding of any structural support thereof. The collapse hazard does not include property damage (1) arising out of operations performed for the Named Insured by independent contractors, or (2) included within the completed operations hazard or the underground property damage hazard, or (3) for which liability is assumed by the Insured under an incidental contract;

"completed operations hazard" includes bodily injury and

property damage arising out of operations or reliance upon a representation or warranty made at any time with respect thereto, but only if the bodily injury or property damage occurs after such operations have been completed or abandoned and occurs away from premises owned by or rented to the Named Insured. "operations" include materials, parts or equipment furnished in connection therewith. Operations shall be deemed completed at the earliest of the following times:

- (1) when all operations to be performed by or on behalf of the Named Insured under the contract have been completed,
- (2) when all operations to be performed by or on behalf of the Named Insured at the site of the operations have been completed, or
- (3) when the portion of the work out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

Operations which may require further service or maintenance work, or correction, repair or replacement because of any defect or deficiency, but which are otherwise complete, shall be deemed completed.

The completed operations hazard does not include bodily injury or property damage arising out of

- (a) operations in connection with the transportation of property, unless the bodily injury or property damage arises out of a condition in or on a vehicle created by the loading or unloading thereof,
- (b) the existence of tools, uninstalled equipment or abandoned or unused materials, or
- (c) operations for which the classification stated in the policy or in the Company's manual specifies "including completed operations";

"damages" include damages for death and for care and loss of services resulting from bodily injury and damages for loss of use of property resulting from property damage;

"elevator" means any hoisting or lowering device to connect floors or landings, whether or not in service, and all appliances thereof including any car, platform, shaft, hoistway, stairway, runway, power equipment and machinery; but does not include an automobile servicing hoist, or

a hoist without a platform outside a building if without mechanical power or if not attached to building walls, or a hod or material hoist used in alteration, construction or demolition operations, or an inclined conveyor used exclusively for carrying property or a dumbwaiter used exclusively for carrying property and having a compartment height not exceeding four feet;

"explosion hazard" includes property damage arising out of blasting or explosion. The explosion hazard does not include property damage (1) arising out of the explosion of air or steam vessels, piping under pressure, prime movers, machinery or power transmitting equipment, or (2) arising out of operations performed for the Named Insured by independent contractors, or (3) included within the completed operations hazard or the underground property damage hazard, or (4) for which liability is assumed by the Insured under an incidental contract;

"incidental contract" means any written (1) lease of premises, (2) easement agreement, except in connection with construction or demolition operations on or adjacent to a railroad, (3) undertaking to indemnify a municipality required by municipal ordinance, except in connection with work for the municipality, (4) sidetrack agreement, or (5) elevator maintenance agreement;

"Insured" means any person or organization qualifying as an Insured in the "Persons Insured" provision of the applicable insurance coverage. The insurance afforded applies separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the Company's liability;

"mobile equipment" means a land vehicle (including any machinery or apparatus attached thereto), whether or not self-propelled, (1) not subject to motor vehicle registration, or (2) maintained for use exclusively on premises owned by or rented to the Named Insured, including the ways immediately adjoining, or (3) designed for use principally off public roads, or (4) designed or maintained for the sole purpose of affording mobility to equipment of the following types forming an integral part of or permanently attached to such vehicle: power cranes, shovels, loaders, diggers and drills; concrete mixer (other than the mix-in-transit type); graders, scrapers, rollers and other road construction or repair equipment; air-compressors, pumps and generators, including spraying, welding and building cleaning equipment; and geophysical exploration and well servicing equipment;

"Name Insured" means the person or organization named in the declarations of this policy;

"Named Insured's products" means goods or products manufactured, sold, handled or distributed by the Named Insured or by others trading under his name, including any container thereof (other than a vehicle), but "named Insured's products" shall not include a vending machine or any property other than such container, rented to or located for use of others but not sold;

"occurrence" means an accident, including injurious exposure to conditions, which results, during the policy period, in bodily injury or property damage neither expected nor intended from the standpoint of the Insured;

"policy territory" means:

- (1) the United States of America, its territories or possessions, or Canada, or
- (2) international waters or air space, provided the bodily injury or property damage does not occur in the course of travel or transportation to or from any other country, state or nation, or
- (3) anywhere in the world with respect to damages because of bodily injury or property damage arising out of a product which was sold for use or consumption within the territory described in paragraph (1) above, provided the original suit for such damages is brought within such territory;

"products hazard" includes bodily injury and property damage arising out of the Named Insured's products or reliance upon a representation or warranty made at any time with respect thereto, but only if the bodily injury or property damage occurs away from premises owned by or rented to the Named Insured and after physical possession of such products has been relinquished to others;

"property damage" means injury to or destruction of tangible property;

"underground property damage hazard" includes underground property damage as defined herein and property damage to any other property at any time resulting therefrom. "Underground property damage" means property damage to wires, conduits, pipes, mains, sewers, tanks, tunnels, any similar property, and any apparatus in connection therewith, beneath the surface of the ground or water, caused by and occurring during the use of mechanical equipment for the purpose of grading land, paving, excavating, drilling, borrowing, filling, back-filling or pile driving. The underground property damage hazard does not include property damage (1) arising out of operations performed for the Named Insured by independent contractors, or (2) included within the completed operations hazard, or (3) for which liability is assumed by the Insured under an incidental contract.

NUCLEAR ENERGY LIABILITY EXCLUSION (BROAD FORM)

This exclusion modifies the provisions of this policy relating to ALL LIABILITY AND MEDICAL PAYMENTS INSURANCE OTHER THAN COMPREHENSIVE PERSONAL AND FARMER'S COMPREHENSIVE PERSONAL INSURANCE.
This policy does not apply:

a. **Under any Liability Coverage,** to bodily injury or property damage:

- (1) with respect to which an Insured under the policy is also an Insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, or Nuclear Insurance Association of Canada, or would be an Insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (2) resulting from the hazardous properties of nuclear material and with respect to which (a)

any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the Insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization;

b. **Under any Medical Payments Coverage,** or under any Supplementary Payments provision relating to first aid, to expenses incurred with respect to bodily injury resulting from the hazardous properties of

nuclear material and arising out of the operation of a nuclear facility by any person or organization;

c. **Under any Liability Coverage**, to bodily injury or property damage resulting from the hazardous properties of nuclear material, if:

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

d. **As used in this Exclusion:**

- (1) **"Hazardous properties"** include radioactive, toxic, or explosive properties;
- (2) **"Nuclear material"** means source material, special nuclear material or byproduct material;
- (3) **"Source material"**, **"special nuclear material"**, and **"byproduct material"** have the meanings given them in the Atomic Energy Act of 1954 or

in any law amendatory thereof;

- (4) **"Spent fuel"** means any fuel element or fuel component, solid or liquid which has been used or exposed to radiation in a nuclear reactor;
- (5) **"Waste"** means any material (a) containing byproduct material and (b) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (6) (a) or (b) thereof;
- (6) **"Nuclear facility"** means: (a) any nuclear reactor; (b) any equipment or device designed or used for (i) separating the isotopes of uranium or plutonium, (ii) processing or utilizing spent fuel, or (iii) handling, processing or packaging waste; (c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235; (d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste; and (e) includes the site on which any of the foregoing is located, all operations conducted on such site, and all premises used for such operations;
- (7) **"Nuclear reactor"** means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass or fissionable material;
- (8) **"Property damage"** includes all forms of radioactive contamination of property.

Environmental Pollution and/or Contamination Exclusion

Except with respect to such insurance as may be provided by the policy for motor vehicle liability, none of the coverage provisions of the policy apply to personal injury, bodily injury or property damage arising out of pollution and/or contamination caused by the discharge, dispersal, release or escape of:

- (1) oil into or upon any watercourse or body of water

- or
- (2) oil into or upon land or the atmosphere or
 - (3) any other contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water.

Section (2) and (3) of this exclusion do not apply if such discharge, dispersal, release or escape is sudden,

accidental, unexpected and unintentional from the standpoint of the Insured.

As used in this endorsement:

"oil" includes any petroleum substance, petroleum

derivative, oil waste and oil mixed with waste;

"contaminants, and pollutants" include smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, gases, waste materials, other irritants.

CONDITIONS

1. Premiums

All premiums for this policy shall be computed in accordance with the Company's rules, rates, rating plans, premiums and minimum premium applicable to the insurance afforded herein.

Premium designated in this policy as "advance 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. At the close of each period (or part thereof terminating with the end of the policy period) designated in the declarations as the audit period the earned premium shall be computed for such period and, upon notice thereof to the Named Insured, shall become due and payable. If the total earned premium for the policy period is less than the premium previously paid, the Company shall return to the Named Insured the unearned portion paid by the Named Insured.

The Named Insured shall maintain records of such information as is necessary for premium computation, and shall send copies of such records to the Company at the end of the policy period and at such times during the policy period as the Company may direct.

2. Inspection and Audit

The Company shall be permitted but not obligated to inspect the Named Insured's property and operations at any time. Neither the Company's right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the Named Insured or others, to determine or warrant that such property or operations are safe.

The Company may examine and audit the Named Insured's books and records at any time during the policy period and extensions thereof and within three years after the final termination of this policy, as far as they relate to the subject matter of this insurance.

3. Financial Responsibility Laws

When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, such insurance as is afforded by this policy for bodily injury liability or for property damage liability shall comply with the provisions of such law to the extent of the coverage and limits of liability required by such law. The Insured agrees to reimburse the Company for any payment made by the Company which it would not have been obligated to make under the terms of this policy except for the agreement contained in this paragraph.

4. Insured's Duties in the Event of Occurrence, Claim or Suit

(a) In the event of an occurrence, written notice containing particulars sufficient to identify the Insured and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the injured and of available witnesses, shall be given by or for the Insured to the Company, or any of its authorized agents as soon as practicable. The Named Insured shall promptly take at his expense all reasonable steps to prevent other bodily injury or property damage from arising out of the same or similar conditions, but such expenses shall not be recoverable under this policy.

(b) If claim is made or suit is brought against the Insured, the Insured shall immediately forward to the Company every demand, notice, summons or other process received by him or his representative.

(c) The Insured shall cooperate with the Company and, upon the Company's request, assist in making settlements, in the conduct of suits and in enforcing any right of contribution or indem-

nity against any person or organization who may be liable to the insured because of bodily injury or property damage with respect to which insurance is afforded under this policy; and the Insured shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The Insured shall not, except at his own cost, voluntarily make any payment, assume any obligation or incur any expense other than for first aid to others at the time of accident.

6. Action Against Company

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

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

6. Other Insurance

The insurance afforded by this policy is a primary insurance, except when stated to apply in excess of or contingent upon the absence of other insurance. When this insurance is primary and the insured has other insurance which is stated to be applicable to the loss on an excess or contingent basis, the amount of the Company's liability under this policy shall not be reduced by the existence of such other insurance. When both this insurance and other insurance apply to the loss on the same basis, whether primary, excess or contingent, the Company shall not be liable under this policy for a greater proportion of the loss than that stated in the applicable contribution provision below:

(a) Contribution by Equal Shares. If all of such other valid and collectible insurance provides for

contribution by equal shares, the Company shall not be liable for a greater proportion of such loss than would be payable if each insurer contributes an equal share until the share of each insurer equals the lowest applicable limit of liability under any one policy or the full amount of the loss is paid, and with respect to any amount of loss not so paid the remaining insurers then continue to contribute equal shares of the remaining amount of the loss until each such insurer has paid its limit in full or the full amount of the loss is paid.

(b) Contribution by Limits. If any of such other insurance does not provide for contribution by equal shares, the Company shall not be liable for a greater proportion of such loss than applicable limit of liability under this policy for such loss bears to the total applicable limit of liability of all valid and collectible insurance against such loss.

7. Subrogation

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

8. Changes

Notice to any agent or knowledge possessed by any agent or by any other person shall not affect a waiver or a change in any part of this policy or estop the Company from asserting any right under the terms of this policy; not shall the terms of this policy be waived or changed, except by endorsement issued to form a part of this policy.

9. Assignment

Assignment of interest under this policy shall not bind the Company until its consent is endorsed hereon; if, however, the Named Insured shall die, such insurance as is afforded by this policy shall apply (1) to the Named Insured's legal representative, as the Named Insured, but only while acting within the scope of his duties as such, and (2) with respect to the property of the Named Insured, to the person having proper temporary custody thereof, as Insured, but only until the appointment and qualification of the legal representative.

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

10. Three Year Policy

If this policy is issued for a period of three years, the limits of the Company's liability shall apply separately to each consecutive annual period thereof.

be equivalent to mailing.

11. Cancellation

This policy may be cancelled by the Named Insured by surrender thereof to the Company or any of its authorized agents or by mailing to the Company written notice stating when thereafter the cancellation shall be effective. This policy may be cancelled by the Company by mailing to the Named Insured at the address shown in this policy, written notice stating when not less than ten days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of surrender or the effective date and hour of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the Named Insured or by the Company shall

If the Named Insured cancels, earned premium shall be computed in accordance with the customary short rate table and procedure. If the Company cancels, earned premium shall be computed pro rata. Premium adjustment may be made either at the time cancellation is effected or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

12. Declarations

By acceptance of this policy, the Named Insured agrees that the statements in the declarations are his agreements and representations, that this policy is issued in reliance upon the truth of such representations and that this policy embodies all agreements existing between himself and the Company or any of its agents relating to this insurance.

COMPREHENSIVE GENERAL LIABILITY INSURANCE COVERAGE PART

**I. COVERAGE A - BODILY INJURY LIABILITY
COVERAGE B - PROPERTY DAMAGE LIABILITY**

The company will pay on behalf of the insured all sums which the insured shall become legally obligated to pay as damages because of

Coverage A. **bodily injury** or
Coverage B. **property damage**

to which this insurance applies, caused by an **occurrence**, and the company shall have the right and duty to defend any suit against the **insured** seeking damages on account of such **bodily injury** or **property damage**, even if any of the allegations of the suit are groundless, false or fraudulent, and may make such investigation and settlement of any claim or suit as it deems expedient, but the company shall not be obligated to pay any claim or judgment or to defend any suit after the applicable limit of the company's liability has been exhausted by payment of judgments or settlements.

Exclusions

This insurance does not apply:

- (a) to liability assumed by the **insured** under any contract or agreement except an **incidental contract**; but this exclusion does not apply to a warranty of fitness or quality of the **named insured's products** or a warranty that work performed by or on behalf of the **named insured** will be done in a workmanlike manner;
- (b) to **bodily injury** or **property damage** arising out of the ownership, maintenance, operation, use, loading or unloading of
 - (1) any **automobile** or aircraft owned or operated by or rented or loaned to any **insured**, or
 - (2) any other **automobile** or aircraft operated by any person in the course of his employment by any **insured**; but this exclusion does not apply to the parking of an **automobile** on premises owned by, rented to or controlled by the **named insured** or the ways immediately adjoining, if such **automobile** is not owned by or rented or loaned to any **insured**.

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

- (c) to **bodily injury or property damage** arising out of (1) the ownership, maintenance, operation, use, loading or unloading of any **mobile equipment** while being used in any prearranged or organized racing, speed or demolition contest or in any stunting activity or in practice or preparation for any such contest or activity or (2) the operation or use of any snowmobile or trailer designed for use therewith;
- (d) to **bodily injury or property damage** arising out of and in the course of the transportation of **mobile equipment** by an automobile owned or operated by or rented or loaned to any **insured**;
- (e) to **bodily injury or property damage** arising out of the ownership, maintenance, operation, use, loading or unloading of
- (1) any watercraft owned or operated by or rented or loaned to any **insured**, or
- (2) any other watercraft operated by any person in the course of his employment by any **insured**;
- but this exclusion does not apply to watercraft while ashore on premises owned by, rented to or controlled by the **named insured**;
- (f) to **bodily injury or property damage** arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any water course or body of water; but this exclusion does not apply if such discharge, dispersal, release or escape is sudden and accidental;
- (g) to **bodily injury or property damage** due to war, whether or not declared, civil war, insurrection, rebellion or revolution or to any act or condition incident to any of the foregoing, with respect to
- (1) liability assumed by the **insured** under an incidental contract, or
- (2) expenses for first aid under the Supplementary Payment provision;
- (h) to **bodily injury or property damage** for which the **insured** or his indemnitee may be held liable
- (1) as a person or organization engaged in the business of manufacturing, distributing, selling or serving alcoholic beverages, or
- (2) if not so engaged as an owner or lessor of premises used for such purposes, if such liability is imposed
- (i) by, or because of the violation of, any statute, ordinance or regulation pertaining to the sale, gift, distribution or use of any alcoholic beverage, or
- (ii) by reason of the selling, serving or giving of any alcoholic beverage to a minor or to a person under the influence of alcohol or which causes or contributes to the intoxication of any person;
- but part (ii) of this exclusion does not apply with respect to liability of the **insured** or his indemnitee as an owner or lessor described in (2) above;
- (i) to any obligation for which the insured or any carrier as his insurer may be held liable under any workmen's compensation, unemployment compensation or disability benefits law, or under similar law;
- (j) to **bodily injury** to any employee of the **insured** arising out of and in the course of his employment by the **insured** or to any obligation of the **insured** to indemnify another because of damages arising out of such injury; but this exclusion does not apply to liability assumed by the **insured** under an **incidental contract**;
- (k) to **property damage** to
- (1) property owned or occupied by or rented to the **insured**,
- (2) property used by the **insured**, or
- (3) property in the care, custody or control of the **insured** or as to which the **insured** is for any purpose exercising physical control;
- but parts (2) and (3) of this exclusion do not apply with respect to liability under a written sidetrack agreement and

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

part (3) of this exclusion does not apply with respect to **property damage** (other than to **elevators**) arising out of the use of an **elevators** at premises owned by, rented to or controlled by the **named insured**;

(l) to **property damage** to premises alienated by the **named insured** arising out of such premises or any part thereof;

(m) to loss of use of tangible property which has not been physically injured or destroyed resulting from

(1) a delay in or lack of performance by or on behalf of the **named insured** of any contract or agreement, or

(2) the failure of the **named insured's products** or work performed by or on behalf of the **named insured** to meet the level of performance, quality, fitness or durability warranted or represented by the **named insured**;

but this exclusion does not apply to loss of use of other tangible property resulting from the sudden and accidental physical injury to or destruction of the **named insured's products** or work performed by or on behalf of the **named insured** after such products or work have been put to use by any person or organization other than an **insured**.

(n) to **property damage** to the **named insured's products** arising out of such products or any part of such products;

(o) to **property damage** to work performed by or on behalf of the **named insured** arising out of the work or any portion thereof, or out of materials, parts or equipment furnished in connection therewith;

(p) to damages claimed for the withdrawal, inspection, repair, replacement, or loss of use of the **named insured's products** or work completed by or for the **named insured** or of any property of which such products or work form a part, if such products, work or property are withdrawn from the market or from use because of any known or suspected defect or deficiency therein;

(q) to **property damage** included within:

(1) the **explosion hazard** in connection with operations identified in this policy by a classification code number which includes the symbol "x",

(2) the **collapse hazard** in connection with operations identified in this policy by a classification code number which includes the symbol "c",

(3) the **underground property damage hazard** in connection with operations identified in this policy by a classification code number which includes the symbol "u",

II. PERSON INSURED

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

(a) if the **named insured** is designated in the declarations as an individual, the person so designated but only with respect to the conduct of a business of which he is the sole proprietor, and the spouse of the **named insured** with respect to the conduct of such a business;

(b) if the **named insured** is designated in the declarations as a partnership or joint venture, the partnership or joint venture so designated and any partner or member thereof but only with respect to his liability as such;

(c) if the **named insured** is designated in the declarations as other than an individual, partnership or joint venture, the organization so designated and any executive officer, director or stockholder thereof while acting within the scope of his duties as such;

(d) any person (other than an employee of the **named insured**) or organization while acting as real estate manager for the **named insured**; and

(e) with respect to the operation, for the purpose of locomotion upon a public highway, of **mobile equipment** registered under any motor vehicle registration law,

(i) an employee of the **named insured** while operating any such equipment in the course of his employment, and

(ii) any other person while operating with the permis-

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

sion of the **named insured** any such equipment registered in the name of the **named insured** and any person or organization legally responsible for such operation, but only if there is no other valid and collectible insurance available, either on a primary or excess basis, to such person or organization;

provided that no person or organization shall be an **insured** under this paragraph (e) with respect to:

- (1) **bodily injury** to any fellow employee of such person injured in the course of his employment, or
- (2) **property damage** to property owned by, rented to, in charge of or occupied by the **named insured** or the employer of any person described in subparagraph (ii)

This insurance does not apply to **bodily injury** or **property damage** arising out of the conduct of any partnership or joint venture of which the insured is a partner or member and which is not designated in this policy as **named insured**.

III. LIMITS OF LIABILITY

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

Coverage A - The total liability of the company for all damages, including damages for care and loss of services, because of **bodily injury** sustained by one or more persons as the result of any one occurrence shall not exceed the limit of **bodily injury** liability stated in the declarations as applicable to "each **occurrence**".

Subject to the above provision respecting "each **occurrence**", the total liability of the company for all damages because of (1) all **bodily injury** included within the **completed operations hazard** and (2) all **bodily injury** included within the **products hazard** shall not exceed the limit of **bodily injury** liability stated in the declarations as "**aggregate**".

Coverage B - The total liability of the company for all

damages because of all **property damage** sustained by one or more persons or organizations as the result of any one occurrence shall not exceed the limit of **property damage** liability stated in the declarations as applicable to "each **occurrence**".

Subject to the above provision respecting "each **occurrence**", the total liability of the company for all damages because of all **property damage** to which this coverage applies and described in any of the numbered subparagraphs below shall not exceed the limit of **property damage** liability stated in the declarations as "aggregate".

- (1) all **property damage** arising out of premises or operations rated on a remuneration basis or contractor's equipment rated on a receipts basis, including **property damage** for which liability is assumed under any **incidental contract** relating to such premises or operations, but excluding **property damage** included in subparagraph (2) below;

- (2) all **property damage** arising out of and occurring in the course of operations performed for the **named insured** by independent contractors and general supervision thereof by the **named insured**, including any such **property damage** for which liability is assumed under any incidental contract relating to such operations, but this subparagraphs (2) does not include **property damage** arising out of maintenance or repairs at premises owned by or rented to the **named insured** or structural alterations at such premises which do not involve changing the size of or moving buildings or other structures..

- (3) all **property damage** included within the **products hazard** and all **property damage** included within the **completed operations hazard**.

Such aggregate limit shall apply separately to the **property damage** described in subparagraphs (1), (2) and (3) above, and under subparagraphs (1) and (2), separately with respect to each project away from premises owned by or rented to the **named insured**.

Coverage A and B - For the purpose of determining the limit of the company's liability, all **bodily injury** and **property damage** arising out of continuous or repeated

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

exposure to substantially the same general conditions shall be considered as arising out of one occurrence.

IV. POLICY TERRITORY

This insurance applies only **bodily injury or property damage** which occurs within the **policy territory**.

OWNERS LANDLORD'S AND TENANTS' LIABILITY INSURANCE COVERAGE PART (COVERAGE FOR DESIGNATED PREMISES AND RELATED OPERATIONS IN PROGRESS INCLUDING STRUCTURAL ALTERATIONS, NEW CONSTRUCTION AND DEMOLITION)

I. COVERAGE A - BODILY INJURY LIABILITY COVERAGE B - PROPERTY DAMAGE LIABILITY

The company will pay on behalf of the **insured** all sums which the **insured** shall become legally obligated to pay as damages because of

Coverage A. **bodily injury or**
Coverage B. **property damage**

to which this insurance applies, caused by an **occurrence** and arising out of the ownership, maintenance or use of the **insured premises** and all operations necessary or incidental thereto, and the company shall have the right and duty to defend any suit against the **insured** seeking damages on account of such **bodily injury or property damage**, even if any of the allegations of the suit are groundless, false or fraudulent, and may make such investigation and settlement of any claim or suit as it deems expedient, but the company shall not be obligated to pay any claim or judgment or to defend any suit after the applicable limit of the company's liability has been exhausted by payment or judgments or settlements.

Exclusions

This insurance does not apply:

- (a) to liability assumed by the **insured** under any contract or agreement except an **incidental contract**; but with respect to **bodily injury or property damage** occurring while work performed by or on behalf of the **named insured** is in progress, this exclusion does not apply to

a warranty that such work will be done in a workman-like manner;

- (b) to **bodily injury or property damage** arising out of the ownership, maintenance, operation, use, loading or unloading of

(1) any **automobile** or aircraft owned or operated by or rented or loaned to any **insured**, or

(2) any other **automobile** or aircraft operated by any person in the course of his employment by any **insured**;

but this exclusion does not apply to the parking of an **automobile** on insured premises, if such **automobile** is not owned by or rented or loaned to any **insured**;

- (c) to **bodily injury or property damage** arising out of (1) the ownership, maintenance, operation, use, loading or unloading of any **mobile equipment** while being used in any prearranged or organized racing, speed or demolition contest or in any stunting activity or in practice or preparation for any such contest or activity or (2) the operation or use of any snowmobile or trailer designed for use therewith;

- (d) to **bodily injury or property damage** arising out of and in the course of the transportation of **mobile equipment** by any automobile owned or operated by or rented or loaned to any **insured**;

- (e) to **bodily injury or property damage** arising out of and in the ownership, maintenance, operation, use, loading or unloading of

(1) any watercraft owned or operated by or rented or loaned to any **insured**, or

(2) any other watercraft operated by any person in the course of his employment by any **insured**;

but this exclusion does not apply to watercraft while ashore on the **insured premises**;

- (f) to **bodily injury or property damage** arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants,

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

contaminants or pollutants into or upon land, the atmosphere or any water course or body of water; but this exclusion does not apply if such discharge, dispersal, release or escape is sudden and accidental;

(g) to **bodily injury** or **property damage** due to war, whether or not declared, civil war, insurrection, rebellion or revolution or to any act or condition incident to any of the foregoing, with respect to

(1) liability assumed by the insured under an **Incidental contract**, or

(2) expenses for first aid under the Supplementary Payments provision;

(h) to **bodily injury** or **property damage** for which the insured or his indemnitee may be held liable

(1) as a person or organization engaged in the business of manufacturing, distributing, selling or serving alcoholic beverages, or

(2) if not so engaged, as an owner or lessor of premises used for such purposes, if such liability is imposed

(i) by, or because of the violation of, any statute ordinance or regulations pertaining to the sale, gift, distribution or use of any alcoholic beverage, or

(ii) by reason of the selling, serving or giving of any alcoholic beverage to a minor or to a person under the influence of alcohol or which causes or contributes to the intoxication of any person;

but part (ii) of this exclusion does not apply with respect to liability of the **Insured** or his indemnitee as an owner or lessor described in (2) above;

(i) to any obligation for which the **Insured** or any carrier as his insurer may be held liable under any workmen's compensation, unemployment compensation or disability benefits law, or under any similar law;

(j) to **bodily injury** to any employee of the **Insured** arising out of and in the course of his employment by

the insured or to any obligation of the insured to indemnify another because of damages arising out of such injury; but this exclusion does not apply to liability assumed by the insured under an **Incidental contract**;

(k) to property damage to

(1) property owned or occupied by or rented to the **Insured**,

(2) property used by the **Insured**, or

(3) property in the care, custody or control of the **Insured** or as to which the **Insured** is for any purpose exercising physical control;

but parts (2) and (3) of this exclusion do not apply with respect to liability under a written sidetrack agreement and part (3) of this exclusion does not apply with respect to **property damage** (other than **elevators**) arising out of the use of an elevator at the **Insured premises**;

(l) to **property damage** to premises alienated by the **named Insured** arising out of such premises or any part thereof;

(m) to loss of use of tangible property which has not been physically injured or destroyed resulting from

(1) a delay in or lack of performance by or on behalf of the **named Insured** of any contract or agreement, or

(2) the failure of the **named Insured's products** or work performed by or on behalf of the **named Insured** to meet the level of performance, quality, fitness or durability warranted or represented by the **named Insured**;

but the exclusion does not apply to loss of use of other tangible property resulting from the sudden and accidental physical injury to or destruction of the **named Insured's products** or work performed by or on behalf of the **named Insured** after such products or work have been put to use by any person or organization other than an **Insured**.

(n) to **property damage** to the **named Insured's products** arising out of such products or any part of

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

such products:

- (o) to **property damage** to work performed by or on behalf of the **named insured** arising out of the work or any portion thereof, or out of materials, parts or equipment furnished in connection therewith;
- (p) to **bodily injury** or **property damage** included within the **completed operations hazard** or the **products hazard**;
- (q) to **bodily injury** or **property damage** arising out of operations on or from premises (other than the **insured premises**) owned by, rented to or controlled by the **named insured**, or to liability assumed by the **insured** under any contract or agreement relating to such premises.

II. PERSONS INSURED

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

- (a) if the **named insured** is designated in the declarations as an individual, the person so designated but only with respect to the conduct of a business of which he is the sole proprietor, and the spouse of the **named insured** with respect to the conduct of such a business;
- (b) if the **named insured** is designated in the declaration as a partnership or joint venture, the partnership or joint venture so designated and any partner or member thereof but only with respect to his liability as such;
- (c) if the **named insured** is designated in the declarations as other than an individual, partnership or joint venture, the organization so designated and any executive officer, director or stockholder thereof while acting within the scope of his duties as such;
- (d) any person (other than an employee of the **named insured**) or organization while acting as real estate manager for the **name insured**; and
- (e) with respect to the operation, for the purpose of locomotion upon a public highway, of **mobile equipment** registered under any motor vehicle registration law,

- (i) an employee of the **named insured** while operating any such equipment in the course of his employment, and
- (ii) any other person while operating with the permission of the **named insured** any such equipment registered in the name of the **named insured** and any person or organization legally responsible for such operation, but only if there is no other valid and collectible insurance available, either on a primary or excess basis, to such person or organization;

provided that no person or organization shall be an **insured** under this paragraph (e) with respect to:

- (1) **bodily injury** to any fellow employee of such person injured in the course of his employment, or
- (2) **property damage** to property owned by, rented to, in charge of or occupied by the **named insured** or the employer of any person described in subparagraph (ii)

This insurance does not apply to bodily injury or property damage arising out of the conduct of any partnership or joint venture of which the insured is a partner or member and which is not designated in this policy as a **named insured**.

III. LIMITS OF LIABILITY

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

Coverage A - The total liability of the company for all damages, including damages for care and loss of services, because of **bodily injury** sustained by one or more persons as the result of any one **occurrence** shall not exceed the limit of **bodily injury** liability stated in the declarations as applicable to "each **occurrence**".

Coverage B - The total liability of the company for all damages, because of all property damage sustained by one or more persons or organizations as the result of any one occurrence shall not exceed the limit of **property damage** liability stated in the declarations as applicable to "each **occurrence**".

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

MANUFACTURER'S AND CONTRACTORS' LIABILITY INSURANCE COVERAGE PART (COVERAGE FOR PREMISES AND FOR OPERATIONS IN PROGRESS INCLUDING OPERATIONS OF INDEPENDENT CONTRACTORS)

**I. COVERAGE A - BODILY INJURY LIABILITY
COVERAGE B - PROPERTY DAMAGE LIABILITY**

The company will pay on behalf of the **Insured** all sums which the **Insured** shall become legally obligated to pay as damages because of

Coverage A. **bodily injury** or
Coverage B. **property damage**

to which this insurance applies, caused by an **occurrence**, and the company shall have the right and duty to defend any suit against the **Insured** seeking damages on account of such **bodily injury** or **property damage**, even if any of the allegations of the suit are groundless, false or fraudulent, and may make such investigation and settlement of any claim or suit as it deems expedient, but the company shall not be obligated to pay any claim or judgment or to defend any suit after the applicable limit of the company's liability has been exhausted by payment of judgments or settlements.

Exclusions

This insurance does not apply:

- (a) to liability assumed by the **insured** under any contract or agreement except an **incidental contract**; but with respect to **bodily injury** or **property damage** occurring while work performed by or on behalf of the **named insured** is in progress, this exclusion does not apply to a warranty that such work will be done in a workmanlike manner;
- (b) to **bodily injury** or **property damage** arising out of the ownership, maintenance, operation, use, loading or unloading of
 - (1) any **automobile** or aircraft owned or operated by or rented or loaned to any **insured**, or
 - (2) any other **automobile** or aircraft operated by any person in the course of his employment by any

Insured;

but this exclusion does not apply to the parking of an **automobile** on premises owned by, rented to or controlled by the name **Insured** or the ways immediately adjoining, if such automobile is not owned by or rented or loaned to any **insured**;

- (c) to **bodily injury** or **property damage** arising out of (1) the ownership maintenance, operation, use, loading or unloading of any **mobile equipment** while being used in any prearranged or organized racing, speed or demolition contest or in any stunting activity or in practice or preparation for any such contest or activity or (2) the operation or use of any snowmobile or trailer designed for use therewith;
- (d) to **bodily injury** or **property damage** arising out of and in the course of the transportation of **mobile equipment** by an **automobile** owned or operated by or rented or loaned to any **insured**;
- (e) to **bodily injury** or **property damage** arising out of the ownership, maintenance, operation, use, loading or unloading of
 - (1) any watercraft owned or operated by or rented or loaned to any **insured**, or
 - (2) any other watercraft operated by any person in the course of his employment by any **insured**;

but this exclusion does not apply to watercraft while ashore on premises owned by, rented to or controlled by the **named insured**;

- (f) to **bodily injury** or **property damage** arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any water course or body of water; but this exclusion does not apply if such discharge, dispersal, release or escape is sudden and accidental;
- (g) to **bodily injury** or **property damage** due to war, whether or not declared, civil war, insurrection, rebellion or revolution or to any act or condition incident to any of the foregoing, with respect to

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

(1) liability assumed by the insured under an incidental contract, or

(2) expenses for first aid under the Supplementary Payments provision;

(h) to **bodily injury** or **property damage** for which the insured or his indemnitee may be held liable

(1) as a person or organization engaged in the business of manufacturing, distributing, selling or serving alcoholic beverages, or

(2) if not so engaged, as an owner or lessor of premises used for such purposes if such liability is imposed.

(i) by, or because of the violation of, any statute, ordinance or regulation pertaining to the sale, gift, distribution or use of any alcoholic beverage, or

(ii) by reason of the selling, serving or giving of any alcoholic beverage to a minor or to a person under the influence of alcohol or which causes or contributes to the intoxication of any person;

but part (ii) of this exclusion does not apply with respect to liability of the insured or his indemnitee as an owner or lessor described in (2) above;

(i) to any obligation for which the insured or any carrier as his insurer may be held liable under any workmen's compensation, unemployment compensation or disability benefits law, or under any similar law;

(j) to **bodily injury** to any employee of the insured arising out of and in the course of his employment by the insured or to any obligation of the insured to indemnify another because of damages arising out of such injury, but this exclusion does not apply to liability assumed by the insured under an incidental contract;

(k) to **property damage** to

(1) property owned or occupied by or rented to the insured,

(2) property used by the insured, or

(3) property in the care, custody or control of the insured or as to which the insured is for any purpose exercising physical control.

but parts (2) and (3) of this exclusion do not apply with respect to liability under a written sidetrack agreement and part (3) of this exclusion does not apply with respect to **property damage** (other than to elevators) arising out of the use of an elevator at premises owned by, rented to or controlled by the named insured;

(l) to **property damage** to premises alienated by the named insured arising out of such premises or any part thereof;

(m) to loss of use of tangible property which has not been physically injured or destroyed resulting from

(1) a delay in or lack of performance by or on behalf of the named insured of any contract or agreement, or

(2) the failure of the named insured's products or work performed by or on behalf of the named insured to meet the level of performance, quality, fitness or durability warranted or represented by the named insured;

but this exclusion does not apply to loss of use of other tangible property resulting from the sudden and accidental physical injury to or destruction of the named insured's products or work performed by or on behalf of the named insured after such products or work have been put to use by any person or organization other than an insured;

(n) to **property damage** to the named insured's products arising out of such products or any part of such products;

(o) to **property damage** to work performed by or on behalf of the named insured arising out of the work or any portion thereof, or out of materials, parts or equipment furnished in connection therewith;

(p) to **bodily injury** or **property damage** included within the completed operations hazard or the product hazard;

(q) to **property damage** included within:

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

- (1) the **explosion hazard** in connection with operations identified in this policy by a classification code number which includes the symbol "x"
- (2) the **collapse hazard** in connection with operations identified in this policy by a classification code number which includes the symbol "c"
- (3) the **underground property damage hazard** in connection with operation identified in this policy by a classification code number which includes the symbol "u".

II. PERSON INSURED

Each of the following is an insured this insurance to the extent set forth below:

- (a) if the **named insured** is designated in the declarations as an individual, the person so designated but only with respect to the conduct of a business of which he is the sole proprietor, and the spouse of the **named insured** with respect to the conduct of such a business;
- (b) if the **named insured** is designated in the declarations as a partnership or joint venture, the partnership or joint venture so designated and any partner or member thereof but only with respect to his liability as such;
- (c) if the **named insured** is designated in the declaration as other than an individual, partnership or joint venture, the organization so designated and any executive office, director or stockholder thereof while acting within the scope of this duties as such;
- (d) any person (other than an employee of the **named insured**) of organization while acting as real estate manager of the **named insured**; and
- (e) with respect to the operation, for the purpose of locomotion upon a public highway, of mobile equipment registered under any motor vehicle registration law,
 - (i) an employee of the **named insured** while operating any such equipment in the course of his employment, and
 - (ii) any other person while operating with the permission of the **named insured** any such equipment

registered in the name of the **named insured** and any person or organization legally responsible for such operation, but only if there is no other valid and collectible insurance available, either on a primary to excess basis, to such person or organization;

provided that no person or organization shall be an **insured** under this paragraph (e) with respect to:

- (1) **bodily injury** to any fellow employee of such person injured in the course of his employment, or
- (2) **property damage** to property owned by, rented to, in charge of or occupied by the named insured or the employer of any person described in subparagraph (ii)

This insurance does not apply to **bodily injury** or **property damage** arising out of the conduct of any partnership or joint venture of which the insured is a partner and which is not designated in this policy as a **named insured**.

III. LIMITS OF LIABILITY

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

Coverage A - The total liability of the company for all damages, including damages for care and loss of services, because of **bodily injury** sustained by one or more persons as the result of any one **occurrence** shall not exceed the limit of **bodily injury** liability stated in the declarations as applicable to "each **occurrence**".

Coverage B - The total liability of the company for all damages, because of all **property damage** sustained by one or more persons or organizations as the result of any one **occurrence** shall not exceed the limit of **property damage** liability stated in the declaration as applicable to "each **occurrence**".

Subject to the provision respecting "each **occurrence**," the total liability of the company for all damages because of all **property damage** to which this coverage applies and described in either of the numbered following

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

subparagraphs shall not exceed the limit of **property damage** liability stated in the declarations as "aggregate":

(1) all **property damage** arising out of premises or operations rated on a remuneration basis or contractor's equipment rated on a receipts basis including **property damage** for which liability is assumed under any **Incidental contract** relating to such premises or operations, but excluding property damage included in subparagraph (2) below;

(2) all **property damage** arising out of and occurring in the course of operations performed for the **named insured** by independent contractors and general supervision thereof by the **named insured**, including any such **property damage** for which liability is assumed under any **Incidental contract** relating to such operations, but this subparagraph (2) does not include **property damage** arising out of maintenance or repairs at premises owned by or rented to the **named insured** or structural alterations at such premises which do not involve changing the size of or moving buildings or other structures.

Such aggregate limit shall apply separately to the **property damage** described in subparagraphs (1) and (2) above, and separately with respect to each project away from premises owned by or rented to the **named insured**.

Coverage A and B - For the purpose of determining the limit of the company's liability, all **bodily injury** and **property damage** arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one **occurrence**.

IV. POLICY TERRITORY

This insurance applies only to **bodily injury** or **property damage** which occurs within the **policy territory**.

**CONTRACTUAL LIABILITY INSURANCE
COVERAGE PART (Designated Contracts Only)**

I. **COVERAGE Y - CONTRACTUAL BODILY
INJURY LIABILITY**
**COVERAGE Z - CONTRACTUAL PROPERTY
DAMAGE LIABILITY**

The company will pay on behalf of the insured all sums which the insured by reason or contractual liability assumed by

him under a contract designated in the schedule for this insurance, shall become legally obligated to pay as damages because of

Coverage Y. **bodily injury** or
Coverage Z. **property damage**

to which this insurance applies, caused by an **occurrence**, and the company shall have the right and duty to defend any suit against the insured seeking damages on account of such **bodily injury** or **property damage**, even if any of the allegations of the suit are groundless, false or fraudulent, and may make such investigation and settlement of any claim or suit as it deems expedient, but the company shall not be obligated to pay any claim or judgment or to defend any suit after the applicable limit of the company's liability has been exhausted by payment of judgments or settlements.

Exclusions

This insurance does not apply:

(a) if the insured or his indemnitee is an architect, engineer or surveyor, to **bodily injury** or **property damage** arising out of the rendering of or the failure to render professional services by such **Insured** or indemnitee, including

(1) the preparation or approval of maps, plans, opinions, reports, survey, designs or specifications and

(2) supervisory, inspection or engineering services;

(b) to **bodily injury** or **property damage** due to war, whether or not declared, civil war, insurrection, rebellion or revolution or to any act or condition incident to any of the foregoing;

(c) to **bodily injury** or **property damage** for which the indemnitee may be held liable

(1) as a person or organization engaged in the business of manufacturing, distributing, selling or serving alcoholic beverage, or

(2) if not so engaged, as an owner or lessor of premises used for such purposes, if such liability is

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

imposed

(i) by, or because of the violation of, any statute, ordinance or regulation pertaining to the sale, gift, distribution or use of any alcoholic beverage, or

(ii) by reason of the selling, serving or giving of any alcoholic beverage to a minor or to a person under the influence of alcohol or which causes or contributes to the intoxication of any person;

but part (ii) of this exclusion does not apply with respect to liability of the indemnitee as an owner or lessor described in (2) above;

(d) to any obligation for which the insured or any carrier as his insurer may be held liable under any workmen's compensation, unemployment compensation or disability benefits law, or under any similar law;

(e) to any obligation for which the **Insured** may be held liable in an action on a contract by a third party beneficiary for **bodily injury** or **property damage** arising out of a project for a public authority; but this exclusion does not apply to an action by the public authority or any other person or organization engaged in the project;

(f) to **property damage** to

(1) property owned or occupied by or rented to the **insured**,

(2) property used by the **insured**, or

(3) property in the care, custody or control of the **insured** or as to which the **insured** is for any purpose exercising physical control;

(g) to **property damage** to premises alienated by the **named insured** arising out of such premises or any part thereof;

(h) to loss of use of tangible property which has not been physically injured or destroyed resulting from

(1) a delay in or lack of performance by or on behalf of the **named insured** of any contract or agreement,

or

(2) the failure of the **name insured's products** or work performed by or on behalf of the **named insured** to meet the level of performance, quality, fitness or durability warranted or represented by the **named insured**;

but this exclusion does not apply to loss of use of other tangible property resulting from the sudden and accidental physical injury to or destruction of the **named insured's products** or work performed by or on behalf of the **named insured** after such products or work have been put to use by any person or organization other than an **insured**;

(i) to **property damage** to the **named insured's products** arising out of such products or any part of such products;

(j) to **property damage** to work performed by or on behalf of the named insured arising out of the work or any portion thereof, or out of materials, parts or equipment furnished in connection therewith;

(k) to damages claimed for the withdrawal, inspection, repair, replacement, or loss of use of the **named insured's products** or work completed by or for the **named insured** or of any property of which such products or work from a part, if such products, work or property are withdrawn from the market or from use because of any known or suspected defect or deficiency therein;

(l) to **bodily injury** or **property damage** arising out of the ownership, maintenance, operation, use, loading or unloading or any **mobile equipment** while being used in any prearranged or organized racing, speed or demolition contest or in any stunting activity or in practice or preparation for any such contest or activity;

(m) to **bodily injury** or **property damage** arising out of the discharge, dispersal, release, or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any water course or body of water; but this exclusion does not apply if such discharge, dispersal, release or escape is sudden and accidental.

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

- (n) to **property damage** included within (1) the **explosion hazard**, (2) the **collapse hazard**, or (3) the **underground property damage hazard**.

II. PERSON INSURED

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

- (a) if the **named insured** is designated in the declarations as an individual, the person so designated and his spouse;
- (b) if the **named insured** is designated in the declarations as a partnership or joint venture, the partnership or joint venture so designated and any partner or member thereof but only with respect to his liability as such;
- (c) if the **named insured** is designated in the declarations as other than an individual, partnership or joint venture, the organization so designated and any executive officer, director or stockholder thereof while acting within the scope of his duties as such.

III. LIMITS OF LIABILITY

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

Coverage Y - The total liability of the company for all damages, including damages for care and loss of services, because of **bodily injury** sustained by one or more persons as a result of any one **occurrence** shall not exceed the limit of **bodily injury liability** stated in the declarations as applicable to "each occurrence".

Coverage Z - the total liability of the company for all damages because of all **property damage** sustained by one or more persons or organizations as the result of any one **occurrence** shall not exceed the limit of **property damage liability** stated in the declarations as applicable to "each occurrence".

Subject to the above provision respecting "each **occurrence**", the total liability of the company for all damages because of all **property damage** to which this coverage applies shall not exceed the limit of **property damage liability** stated in the declarations as "aggregate". Such aggregate limit of liability applies separately with respect to each project away from the premises owned by or rented to the **named insured**.

Coverage Y and Z - For the purpose of determining the limit of the company's liability, all **bodily injury** and **property damage** arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one **occurrence**.

IV. ADDITIONAL DEFINITIONS

When used in reference to this insurance (including endorsements forming a part of the policy):

"**Contractual liability**" means liability expressly assumed under a written contract or agreement; provided however, that **contractual liability** shall not be construed as including liability under a warranty of the fitness or quality of the **named insured's products** or a warranty that work performed by or on behalf of the **named insured** will be done in a workmanlike manner;

"**suit**" includes an arbitration proceeding to which the **insured** is required to submit or to which the **insured** has submitted with the company's consent.

V. POLICY TERRITORY

This insurance applies only to **bodily injury** or **property damage** which occurs within the **policy territory**.

VI. ADDITIONAL CONDITION

Arbitration

The company shall be entitled to exercise all of the insured's rights in the choice of arbitrators and in the conduct of any arbitration proceeding.

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

Endorsement No. 01
ASBESTOS EXCLUSION CLAUSE

It is hereby understood and agreed that such insurance as is afforded by this policy for personal injury liability and property damage liability is subject to the following exclusion;

This insurance does not apply to any liability for property damage, bodily injury, sickness, disease, occupational disease, disability, shock, death, mental anguish and mental injury at any time arising out of the manufacture of or mining of, or use, or exposure to asbestos products, asbestos fibers or asbestos dust, or to any obligation of the insured to indemnify any party because of damages arising out of such property damage, bodily injury, sickness, disease, occupational disease, disability, shock, death, mental anguish or mental injury at any time as a result of the manufacture of, use of or exposure to asbestos products, asbestos fibers or asbestos dust.

It is further understood and agreed that the Company shall not be obligated to defend any suit or claim against the Insured alleging personal injury or property damage seeking damages, if such suit or claim arises from personal injury or property damage resulting from or contributed to, by any, and all manufacture or, use of, or exposure to asbestos products, asbestos fibers or asbestos dust.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the policy, except as hereinabove set forth.

Endorsement No. 02
POLLUTION EXCLUSION CLAUSE

In consideration of the premium charged, it is hereby agreed and understood that this policy shall not apply to:

a. "Bodily Injury" or "Property Damage" arising out of the actual, alleged or threatened discharge, disposal, release or escape of pollutants:

(1) at or from premises you own, rent or occupy,

(2) at or from any site or location used by or for you or others for the handling, storage, disposal, processing or treatment of waste material,

(3) which are at any time transported, handled, stored, treated, disposed of, or processed as waste by or for you or any person or organization for whom you may legally responsible, or

(4) at or from any site or location on which you or any constructors or sub-contractors working directly or indirectly on your behalf are performing operations,

i) to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the pollutants, or

ii) if the pollutants are brought on or to the site or location by or for you.

b. Any loss, cost or expense arising out of any governmental direction or request that you test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants.

Pollutant mean 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 intend to be or have been recycled reconditioned or reclaimed.

All other terms and condition remain the same.

Endorsement No. 03
COMMUNICABLE DISEASE EXCLUSION CLAUSE

It is hereby understood and agreed that no coverage applies to bodily injury or property damage which arises out of the transmission of a communicable disease by a covered person.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the policy, except as hereinabove set forth.

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

Endorsement No. 04
PUNITIVE DAMAGES EXCLUSION
ENDORSEMENT

It is hereby understood and agreed that this Policy excludes all fines, penalties, punitive or exemplary damages.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the Policy except as herein above set forth.

Endorsement No. 05
Y2K EXCLUSION CLAUSE

This insurance does not apply to "bodily injury", "property damage", "personal injury" or "advertising injury" arising or "products/completed operations" liability arising directly or indirectly out of:

a. Any actual or alleged failure, malfunction or inadequacy of

(1) any of the following, whether belonging to any insured or to others

- (i) Computer hardware, including microprocessors;
- (ii) Computer application software;
- (iii) Computer operating systems and related software;
- (iv) Computer networks;
- (v) Microprocessors (computer chips) not part of any computer system; or
- (vi) Any other computerized or electronic equipment or components; or

(2) Any other products, and any services, data or function that directly or indirectly use or rely on, in any manner, on any of the items listed in Paragraph a.(1). of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept the year 2000 and beyond.

b. Any device, consultation, design, evaluation, inspection,

installation, maintenance, repair, replacement or supervision provided or done by or for the Named Insured to determine, rectify or test for, any potential or actual problems described in Paragraph a. of this endorsement.

Endorsement No. 06
AMENDMENT - LIMIT OF LIABILITY
(SINGLE LIMIT)

This endorsement modifies such insurance as is afforded by the provision of the policy relating to the following:

It is agreed that the provisions of the policy captioned "LIMITS OF LIABILITY" relating to Bodily Injury and Property Damage Liability are amended to read as follows:

LIMITS OF LIABILITY

Regardless of the number of (1) insured under this policy, (2) persons or organizations who sustain bodily injury or property damage (4) units of mobile equipment to which this policy applies, the Company's liability is limited as follows:

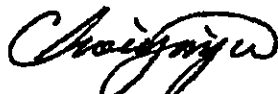
BODILY INJURY AND PROPERTY DAMAGE LIABILITY

(a) The limit of liability stated in the Schedule of this Endorsement is applicable to "each occurrence" is the total limit of the company's liability for all damages because of bodily injury and property damage as a result of one occurrence.

(b) Subject to the above provisions respecting "each occurrence", the total liability of the company for all damages because of all bodily injury and property damages which occur during each annual period while this policy is in force commencing from its effective date shall not exceed the limit of liability stated in the Schedule of this endorsement as "aggregate".

Nothing herein contained shall be held to vary, alter, waived or extent any of the Agreements, Conditions, Declarations, Exclusions Limitations or Terms of the Policy or any Coverage parts thereof other than as stated above.

IN WITNESS WHEREOF, the Company has caused this policy to be signed by its president and manager, but this policy shall not be valid unless countersigned on the Declarations page by a duly authorized representative of the Company.



YONJO CHOI

MANAGER



JEONG-NAM KIM

PRESIDENT

RESOLUTION NO. 23-FY2017

EXHIBIT C (4 of 4)

GUAM
WATERWORKS
AUTHORITY

DIRECTORS AND OFFICERS
LIABILITY POLICY
SPECIMEN

“Terms and Conditions contained therein will be provided to the Authority without change”



MOYLAN'S INSURANCE UNDERWRITERS, INC.
Home of the Good Guys and Gals
424 W OBrien Dr Ste 102
Hagatna GU 96910



DONGBU INSURANCE CO., LTD.

SEOUL, KOREA

**DIRECTORS AND OFFICERS LIABILITY
AND COMPANY REIMBURSEMENT POLICY
DECLARATIONS**

POLICY NO. _____

Name Insured & Address: _____

Jurisdiction of Incorporation of the Named Insured: _____

Policy Period: From _____ 12:01 A.M. To _____ 12:01 A.M.

Nature of Business: _____

Insured: All Director's & Officers of Named Insured and its Subsidiary Company (ies) stated below.

Subsidiary company: _____

Policy Territory: _____

Limit of Liability: _____ aggregate for Coverages A & B combined
(Including Defense Costs)

Retention: Coverage A \$ _____ Each Person
\$ _____ Aggregate All Persons / Each Loss
Coverage B \$ _____ Aggregate Each Loss

Retention stated in above is applied for loss arising from claims alleging the same Wrongful Acts or related Wrongful Acts.

Co-Insurance: _____ % (95%, unless otherwise stated herein)

Premium: _____

2% Assessment Fee: _____

Endorsement(s):

Territory, Jurisdiction Clause, Cancellation Clause, Exclusion of Certified Acts of Terrorism, Multi Year Endorsement, Punitive Damage Exclusion Clause; Security Holder Derivative Action Inclusion Clause, Nuclear Energy Liability Exclusion Endorsement; Prior Acts Exclusion Endorsement; Retention Endorsement; Failure to Maintain Insurance Exclusion Endorsement; Captive Insurance Company Exclusion Endorsement; One VS One Exclusion Endorsement (Insured VS Insured Exclusion Endorsement); Closely-Held Clause; Company Securities Claims (Entity Cover); Regulatory Exclusion Clause; SEC Exclusion; Erisa Exclusion; Year 2000 Exclusion

Notice 1: Except to such extent as may otherwise be provided herein, the coverage of this policy is limited generally to liability for only those claims that are first made against the Insured during the policy period.

Notice 2: The limit of liability available to pay judgment or settlements shall be reduced by amounts incurred for legal defense. Amount incurred for legal defense shall be applied against the retention amount.

Notice 3: The Insurer does not assume any duty to defend; however, the Insurer may advance defense costs payments prior to the final disposition of claim.

IN WITNESS WHEREOF, the Insurer has caused this policy to be signed by its duly authorized representative.

Signed at _____ this _____ day of _____

DONGBU INSURANCE CO., LTD.

By: _____

**General Agent
Moylan's Insurance Underwriters, Inc.**

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

TERRITORY

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, this Policy applies Worldwide.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

JURISDICTION

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, this insurance shall be governed by and construed in accordance with the laws of Guam and the exclusive jurisdiction of the USA including Guam Courts. The seat of arbitration shall be Guam.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

CANCELLATION CLAUSE

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, if Underwriters desire to cancel this policy, other than for non-payment, they shall give not less than ninety (90) days prior written notice by email and Certified Mail to:

Greg P. Cruz, Chief Financial Officer
Guam Waterworks Authority
P.O. Box 3010
Hagatna, Guam 96923
Email: gpcruz@guamwaterworks.org

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Name Insured: _____

Policy No. _____

MULTI-YEAR POLICY ENDORSEMENT

In consideration of the % Term Discount given the Insured for the ____ () years term of this policy, It is hereby understood and agreed that:

- (A) In the event the Insured elects to have policy cancelled before the expiry of the ____ year term, the insured shall refund to the company the equivalent of the % discount on the premium earned; such earned premium to be computed short rate on the gross annual premium, when cancellation is effected other than on the annual anniversary date of the policy.

- (B) In the event the company cancels the policy before the expiry of the ____ year term, the insured shall not be obligated to refund any part of the % term discount. Any earned premium shall be computed on pro rata basis.

All other policy terms and conditions remain unaltered.

DONGBU INSURANCE CO., LTD.

Effective Date: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Payment Schedule Agreement

Insured's Name: _____

Installment No.	Amount Due	Due Date	Due Date	Due Date	Due Date	Due Date
Beginning Balance	\$					
1						
2						
3						
4						
5						
6						

By acknowledging this Payment Schedule Agreement ("Agreement"), the Insured understands and agrees that failure to make payments according to the Agreement shall cause the entire unpaid balance to become due.

In the event it becomes necessary to retain the services of an attorney in our collection efforts, the Insured agrees to pay any and all attorney's fees equivalent to 15% of the unpaid balance.

Any unpaid balance shall be assessed interest at the rate of 12% per annum.

The Insured further understands and agrees that if a Total Loss claim is filed against the policy, the premium balance will be deducted from the loss proceeds. For Partial Losses, the payment schedule will remain the same. Where the payment schedule has not been followed and a claim has been filed, the Insured agrees that premium payments must be paid in FULL prior to settlement.

Nothing contained in this Agreement shall be construed to vary, alter, waive or change any of the terms, limits or conditions of the policy except as set forth herein.

This Agreement is effective _____

This Agreement shall be attached to and shall form part of Policy No. _____ issued by Dongbu Insurance Company

Dongbu Insurance Co. Ltd.
By: Moylan's Insurance Underwriters, Inc.
General Agent

Insured:

Authorized Signature
Date:

Signature of Insured
Date:

PUNITIVE DAMAGE EXCLUSION CLAUSE

This insurance does not cover any liability for fines, penalties, and punitive or exemplary damages.

By: _____
Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

SECURITY HOLDER DERIVATIVE ACTION INCLUSION CLAUSE

1. INSURING AGREEMENT

Notwithstanding Article 4. Exclusion (n) of the "Directors and Officers Liability Policy and Company Reimbursement Policy" Standard Provisions (hereinafter referred to as the "Standard Provisions"), the Insure shall pay the Loss of the Insured(s) in the event that the Insured(s) shall become legally liable to the Company subject to the full payment of the premium which the Insurer charged for the Policy.

2. LIMIT OF LIABILITY

The aggregate limit of liability which Insurer shall pay under the Standard Provisions, this clause and other clauses shall not exceed the aggregate limit of liability stated in the Declarations.

3. RELATIONSHIP WITH STANDARD PROVISIONS

Any matter not expressly provided for by this clause shall be determined in accordance with the Standard Provisions so long as such provisions are not inconsistent with this clause.

By: _____
Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

In consideration of the Premium charged, it is hereby understood and agreed that the Insurer shall not be liable to make any payment for Loss in connection with any claim or claims made against the Directors or Officers:

- A. Alleging, arising out of, base upon, attributable to, or in any way involving, directly or indirectly the hazardous properties of nuclear material, including but not limited to:
- (1) nuclear material located at any nuclear facility owned by, or operated by or on behalf of the Company, or discharged or dispersed therefrom; or
 - (2) nuclear material contained in spent fuel or waste which was or is at any time possessed, handles, used processed, stored, transported or disposed of by or on behalf of the Company; or
 - (3) the furnishing by an insured or the Company of services, materials, parts or equipment on connection with the planning, construction, maintenance, operation or use of any nuclear facility; or
 - (4) claims for damages to the company or its shareholder which alleges, arises from, is based upon; is attributed to or in any way involves, directly or indirectly, the hazardous properties if nuclear material.
- B.
- (1) which is under a nuclear energy liability policy issued by the Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada or any other similar policy pr would be insured under any such policy for its termination upon exhaustion of its Limit of Liability; or
 - (2) with respect to which (a) an any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof or (b) The Company or any insured is, or had this policy not be issued would be, entitled to indemnity from the United States of America, or any agency thereof, with any person or organization.

As used in this endorsement:

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

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

"source material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

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

"waste" means any waste material (1) containing "by-product material" (2) resulting from

operation by any person or organization of any nuclear facility included within the definition nuclear facility under paragraph (a) or (b) thereof;

"nuclear facility" means:

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

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

By: _____
Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

PRIOR ACT EXCLUSION ENDORSEMENT

In consideration of the premium charged, it is hereby understood and agreed that:

- 1) this policy only provides coverage for Loss arising from claims for alleged Wrongful Acts occurring on after policy inception date of _____ and prior or the end of the Policy Period and otherwise covered by this policy.
- 2) Loss(es) arising out of the same ore elated Wrongful Acts(s) shall be deemed to arise from the fist such same or related Wrongful Acts.

By: _____
Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

RETENTION ENDORSEMENT

- I. In consideration of the premium charged, it is hereby understood and agreed that Retention of the Declarations is amended to read as follows:

RETENTION: The amount written in the Declarations and Schedule of this policy is applied.

A. Non-Indemnifiable Loss:

\$ _____ per Director or Officer, subject to a maximum of
\$ _____ for Loss arising from claim alleging the same
Wrongful Act or related Wrongful Acts

B. Company Reimbursement and Indemnifiable Loss:

\$ _____ for Loss arising from claim alleging the same
Wrongful Act or related Wrongful Acts.

- II. It is further understood and agreed that clause 6. RETENTION-INDEMNIFIED OR INDEMNIFIABLE LOSS is deleted in its entirety and replaced by the follows;

6. RETENTION

The Insurer shall only be liable for the amount of Loss arising from a claim which is in excess of the retention amount stated in Retention of the Declaration, such retention amount to be borne by the Company and/or the Insureds and shall remain uninsured. A single retention amount shall apply to Loss arising from all claims alleging the same Wrongful Acts. The amount stated as Retention A. Non-Indemnifiable Loss applies separately to each Director or Officer, subject to the maximum retention for any single Loss. In cases where such maximum retention applies, the retention shall then be prorated among the Insureds in Proportion to their respective Loss.

Notwithstanding the foregoing the amount stated at Retention B applies to all Loss under Coverage A or B for which the company is required or permitted to indemnify the Insureds in accordance with the fullest application of law, common or statutory, or contract, or the Charter or By-Laws of the Company.

By: _____
Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

FAILURE TO MAINTAIN INSURANCE EXCLUSION ENDORSEMENT

In consideration of the premium charged, it is hereby understood and agreed that, in addition to the 4. EXCLUSIONS shown in the policy, the following exclusions shall apply to any claim or claims.

The Insured shall not be liable to make any payment for Loss in connection with any claim or claims made against the Insureds;

- alleging, arising out of, based upon or attributable to any failure or omission on the part of the Insured's or the Company to effect and maintain insurance.

By: _____

Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

CAPTIVE INSURANCE COMPANY EXCLUSION ENDORSEMENT

In consideration of the premium charged, it is hereby understood and that the Insurer shall not be liable to make any payments for Loss in connection with any claim or claims made against Directors and Officers alleging out of, based upon or attributable to the owner, management, maintenance and/or control by the Company of any captive insurance company entity including but not limited to claims alleging the insolvency or bankruptcy of the Named Corporation as a result of such ownership, operation, management and control.

By: _____
Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

**ONE VS ONE EXCLUSION ENDORSEMENT
(INSURED VS INSURED EXCLUSION ENDORSEMENT)**

In consideration of the premium charged, it is hereby understood and agreed that the insurer shall not be liable to make any payments in connection with any claim made against the Insureds which is brought by any insured or the subsidiary or affiliate of the company, or any security holder(s) of any of the above entities whether directly, derivately or by class action.

By: _____
Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

D & O

DONGBU INSURANCE CO., LTD.

CLOSELY-HELD CLAUSE

The Insurer shall not provide any payments for any Claim made by or on behalf of any person or entity holding beneficially or otherwise more than 15% of the issued share capital of the Company whether such claim is made in the name of the Company or not.

By: _____

Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

**COMPANY SECURITIES CLAIMS
(ENTITY COVER)**

It is agreed that the 3. EXTENSIONS, shall be amended by adding the following:

- (b) I. The Company, the Directors and/or Officers and the Insurer agree, subject to the limitations set forth below and all other terms, conditions, exclusions and endorsements of this Policy, that coverage under this Policy is extended to include all Securities Loss, including Securities Claim Expenses, incurred on amount of a Securities Claim against the Directors, Officers and/or the Company.
- II. Coverage under this endorsement shall apply whether such Securities Claim is made against only the Directors and Officers, only the Company, or both.
- III. Securities Loss incurred by the Company shall be subject to the Retention amount listed in the Declarations as being applicable to Company Reimbursement.
- IV. If in a Securities Claim all defendant Directors, Officers and the Company obtain by reason of a motion to dismiss, motion for summary judgment or trial a final non-appealable judgment of no liability in their favor, there shall be no Retention or coinsurance percentage applicable to any Securities Claim Expenses resulting from such Securities Claim.
- V. With respect to all Securities Loss which in excess of the applicable Retention, the Company shall bear uninsured the following portions of such Securities Loss. The Insurer's liability shall only apply to the remaining percentage of all such Securities Loss.
 - A. % of all Securities Claim Expenses; and
 - B. % of all Securities Loss other than Securities Claim Expenses

However, this percentage shall not apply with respect to any Securities Loss which is incurred solely by a natural person Director and Officer and which is subject to the first two listed Retention amounts set forth in the Declarations of this policy.

- VI. the 4 EXCLUSIONS of this Policy shall be amended as follows:
 - Exclusion (b) shall be deleted in its entirety and replaced with the following:
 - (b) by reason of any directly dishonest, malicious or fraudulent act or omission or any willful violation of law by the Directors or Officers if a judgment or other final adjudication adverse to such Directors or Officers establishes such an act, omission or willful violation, provided this exclusion shall apply with respect to the Company only if such judgment or final adjudication establishes that a Director or the president, chief executive officer, chief operating officer, chief financial officer, in-house general counsel, managing director, any executive vice president or any equivalent executive officer of the Company committed such an act, omission or willful violation;

The following exclusion shall be added to the Policy.

- (n) for, based upon, arising from, or in any way related to the actual or proposed payment by the Company of allegedly inadequate or unfair consideration in connection with its purchase of securities issued by the Company; provided, however, that this exclusion shall not apply to any covered Loss incurred by the Directors or Officers or any Securities Claim Expenses incurred by the Company.

VII. the 9. DEFIANCE COSTS, SETTLEMENT, JUDGMENT (INCLUDING THE ADVANCEMENT OF DEFENSE COSTS) of this Policy shall be amended by adding the following;

The Insurer may, with the written consent of the Company, settle any Securities Claim for solely a momentary amount which the Insurer deems reasonable. If the Company withholds consent to such settlement, the Insurer's liability for all Loss on amount of such settlement, the Insurer's liability for all Loss on account of such Securities Claim shall not exceed the amount for which the Insurer could have settled such Securities Claims plus Securities Claim Expenses accrued as of the date such settlement was proposed in writing by the Insurer to the Company.

VIII. Definitions that apply solely for purposes of this endorsement:

Securities Claim means any claim brought by a securities holder of the Company against the Directors, Officers and/or the Company which alleges a breach of the Securities laws of any Country, state or Jurisdiction arising from a Wrongful Act in connection with the purchase or sale of securities of the Company.

Securities Claim Expenses means that part of Securities Loss consisting of reasonable and necessary costs, charges, fee (including attorney's fees and experts' fees) and expenses incurred in the defense of a Securities Claim and the premium for appeal, attachment or similar bonds, but shall not include the wages, salaries or expenses of any Director, Officer or employee of the Company.

Securities Loss means any Loss otherwise covered under this Policy incurred by the Directors, Officers and/or the Company as a result of a Securities Claim: Provided, however, Securities Loss shall remain subject to all other policy terms, conditions, exclusion, endorsements and other provisions that may in whole or in part, preclude coverage for such Securities Loss.

By: _____
Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

REGULATORY EXCLUSION CLAUSE

In consideration of the premium charged, it is hereby understood and agreed that the Insured shall not be liable for any Loss in connection with any claim or claims made against the Directors and Officers:

- (1) brought by or on behalf of, or with the solicitation, assistance participation, or intervention of;
 - (a) any Regulator, in any capacity whatsoever (including but not limited to its capacity as receiver, conservator, liquidator or otherwise) regardless of in whose name or for whose benefit (including but not limited to for the benefit of the Company or its shareholders or the Company's creditors) the claim is made or
 - (b) any person or entity against whom any regulator has asserted any claim or demand or whatever nature in such Regulator's capacity as insurer of, successor to, or subrogee of the Company.
- (2) any derivative suit or representative class action alleging, arising out of, based upon or attributable to any such above action.
- (3) alleging, arising out of, based upon, attributable to, or in any way involving, directly or indirectly any written agreement or memoranda of understanding or other agreements with a Regulator, including without limitation income maintenance agreements, purchase and assumptions agreements, indemnity agreements, capital contribution agreements, loan agreements, assets purchases agreements, cease and desist orders, and assistance agreements, or any amendments to any of the foregoing, or any actions required by a Regulator pursuant to the terms of any such agreements;
- (4) alleging, arising out of, based upon, attributable to, or in any way involving, directly or indirectly any loss or reduction of earnings resulting from any agreement with, or action by, any Regulator.

For the purpose of this endorsement, the term "Regulator" shall mean:

- (1) the Federal Savings and Loan Insurance Corporation, the Federal Deposit Insurance Corporation, any other federal or state depository insurance organization, the United States Comptroller of the Currency, the Federal Home Loan Bank Board, the Federal Reserve Board, or any similar federal, state or local regulatory or supervisory agency or authority, or affiliate of any or the foregoing, or
- (2) any receiver, conservator, trustee, liquidator, rehabilitator other similar official with respect to Company.

By: _____
Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

SEC EXCLUSION

In consideration of the premium charged, it is hereby understood and agreed that in addition to the exclusion shown in the 4. EXCLUSIONS of this policy, the following exclusion shall apply to any claim or claims.

The Insurer shall not be liable to make any payments for Loss in connection with any claim or claims made against the Directors or Officers;

arising out of, based upon or attributable to profits in fact made from the purchase or sale by the Insureds of securities of the Company within the meaning of Section 16 (b) of the Securities Exchange Act of 1934, and amendments thereto similar provision of any state statutory law.

By: _____
Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

ERISA EXCLUSION

It is understood and agreed that the 4. EXCLUSIONS shall be amended by adding the following:

- (P) Based upon, arising out of, or in any way involving, the Employee Retirement Income Security Act of 1974 or amendments thereto or any regulations promulgated thereunder, or similar provisions of any Federal, State or Local Statutory Law or Common law.

By: _____
Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

YEAR 2000 EXCLUSION

It is hereby understood and agreed that the 4. EXCLUSIONS of this Policy shall be amended by addition the following:

- (o) for, based upon, attributable to, in any way directly or indirectly relating to, arising from, or in any way connected with the failure of any computer, software, firmware, microprocessor or other equipment or system for processing, storing or retrieving data where the property of the Company or not, and whether occurring before, during or after the year 2000
 - (i) to correctly recognize any date as its true calendar date
 - (ii) to capture save or retain, and/or correctly manipulate, interpret or process any date or information or command or instruction as a result of treating any date otherwise than as its true calendar date, or
 - (iii) to capture save retain or correctly process any date as a result of the operation of any command which has been programmed into any computer software, being a command which cause the loss of data or the inability to capture save retain or correctly to process such data on or after any date

By: _____
Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

DIRECTORS AND OFFICERS LIABILITY AND COMPANY REIMBURSEMENT POLICY

In consideration of the payment of the premium, and in reliance upon the statements made to the insurer by application forming a part hereof and its attachments and the material incorporated therein, Dongbu Insurance Co., Ltd., herein called the "Insurer", agrees as follows:

1. INSURING AGREEMENTS

COVERAGE A: DIRECTORS AND OFFICERS LIABILITY

The Insured shall pay the Loss of each and every Director or Officer of the Company arising from any claim or claims first made against the Directors or Officers during the Policy Period for any alleged Wrongful Act in their respective capacities as Directors or Officers of the Company, except for and to the extent that the Company has indemnified the Directors or Officers. The Insurer may, in accordance with and subject to Clause 9, advance each and every Directors and Officer the Defense Costs of such claim or claims prior to their final disposition.

COVERAGE B: COMPANY REIMBURSEMENT

The Insurer shall reimburse the Company for Loss arising from any claim or claims which are first made against Directors or Officers during the Policy Period for any alleged Wrongful Act in their respective capacities as Directors or Officers of the Company, but only when and to the extent that the Company Has Indemnified the Directors and Officers for such Loss Pursuant to law, common or statutory, or contract, or the Charter or By-laws of the Company duly effective under such law which determines and defines such rights of indemnity.

2. DEFINITIONS

- (a) The "Company" means the Named Corporation and its Subsidiary on the Declarations
- (b) "Defense Costs" means reasonable and necessary fees, costs and expense consented to by the insurer (including premiums for any appeal bond, attachment bond or similar bond, but without any obligation to apply for or furnish any such bond) resulting solely from the investigation, adjustment, defense and appeal of any claim against the Insureds, but excluding salaries of Officers or employees of the Company.
- (c) "Insured(s)," or "Director(s) or Officer(s)", means any past, present or future duly elected or appointed Director and Officers of the Company. Coverage will automatically apply to all new Directors and Officers during Policy Period of this policy.
- (d) "Loss" means damages, judgments, settlements and Defense Costs; however, Loss shall not include civil or criminal fines or penalties imposed by law, punitive or exemplary damages, the multiplied portion of multiplied damages, taxes, any amount for which the insureds are not financially liable or which are without legal recourse to the Insureds, or matters which may be deemed uninsurable under the law pursuant to which this policy

shall be construed.

- (e) "Policy Period" means the period of time from the inception date shown of the Declarations to the earlier of the expiration date shown of the Declarations or the effective date of cancellation of this policy.
- (f) "Subsidiary" means a corporation of which the Named Corporation owns on or before the inception of the Policy Period more than 40% of the issued and outstanding voting stock either directly or indirectly through one or more of its Subsidiaries.

"Subsidiary" also means any corporation which becomes a Subsidiary during the Policy Period but only upon the condition that within 90 days of its becoming a Subsidiary, the Named Corporation shall have provided the Insurer with full particulars of the new Subsidiary and agreed to any additional premium required by the Insurer relating to such new Subsidiary. A corporation becomes a Subsidiary when the Named Corporation owns more than 40% of the issued and outstanding voting stock either directly or indirectly through one or more of its Subsidiaries.

- (g) "Wrongful Act" means any breach of duty, neglect, error, misstatement, misleading statement, omission or act by the Directors or Officers of the Company in their respective capacities as such, or any matter claimed against them solely by reason of their status as Directors or Officers of the Company.

3. EXTENSIONS

Subject otherwise to the terms hereof, this policy shall cover Loss Arising from any claims made against the estates, heirs, or legal representatives of deceased Director or Officers in the event of their incompetency, insolvency or bankruptcy, who were Directors or Officers at the time the Wrongful Acts upon which such claims are based were committed.

4. EXCLUSION

The Insurer shall not be liable to make any payment for Loss in connection with any claim or claims made against the Directors or Officers:

- (a) arising out of, based upon or attributable to the gaining in fact of any personal profit or advantage to which they were not legally entitled;
- (b) arising out of, based upon or attributable to the committing in fact of any dishonest or criminal act;
- (c) arising out of, based upon or attributable to the payment to the Insureds of any remuneration without the previous approval of the stockholders of the Company, which payment without such previous approval shall be held to have been illegal;
- (d) arising out of, based upon or attributable to profits in fact made from the purchase or sale by the Insureds of securities of the Company using non-public information in a manner held to have been illegal;

(e) arising out of, based upon or attributable to payment of commissions, gratuities, benefits or any other favor provided to or for the benefit of any;

- (1) Political group, government official, director, officer, employee or any person having an ownership interest in any customer of the company or their agent(s), representative(s) or member(s) of their family or any other entity(ies) with which they are affiliated.
- (2) Any other person(s) or organization if such payment to those person(s) or organization shall be held to have been illegal under the law pursuant to where the payment was made or which this policy shall be construed.

The Wrongful Act of any Director or Officer shall not be imputed to any other Director or Officer for the purpose of determining the applicability of the foregoing exclusions 4(a) through 4(e)

- (f) arising out of, based upon or attributable to the facts alleged, or to the same or related Wrongful Acts alleged or contained, in any claim which has been reported, or in any circumstances of which notice has been given, under any policy of which this policy is a renewal or replacement or which it may succeed in time;
- (g) arising out of, based upon or attributable to any pending or prior litigation as of the inception date of this policy, or alleging or derived from the same or essentially the same facts as alleged in such pending or prior litigation;
- (h) arising out of, based upon or attributable to any fact, situation, circumstances, or Wrongful Act which, at the inception date of this policy, such Insured knew or should reasonably have foreseen, might lead to a claim against the Insured and/or the Company;
- (i) arising out of, based upon, attributable to, or in any way involving, directly or indirectly;
- (1) the actual, alleged or threatened discharge, dispersal, release or escape of pollutants, or
 - (2) any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants, including but not limited to claims alleging damage to the Company or its shareholders.

Pollutants includes (but is not limited to) any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes (but is not limited to) materials to recycled, reconditioned or reclaimed;

- (j) arising out of, based upon or attributable to any act or omission in their capacities as directors or officers of any other entity other than the Company, or by reason of their status as a director or officer of such other entity;
- (k) arising out of any legal liability or whatsoever nature directly or indirectly caused by or arising from the hazardous properties of nuclear material and/or all forms of radioactive contamination.

Hazardous properties include radioactive, toxic or explosive properties.
Nuclear material means source material, special nuclear material or byproduct material.

- (l) for bodily injury, sickness, disease, death or emotional distress of any person, or damage to or destruction of any tangible property, including the loss of use thereof, or for injury from oral or written publication of a libel or slander or of other defamatory or disparaging material that violates a person's right of privacy;
- (m) of any Subsidiary of any alleged Wrongful Act occurring at any time when the Named Corporation did not own more than 50% of the issued and outstanding voting stock of such Subsidiary either or indirectly through one or more of its Subsidiaries.
- (n) (1) The insurer shall not be liable to make any payment for any Loss in connection with any security holder derivative action against the insured(s), if such action has resulted, in part or in whole, in a judgment or a settlement adverse to such insured(s)
- (2) The preceding paragraph shall not apply to any insured(s) other than the insured(s) who have become liable to pay Legal damage in a security holder derivative action.

5. LIMITS OF LIABILITY (FOR ALL LOSS – INCLUDING DEFENSE COSTS)

The limit of liability stated in the Declarations is the limit of the Insured's liability for all Loss, under Coverage A and Coverage B combined, arising out of all claims first made against the Insureds during the Policy Period. Further, any claim which is made subsequent to the Policy Period which pursuant to Clause 8(b) to (c) is considered made during the Policy Period shall also be subject to the one aggregate limit of liability stated in the Declarations.

Defense costs are not payable by the Insurer in addition to the limit of liability. Defense costs are part of Loss and as such are subject to the limit of liability for Loss.

6. RETENTION – INDEMNIFIED OR INDEMNIFIABLE LOSS

The Insurer shall only be liable for the amount of Loss arising from a claims which is in excess of the retention amount stated in the Declarations, such retention amount to be borne by the Company and/or the Insureds and shall remain uninsured. A single retention amount shall apply to Loss arising from all claims alleging the same Wrongful Act or related Wrongful Acts.

7. COINSURANCE CLAUSE

The Insurer shall be liable to pay percent, specified as Coinsurance Percent in the Declarations, of Loss Excess of the retention amount described in the Clause 6 up to Limit of Liability described in Clause 5, it being a condition of this insurance that the remaining percent of each every Loss shall be carried by the Company and the Insureds at their own risk and be uninsured.

8. NOTICE/CLAIM REPORTING PROVISIONS

Notice hereunder shall be given in writing to the Insurer at the Insurer's address. If mailed, the date of mailing of such notice shall constitute the date that such notice was given and proof of mailing shall be sufficient proof of notice.

- (a) The Company or the Insureds shall, as a condition precedent to the obligation of the Insurer as soon as practicable, of any claim made against the Insureds and shall give the insurer information, including but not limited to the Wrongful Acts or facts alleged, the names of claimants and the manner in which the Insureds first became aware of the claim.
- (b) If written notice of a claim has been given to the Insurer pursuant the Clause 8 (a) above, then any claim which is subsequently made against the Insureds alleging, arising out of, based upon or attributable to the facts alleged in the claims of which such notice has been given, or alleging any Wrongful Act which is the same as or related to any Wrongful Act alleged in the claim of which such notice has been given, shall be considered made at the time such notice was given.
- (c) If during the Policy Period the Company or the Insureds shall become aware of any circumstances which may reasonably be expected to give rise to a claim being made against the Insureds and shall give written notice to the Insurer of the Insurer of the circumstances and the reasons for anticipating such a claim, with full particulars as to dates and persons involved, then any claim which is subsequently made against the Insureds alleging any Wrongful Act which is the same as or related to any Wrongful Act alleged or contained in such circumstances, shall be considered made at the time such notice of such circumstances was given.

9. DEFENSE COSTS, SETTLEMENT, JUDGMENTS (INCLUDING THE ADVANCEMENT OF DEFENSE COST)

Under Coverage A, the Insurer may, in its absolute discretion advance Defense Costs prior to the final disposition of the claims, unless such Defense Costs have been advanced by the Company, such advance payments by the Insurer shall be repaid to the Insurer by the Insureds, severally according to their respective interests, in event and to the extent that the Insureds shall not be entitled under the terms and conditions of this policy to payment of such Loss. The retention amount stated in the Declarations shall apply to such Defense Costs. Under Coverage B, the Insurer assumes no duty to reimburse Defense Costs prior to the final disposition of the claim. The Insurer may, in its absolute discretion, reimburse all or any part such Defense Costs prior to the final disposition of the claim. In such event, however, such advanced payments by the Insurer shall be repaid to the Insurer by the Company or the Insureds; severally according to their respective interests, in the event and to the extent that the company or the Insureds shall not be entitled under the terms and conditions of this policy to payment of such Loss.

The Insuree does not, however, under this policy, assume any duty to defend. The Insureds shall not admit or assume any liability, enter into any settlements, stipulate to any judgments or incur any Defense Costs without the prior written consent of the Insurer. Only those settlements, stipulated judgments and Defense Costs which have been consented to by the Insurer shall be

recoverable as Loss under the terms of this policy. The Insurer's consent shall not be unreasonably withheld, provided that Insurer shall be entitled to effectively associate in the defense and negotiation of any settlement of any claim in order to reach a decision as to reasonableness.

The Insurer shall have the right to effectively associate with the Company and the Insureds in the defense and settlement of any claim that appears reasonably likely to involve the Insurer, including but not limited to effectively associating in negotiation of a settlement. The Insureds shall defend and contest any such claim. The Company and the Insureds shall give the Insurer full cooperation and such information as it may reasonably require.

With respect to the Defense costs and joint settlement of any claim made against the Company and the Insureds, such Defense Costs and joint settlement having been consented to by the Insurer, the Company and the Insureds and the Insurer agree to use their best efforts to determine a fair and proper allocation of the amounts as between the Company and the Insureds and the Insurer.

10. CANCELLATION CLAUSE

This policy may be cancelled by the Named Corporation by surrender thereof to the Insurer or any of its authorized agents or by mailing to the Insurer written notice stating of when thereafter the cancellation shall be effective. This policy may be cancelled by the Insurer by mailing to the Named Corporation at the address shown in this policy, written notice stating when not less than 30 days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of surrender or the effective date and hour of cancellation state in the notice shall become the end of the Policy Period. Delivery of such written notice either by the Named Corporation or by the Insurer shall be equivalent to mailing.

If the Named Corporation cancels, earned premium shall be computed in accordance with the customary short rate table and procedure. If the Insurer cancels, earned premium shall be computed pro rata. Premium adjustment may be either at the time cancellation is effected or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

If the period of limitation relation to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

11. TERMINATION OF COVERAGE FOR SUBSEQUENT WRONGFUL ACTS AFTER CERTAIN TRANSACTIONS

If during the Policy Period;

1. the Named Corporation shall consolidate with or merge into, or sell all substantially all of its assets to, any other person entity or group of persons and/or entities acting in concert; or
2. any person or entity or group of persons and/or entities acting in concert shall acquire an amount of the outstanding securities representing more than 50% of the voting power for

the election of Directors of the Named Corporation, or acquires that voting rights of such an amount of such securities;
(either of the above events herein referred to as the "Transaction")

then, there shall be no coverage afforded by any provision of this policy for any alleged Wrongful Act occurring after the effective date of the Transaction.

The Named Corporation shall give the Insurer written notice of the Transaction as soon as practicable, but not later than 30 days after the effective date of Transaction.

12. RISK ALTERATION

The Named Corporation shall give immediate notice to the Insurer in writing of any alterations which materially affect the risk covered by this policy. Such alterations include, but not limited to, alterations of statements in the Declarations of this policy, the application and all attachments thereto. No coverage shall apply under this policy for any loss in connection with any claim or claims resulting therefrom unless and until the Insurer has given written notice of their acceptance of such alteration.

13. SUBROGATION

In the event of any payment under this policy, the Insurer shall be subrogated to the extent of such payment to all Company's' and the Insureds' rights of recovery thereof, and the Company and the Insureds shall execute all papers required and shall do everything that may be necessary to secure such rights including the execution of such documents necessary to enable the Insurer effectively to bring suit in the name of the Company and/or the Insureds.

14. OTHER INSURANCE

Such insurance as is provided by this policy shall apply only as excess over any other valid and collectible insurance.

15. NOTICE AND AUTHORITY

It is agreed that the Named Corporation shall act on behalf of its Subsidiaries and all Insureds with respect to the giving and receiving of notice of claim or cancellation, the payment of premiums and the receiving of any return premium that may become due under this policy, the receipt and acceptance of any endorsements issued to form a part of this policy.

16. ASSIGNMENT

Any and all rights hereunder shall not be assignable without the prior written consent of the Insurer.

17. ACTION AGAINST INSURER

No action shall lie against the Insurer unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this policy, not until the amount of the Insureds' obligation to pay shall have been finally determined either by judgment against the Insurer.

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

18. ARBITRATION

If any difference shall arise between the Company or the Insureds and the Insurer as to the amount to be paid under this policy, such difference shall be referred to the decision of two arbitrators, one to be appointed in writing by each of the parties; or in case the arbitrators do not agree, such difference shall be referred to the decision of an umpire to be appointed in writing by the arbitrators.

Each party shall bear the expense of its own arbitrator and shall equally bear other expenses including the expense of the umpire.

19. DECLARATIONS

By acceptance of this policy, the Named Corporation and its Directors and Officers agreed that the statements made in the application and all attachments thereto are true and accurate and this policy has been issued in reliance thereof and this policy embodies all agreements between the Named Corporation or its Directors and Officers and the Insurer or any of their agents relating to this insurance.

IN WITNESS WHEREOF, THE company has caused this policy to be signed by its president and manager, but this policy shall not valid unless countersigned on the Declarations page by a duly authorized representative of the Company.

MANAGER

PRESIDENT

GUAM
WATERWORKS
AUTHORITY

COMMERCIAL AUTOMOBILE
POLICY
SPECIMEN

**“Terms and Conditions contained therein will be
provided to the Authority without change”**



MOYLAN'S INSURANCE UNDERWRITERS, INC.
Home of the Good Guys and Gals
424 W O'Brien Dr Ste 102
Hagatna GU 96910

Automobile Policy Declarations

issued by: **Dongbu Insurance Company Ltd.**

Policy Number :

1. Name Insured :
Address :

2. Policy Period: From _____ To _____ at 12:01 A.M. Standard Time

3. Coverage		<u>Limit of Liability</u>	<u>Premium</u>
A. Bodily Injury	- Each Person/Each Accident	Per Schedule	Per Schedule
B. Property Damage	- Each Accident	Per Schedule	Per Schedule
C. Medical Payments	- Each Person	Per Schedule	Per Schedule
D. Comprehensive	- Deductible	Per Schedule	Per Schedule
E. Collision	- Deductible	Per Schedule	Per Schedule
Optional Coverage			
Uninsured Motorist	- Each Person/Each Accident	Per Schedule	Per Schedule
Passenger Risk	- Each Person/Each Accident	Per Schedule	Per Schedule
Typhoon	- Deductible	Per Schedule	Per Schedule
Personal Accident	- Each Person/Each Vehicle	Per Schedule	Per Schedule
Loss of Use		Per Schedule	Per Schedule

Total Premium:
2% Assessment Fee:
Total Policy Premium:

"ACV" means Actual Cash Value

* Minimum. Earned Premium: Short Rate, but not less than \$30.00.

Discounts Applied:

*** Per Schedule ***

Endorsements Applicable :

*** Per Schedule ***

4. Your Covered Vehicle(s)

Year	Trade Name	Model	Body Type	Engine Vin #	Insured's Estimate of Value including Accesories thereon
					*** Per Schedule ***

5. Loss Payee:

*** Per Schedule ***

6. Purpose of Use: **Business**

7. Geographical Area: This Policy Covers the Island Guam

8. Notice of Accident or Loss - In the event of accident or loss covered hereunder, immediate notice is to be given to Equitable Adjusting & Service at (671)477-7514

Date Issued: _____

By: _____
Moylan's Insurance Und., Inc.
General Agent

Named Insured: _____

SCHEDULE OF ENDORSEMENTS

Subject to the following clauses/riders or endorsements attached to and forming part of this policy:

- Schedule of Vehicles
- Cancellation Clause
- Errors & Omissions Clause
- Operator Waiver
- Newly Acquired and Substitute Vehicles
- Under-Age Driver Waiver
- Waiver of Sovereign Immunity
- Valid Drivers License Waiver
- Racing, Pacemaking or Speed-Testing Waiver
- Jurisdiction Clause
- Hired Auto and Non-Owned Auto Liability
- Deductible Endorsement
- Combined Single Limit Endorsement
- Multi Year Agreement Endorsement
- Payment Schedule Agreement
- Exclusion of Certified Acts of Terrorism

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits of conditions of the Policy except as herein above set forth.

This Endorsement is effective _____

Attached to and forming a part of Policy No. _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Insured:
Policy No.:

SCHEDULE OF VEHICLES

Vehicle No.	Year	Description	VIN NO.	Coverage A Bodily Injury Ea. Person/ Ea. Accident	Coverage B Property Damage Ea. Person/ Ea. Accident	Coverage C Medical Ea. Person	Coverage E Collision	Deductible	Uninsured Motorist Ea. Person/ Ea. Accident	Premium

TOTAL ANNUAL PREMIUM

Nothing hereunder contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the Policy, except as hereinafter set forth.

This Endorsement is effective

Attached to and forming part of Policy No. of the DONGBU INSURANCE CO., LTD.

By:

Authorized Representative
 Moylan's Insurance Underwriters, Inc.
 General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

CANCELLATION CLAUSE

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, if Underwriters desire to cancel this policy, they shall give ninety (90) days prior written notice by email and Certified Mail to:

Greg P. Cruz, Chief Financial Officer
Guam Waterworks Authority
P.O. Box 3010
Hagatna, Guam 96923
Email: gpcruz@guamwaterworks.org

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

ERRORS & OMISSIONS CLAUSE

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, the Insured shall not be prejudiced by an unintentional or inadvertent error, omission, incorrect valuation or incorrect description of any vehicle; provided that notice is given to Underwriters as soon as practical after discovery of any such error or omission.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

OPERATOR WAIVER

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, the exclusion of coverage should the vehicle be operated by a person while committing a felony or who is under the influence of intoxicating liquor or controlled drugs or substances is waived as respects to (Authority).

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

NEWLY ACQUIRED AND SUBSTITUTE VEHICLES

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, newly acquired or substitute vehicles shall be automatically covered from the date of acquisition until the expiration of the policy. The additional premium for all such vehicles, and the return premium for vehicles deleted from the schedule, will be determined by final audit adjustment following expiration of the policy.

Date Issued: _____

By: _____

Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

UNDER-AGE DRIVER WAIVER

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, the exclusion of Material Damage coverage should the vehicle be operated by a driver under the age of 25 is waived as respects to the (Authority).

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

WAIVER OF SOVEREIGN IMMUNITY

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, in the event of a claim, Underwriters waive any defense of Sovereign Immunity.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

VALID DRIVERS LICENSE WAIVER

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, the requirement that drivers possess a valid drivers license is waived as respects to the (Authority).

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

RACING, PACEMAKING OR SPEED-TESTING WAIVER

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, the exclusion while the automobile is used for commercial traveling, racing, pacemaking or speed-testing is waived as respects to the (Authority).

Date Issued: _____

By: _____

Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

JURISDICTION

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, this insurance shall be governed by and construed in accordance with the laws of Guam and the exclusive jurisdiction of the USA including Guam Courts. The seat of arbitration shall be Guam.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Attached to and forming part of _____

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
HIRED AUTO AND NON-OWNED AUTO LIABILITY**

This endorsement modifies insurance provided under the following:

AUTOMOBILE POLICY

SCHEDULE

Coverage	Additional Premium
Hired Auto Liability	Included
Non-Owned Auto Liability:	Included

A. Insurance is provided only for those coverages for which a specific premium charge is shown in the Declaration or in the Schedule.

1. HIRED AUTO LIABILITY

The insurance provided applies to "bodily injury" or property damage" arising out of the maintenance or use of a "hired auto" by you or your employees in the course of your business.

2. NON-OWNED AUTO LIABILITY

This insurance provided applies to "bodily injury" or "property damage" arising out of the use of any "non-owned auto" in your business by any person other than you.

B. For insurance provided by this endorsement only:

1. EXCLUSIONS:

- (a) Exclusion (a) of the policy does not apply to the insurance afforded under this endorsement.
- (b) The insurance does not apply to any automobile owned by or registered in the name of a partner, if the named insured is a partnership.

DEFINITION OF INSURED:

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

- a. You;
- b. Any other person using a "hired auto" with your permission;
- c. For a "non-owned auto," any partner or executive officer of yours, but only while such "non-owned auto" is being used in your business; and
- d. Any other person or organization, but only for their liability because of acts or omissions of an insured under a, b, or c. above.

None of the following is an insured:

(1) Any person engaged in the business of his or her employer for "Bodily injury" to any co-employer
for "bodily injury" to any co-employee

- (2) of such person injured in the course of employment;
- (3) Any partner or executive officer for any "auto" owned by such partner or officer or a member of his or her household.
- (4) Any person while employed in or otherwise engaged in duties in connection with an "auto business", other than an "Auto business" you operate;
- (5) The owner or lessee (of whom you are a sub lessee) of a "hired auto" or the owner of a "non-owned auto" or any agent or employee of any such owner or lessee;
- (6) Any person or organization for the conduct of any current or past partnership or joint venture that is not shown as a named Insured in the Declarations.

C. The following additional definitions apply:

- (1) "Auto Business" means the business or occupation of selling, repairing, servicing, storing or parking "autos".
- (2) "Hired Auto" means any "auto" you lease, hire or borrow. This does not include any "auto" you lease, hire or borrow from any of your employees or members of their households, or from any partner or executive officer of yours.
- (3) "Non-Owned Auto" means any "auto" you do not own, lease, hire or borrow which is used in connection with your business. However, if you are a partnership, a "non-owned auto" does not include any "auto" owned by any partner.

DONGBU INSURANCE COMPANY, LTD.

Date Issued: _____

By: _____

**Moylan's Insurance Underwriters, Inc.
General Agent**

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

DEDUCTIBLE ENDORSEMENT

It is hereby understood and agreed that Property Damage is subject to a Deductible of \$100,000.00 per occurrence

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the Policy, except as hereinafter set forth.

This endorsement is effective _____

Attached to and forming part of Policy No. _____

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

COMBINED SINGLE LIMIT OF LIABILITY

Effective as of inception of the policy of which this form is made a part, the Company's Limit of Liability for all damages, including care and loss of services arising out of bodily injury including death at any time resulting there from and for all damages arising out of injury to or destruction of tangible property, including the loss of use thereof, and all supplementary payments including costs incurred in the defense of any claim, resulting from any one event and from all events occurring during the policy period shall be \$ _____

All other terms and conditions of the policy remain unaltered.

Attached to and forming part of Policy No. _____

issued to _____

DONGBU INSURANCE COMPANY, LTD.

Date Issued: _____

By: _____
Moylan's Insurance Underwrites, Inc.
General Agent

Name Insured: _____

Policy No. _____

MULTI-YEAR POLICY ENDORSEMENT

In consideration of the % Term Discount given the Insured for the ____ () years term of this policy, It is hereby understood and agreed that:

- (A) In the event the Insured elects to have policy cancelled before the expiry of the ____ year term, the Insured shall refund to the company the equivalent of the % discount on the premium earned; such earned premium to be computed short rate on the gross annual premium, when cancellation is effected other than on the annual anniversary date of the policy.

- (B) In the event the company cancels the policy before the expiry of the ____ year term, the Insured shall not be obligated to refund any part of the % term discount. Any earned premium shall be computed on pro rata basis.

All other policy terms and conditions remain unaltered.

DONGBU INSURANCE CO., LTD.

Effective Date: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Payment Schedule Agreement

Insured's Name: _____

Installment No.	Amount Due	Due Date	Due Date	Due Date	Due Date	Due Date
Beginning Balance	\$					
1						
2						
3						
4						
5						
6						

By acknowledging this Payment Schedule Agreement ("Agreement"), the Insured understands and agrees that failure to make payments according to the Agreement shall cause the entire unpaid balance to become due.

In the event it becomes necessary to retain the services of an attorney in our collection efforts, the Insured agrees to pay any and all attorney's fees equivalent to 15% of the unpaid balance.

Any unpaid balance shall be assessed interest at the rate of 12% per annum.

The Insured further understands and agrees that if a Total Loss claim is filed against the policy, the premium balance will be deducted from the loss proceeds. For Partial Losses, the payment schedule will remain the same. Where the payment schedule has not been followed and a claim has been filed, the Insured agrees that premium payments must be paid in FULL prior to settlement.

Nothing contained in this Agreement shall be construed to vary, alter, waive or change any of the terms, limits or conditions of the policy except as set forth herein.

This Agreement is effective _____

This Agreement shall be attached to and shall form part of Policy No. _____ Issued by Dongbu Insurance Company

Dongbu Insurance Co. Ltd.
By: Moylan's Insurance Underwriters, Inc.
General Agent

Insured:

Authorized Signature
Date:

Signature of Insured
Date:

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This insurance does not apply to TERRORISM, including injury or damage arising, directly or indirectly, out of a "certified act of terrorism".

"Certified act of terrorism" means an act that is certified by the Secretary of Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism and Risk Insurance Act of 2002. The criteria contained in that Act for a "certified act of terrorism" includes the following:

1. The act resulted in aggregate losses in excess of \$5 million; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed on behalf of any foreign person or foreign interest, 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.

This endorsement fulfills the requirements of the U.S. Terrorism Risk Insurance Act of 2002.

Effective _____

All other terms and conditions remain unaltered.

Attached to and forming part of Policy No. _____

Issued to _____

effective _____

Dongbu Insurance Company Ltd.

Date: _____

By: _____

**Authorized Representative
Moylan's Insurance Underwriters, Inc.
General Agent**

AUTOMOBILE POLICY



Moylan's Insurance Underwriters, Inc.

SUITE 102 JULALE SHOPPING CENTER
424 WEST O'BRIEN DRIVE, HAGATNA, GUAM 96910
TEL: (671) 477-8613, 7500, 8150
E-mail: agana@moylans.net • FAX: (671) 477-1837

General Agent for:



Dongbu Insurance Co., Ltd.
Seoul, Korea

PLEASE READ YOUR POLICY. If incorrect return for immediate correction.
Carefully note conditions requiring immediate notice of every occurrence, claim or sub-
loss; if any, please notify Equitable Adjusting & Service at 477-8613.



Dongbu Insurance Co., Ltd.

(Herein called the Company)

Agrees with the insured, named in the declaration made a part hereof, in consideration of the payment of the premium and of the statements contained in the declarations and subject to the limits of liability, exclusions, conditions, and other terms of this policy:

INSURING AGREEMENTS

I. Coverage A. Bodily Injury Liability: To indemnify the insured for all sums which he shall become legally obligated to pay as damages because of bodily injury, including death at any time resulting therefrom, sustained by any person, caused by accident and arising out of ownership, maintenance or use of the automobile.

The words "bodily injury", and the word "injury" when referring to bodily injury, shall be deemed to include "sickness or disease".

Coverage B. Property Damage Liability: To indemnify the insured for all sums which he shall become legally obligated to pay as damages because of injury to or destruction of property, including the loss of use thereof, caused by accident and arising out of ownership, maintenance or use of the automobile.

Coverage C. Medical Payments: To pay all reasonable expenses incurred within one year from the date of accident for necessary medical, surgical, ambulance, hospital, professional nursing and funeral services, to or for each person who sustains bodily injury, sickness or disease, caused by accident, while in or upon, entering or alighting from the automobile if the automobile is being used by the named insured or with his permission.

Coverage D. Comprehensive-Excluding Collision or Upset: To pay for any direct and accidental loss of or damage to the automobile, herein after called loss, except loss caused by collision of the automobile with another object or by upset of the automobile or by collision of the automobile with a vehicle to which it is attached. Breakage of glass and loss caused by missiles, falling objects, falling aircraft or parts thereof, fire, theft, explosions, earthquake, windstorm, tornado, cyclone, typhoon, hail, water, flood, or vandalism shall not be deemed loss caused by collision or upset.

The amount deductible stated in item 3 of the declarations shall be deducted from each such loss.

Coverage E. Collision or Upset: To pay for direct and

accidental loss of or damage to the automobile, herein after called loss, caused by collision of the automobile with another object or by upset of the automobile.

The amount deductible stated in Item 3 of the declarations shall be deducted from each such loss.

II. Defense, Settlement, Supplementary Payments: As respects the insurance afforded by the other terms of this policy under coverage A and B the Company shall:

- (a) defend in his name and behalf any suit against the insured alleging such injury or destruction and seeking damages on account thereof, even if such suit is groundless, false or fraudulent; but the Company may make such investigation, negotiation and settlement of any claim or suit as it deems expedient;
- (b) pay all premiums on bonds to release attachments for an amount not in excess of the applicable limit of liability of this policy, all premiums on appeal bonds required in any such defended suit, the cost of bail bonds required of the insured in the event of accident or traffic law violation during the policy period, not exceed the usual charges of surety companies nor \$100 per bail bond without any obligation to apply for or furnish any such bonds;
- (c) pay all expenses incurred by the Company, all costs taxed against the insured in any such suit and all interest accruing after entry of judgment until the Company has paid, tendered or deposited in court such part of such judgment as does not exceed the limit of the Company's liability thereon;
- (d) pay expenses incurred by the insured for such immediate medical and surgical relief to others as shall be imperative at the time of the accident;
- (e) reimburse the insured for all reasonable expenses, other than loss of earnings, incurred at the Company's request.

The Company shall not be obligated under this insuring agreement to pay the costs of bonds or the expenses of investigation, settlement or defense arising out of any criminal action against the insured.

The amounts incurred under this insuring agreement, except settlements of claims and suits are payable by the Company in addition to the applicable limit of liability of this policy.

III. Special Privilege for Immediate Repairs: The named Insured may authorize the repair of any automobile described in item 4 of the declarations necessitated by damage for which the company may be liable under any one or both of the coverages D and E, provided:

- (a) the estimated cost of repairs does not exceed one hundred and twenty five dollars (\$125.00);
- (b) the Company is furnished with a detailed estimate of the costs; and
- (c) the Insured shall give the Company every assistance to see that such repair is necessary and the charge reasonable.

IV. Definition of Insured: With respect to the insurance for bodily injury, liability and for property damage liability the unqualified word "Insured" includes the named Insured and also includes any person while using the automobile and any person or organization legally responsible for the use thereof, provided the actual use of the automobile is by the named Insured or with his permission. The insurance with respect to any person or organization other than the named Insured does not apply:

- (a) to any person or organization or to any agent or employee thereof, operating an automobile repair shop, public garage, sales agency, service station or public parking place, with respect to any accident arising out of the operation thereof;
- (b) to any employee with respect to injury to or sickness, disease or death of another employee of the same employer injured in the course of such employment in an accident arising out of the maintenance or use of the automobile in the business of such employer.

V. Automobile Defined, Trailers, Two or More Automobiles, Including Automatic Insurance:

- (a) Automobile. Except where stated to the contrary, the word "Automobile" means;

- (1) **Described Automobile** - the motor vehicle or trailer described in this policy;
- (2) **Utility Trailer** - under coverages A, B and C, a trailer not so described, if designed for use with a private passenger automobile if not being used with another type automobile and if not a home office, store, display or passenger trailer;
- (3) **Temporary Substitute Automobile** - under coverages A, B, and C, an automobile not owned by the named Insured while temporarily used as the substitute for the described automobile while withdrawn from normal use because of its breakdown, repair, servicing, loss or destruction;
- (4) **Newly Acquired Automobile** - an automobile, ownership of which is acquired by the named Insured who is the owner of the described automobile, if the named Insured notifies the Company within thirty days following the date of its delivery to him, and if either it replaces an automobile described in this policy or the Company Insured all automobiles owned by the named Insured at such delivery date; but the insurance with respect to the newly acquired automobile does not apply to any loss against which the named Insured has other valid and collectible insurance. The named Insured shall pay any additional premium required because of the application of the insurance to such newly acquired automobile;

The word "Automobile" also includes, under coverage D and E; its equipment and other equipment permanently attached thereto.

- (b) **Semitrailer.** The word "trailer" includes semitrailer.
- (c) **Two or More Automobiles.** When two or more automobiles are insured hereunder, the terms of his policy shall apply separately to each, but a motor vehicle and a trailer or trailers attached thereto shall be held to be one automobile as respects limits of liability under coverages A and B and separate automobiles as respects limits under coverages D and E.

VI. Use of Other Automobiles: If the named insured is an individual who owns the automobile classified as "pleasure and business" or husband and wife either or both of whom own said automobile, such insurance as is afforded by this policy for bodily injury liability, for property damage liability and for medical payments with respect to said automobile applies with respect to any other automobile subject to the following provisions:

- (a) with respect to the insurance for bodily injury liability and for property damage liability the unqualified word "insured" includes (1) such named insured, (2) the spouse of such individual if a resident of the same house hold and (3) any other person or organization legally responsible for the use by such named insured or spouse of an automobile not owned or hired by such other person or organization. Insuring Agreement IV. Definition of Insured, does not apply to this insurance.
- (b) this insuring agreement does not apply:
 - (1) to any automobile owned by, hired as part of a frequent use of hired automobiles by, or furnished for regular use to the named insured or a member of his household other than a private chauffeur or domestic servant of the named insured or spouse;
 - (2) to any automobile while used in the business or occupation of the named insured or spouse except a private passenger automobile operated or occupied by such named insured, spouse, chauffeur or servant;
 - (3) to any accident arising out of the operation of an automobile repair shop, public garage, sales agency, service station or public parking place;
 - (4) under coverage C, unless the injury results from the operation of such other automobile by such named insured or spouse or on

behalf of either by such chauffeur or servant, or from the occupancy of said automobile by such named insured or spouse;

- (5) under coverage A, to injury to or death of any person who is a named insured.

VII. General Average and Salvage Charges: The Company with respect to such transportation insurance as is afforded by this policy, shall pay any general average and salvage charges for which the named insured becomes legally liable.

VIII. Policy Period, Territory, Purposes of Use: This policy applies only to accidents which occur, and to direct and accidental losses to the automobile which are sustained, during the policy period, while the automobile is owned, maintained and used for the purposes stated as applicable thereto in the declarations and is (1) within the geographical area specified in item 7 of the declarations or (2) if the named insured's domicile on the effective date of the policy is outside the United States of America or the Dominion of Canada, while within the United States of America or the Dominion of Canada, for a period not exceeding thirty days during the policy period commencing with the date of arrival of the named insured or the automobile whichever shall occur first. In the event the insured has other insurance covering the same perils insured under this provisions, the insurance under this policy shall be excess insurance over any such other insurance and the limits of liability under this policy shall be reduced by an amount equal to the limits of liability afforded under such other policy.

IX. Purposes of Use Defined: (a) The term "pleasure and business" is defined as personal, pleasure, family and business use. (b) The term "commercial" is defined as the transportation or delivery of goods, merchandise or other materials, and uses incidental thereto, in direct connection with the named insured's business occupation as expressed in the declarations, including occasional use for personal, pleasure, family and other business purposes. (c) Use of the automobile for the purposes stated includes the loading and unloading thereof.

EXCLUSIONS

This Policy Does Not Apply:

I. Under any of the Coverages,

- (a) while the automobile is used as a public or livery conveyance, unless such use is specifi-

cally declared and described in this policy and premium charged therefor;

- (b) to any accident or to any loss directly or indirectly arising from or occasioned by or in consequence of war, invasion, act of foreign

enemy, hostilities or warlike operations (whether war be declared or not), mutiny, civil war, rebellion, revolution, insurrection or military or usurped power.

- (c) while the automobile is used for commercial travelling, racing, pacemaking, speed-testing or the carriage of goods or samples in connection with any trade or business and use for any purpose in connection with the Motor Trade;
- (d) if the insured or any person authorized to drive the automobile does not hold a valid driver's license to drive the automobile;
- (e) to any claims or liability arising directly or indirectly from Nuclear Fission, Nuclear Fusion or Radioactive Contamination.

II. Under Coverages D & E,

- (a) under coverages D and E only, to tires unless damaged by fire or stolen or unless such loss be coincident with other loss covered by this policy;
- (b) to any damage to the automobile which is due and confined to wear and tear, freezing, mechanical or electrical breakdown or failure, unless such damage is the result of other loss covered by this policy;
- (c) to robes, wearing apparel or personal effects,
- (d) to loss or damage due to confiscation, nationalization or requisition by or under the order of any government or public or local authority or to loss or damage which occurs subsequent to abandonment or to relinquishment of possession of the automobile, made necessary by order of such authority;
- (e) while the automobile is subject to any bailment lease, conditional sale, mortgage or other encumbrance not specifically declared and described in this policy;
- (f) under coverages D and E only, to loss or damage caused by riot, strike, riot attending a strike, or civil commotion;
- (g) under coverages D and E only, to loss or damage arising while the automobile is being

transported by water or is being loaded on, or unloaded from, any ship, lighter or connecting vessel. This exclusion shall not apply while the automobile is in transit (1) on inland waterways in the countries designated in Item 7 of the declarations, or (2) by sea, on a voyage not exceeding 65 hours duration under normal conditions, between such countries in Europe and/or North Africa as may be designated in Item 7 of the declarations.

III. Under Coverage D,

- (a) to loss due to conversion, embezzlement or secretion by any person in lawful possession of the automobile under a bailment lease, conditional sale, mortgage or other encumbrance.

IV. Under Coverage E,

- (a) to breakage of glass if insurance with respect to such breakage is otherwise afforded.

V. Under Coverages A, B and C,

- (a) to liability assumed by the insured under any contract or agreement.

VI. Under Coverages A and B,

- (a) while the automobile is used for the towing of any trailer owned or hired by the named insured and not covered by like insurance in the company; or while any trailer covered by this policy is used with any automobile owned or hired by the named insured and not covered by like insurance in the company.

VII. Under Coverages A and C,

- (a) to bodily injury to or death of any employee of the insured while engaged in the employment, other than domestic, of the insured or in domestic employment if benefits therefore are either payable or required to be provided under any Workmen's Compensation law, plan or scheme.

VIII. Under Coverage A,

- (a) to any obligation for which the insured or any company as his insurer may be held liable under any Workmen's Compensation law, plan or

scheme;

- (b) (1) to bodily injury to or death of any member of the insured's family residing with the insured;
- (2) to bodily injury to or death of the named insured.

IX. Under Coverage B,

- (a) to injury to or destruction of property owned by, rented to, in charge of or transported by the insured.

X. Under Coverage C,

- (a) to bodily injury to or death of any person if benefits therefore are payable under any Workmen's Compensation law, plan or scheme.

XI. Under Coverage C, D and E,

- (a) while the automobile used in any illicit trade or transportation.

CONDITIONS

Condition 1 to 17 inclusive apply only to the coverage or coverages noted thereunder. Conditions 18 to 23 inclusive apply to all coverages.

1. Named Insured's Duties when Loss Occurs - Coverages D and E: When loss occurs, the named insured shall:

- (a) protect the automobile, whether or not the loss is covered by this policy, and any further loss due to the named insured's failure to protect shall not be recoverable under this policy; reasonable expense incurred in affording such protection shall be deemed incurred at the Company's request;
- (b) give notice thereof as soon as practicable to the Company or to any of its authorized representatives and also, in the event of theft, larceny, robbery or pilferage, to the police or if within a territory occupied by a military government, to the nearest office of such government but shall not, except at his own cost, offer to pay any reward for recovery of the automobile;
- (c) file proof of loss with the Company within sixty days after the occurrence of loss, unless such time is extended in writing by the company, in the form of a sworn statement of the named insured setting forth the interest of the named insured and all others in the property affected, any encumbrances thereon, the actual cash value thereof at time of loss, the amount, place, time and cause of such loss and the descriptions and amounts of all other insurance covering such property.

Upon the Company's request, the named insured shall exhibit the damaged property to the Company and submit to examinations under oath by anyone designated by the Company, subscribe the same and produce for the Company's examination all pertinent records and sales invoices, or certified copies if originals be lost, permitting copies thereof to be made, all at such reasonable times and places as the Company shall designate.

2. Notice of Accident - Coverages A, B and C: When an accident occurs written notice shall be given by or on behalf of the insured to the company or to any of its authorized representatives as soon as practicable. Such notice shall contain particulars sufficient to identify the insured and also reasonably obtainable information regarding the time, place and circumstances of the accident, the names and addresses of the injured and of available witnesses.

3. Notice of Claim of Suit - Coverages A and B: If claim is made or suit is brought against the insured, the insured shall immediately forward to the company every demand, notice, summons or other process received by him or his representative.

4. Limit of Liability; Settlement Options; No Abandonment - Coverages D and E: The limit of the Company's liability for loss shall not exceed the actual cash value of the automobile, or, if the loss is of a part thereof, the actual cash value of such part at time of loss, nor what it would then cost to repair or replace the automobile or such part thereof with other of like kind and quality, with deduction for depreciation, nor the applicable limit of liability stated in the declarations.

The Company may pay for the loss in money or may repair or replace the automobile or such part thereof, as aforesaid, or may return any stolen property with payment for any resultant damage thereto at any time before the loss is paid or the property is so replaced subject, however, to such deductions represented by the amount deductible stated in Item 3 of the declarations, if any, as may be applicable thereto, or may take all or such part of the automobile at the agreed or appraised value but there shall be no abandonment to the Company.

5. Limits of Liability - Coverage A: The limit of bodily injury liability stated in the declarations as applicable to "each person" is the limit of the Company's liability for all damages, including damages for care and loss of services, arising out of bodily injury, including death at any time resulting therefrom, sustained by one person in any one accident; the limit of such liability stated in the declarations as applicable to "each accident" is, subject to the above provision respecting each person, the total limit of the Company's liability for all damages, including damages for care and loss of services, arising out of bodily injury, including death at any time resulting therefrom, sustained by two or more persons in any one accident.

6. Limits of Liability - Coverage B: The limit of property damage liability stated in the declarations as applicable to "each accident" is the total limit of the Company's liability for all damages arising out of injury to or destruction of all property of one or more persons or organizations, including the loss of use thereof, as the result of any one accident.

7. Limit of Liability - Coverage C: The limit of liability for medical payment stated in the declarations as applicable to "each person" is the limit of the Company's liability for all expenses incurred by or on behalf of each person who sustains bodily injury, including death resulting therefrom, in any one accident.

8. Limits of Liability - Coverages A, B and C: The inclusion herein of more than one insured shall not operate to increase the limits of the Company's liability.

9. Assault and Battery - Coverages A and B: Assault and battery shall be deemed an accident unless committed by or at the direction of the insured.

10. Appraisal, Repair, Replacement - Coverages D and E: If the named insured and the Company fail to agree as to the amount of loss, each shall, on the written demand of either, made within sixty days after receipt of proof of loss by the company, select a competent and disinterested appraiser and the appraisal shall be made at

a reasonable time and place. The appraisers shall first select a competent and disinterested umpire. The appraisers shall then appraise the loss, stating separately the actual cash value at the time of loss and the amount of loss, and failing to agree shall submit their differences to the umpire. An award in writing of any two shall determine the amount of loss. The named insured and the Company shall each pay his or its chosen appraiser and shall bear equally the other expenses of the appraisal and umpire.

The Company shall not be held to have waived any of its rights by any act relating to appraisal.

11. Assistance and Cooperation of the Insured - Coverages A, B, C, D, and E: The insured shall cooperate with the Company and, upon the Company's request, shall attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits. The insured shall not except at his own cost, voluntarily make any payment, assume any obligation or incur any expense other than for such immediate medical and surgical relief to others as shall be imperative at the time of accident.

12. Medical Reports; Proof and Payment of Claim - Coverage C: As soon as practicable the insured person or someone on his behalf shall give to the Company written proof of claim, under oath if required and shall, after each request from the Company execute authorization to enable the Company to obtain medical reports and copies of records. The injured person shall submit to physical examination by physicians selected by the Company when and as often the Company may reasonably require.

The Company may pay the injured person or any person or organization rendering the services and such payment shall reduce the amount payable hereunder for such injury. Payment hereunder shall not constitute admission of liability of the insured or, except hereunder, of the Company.

13. Payment for Loss; Action Against the Company - Coverage D and E: Payment for loss may not be required nor shall action lie against the Company unless, as a condition precedent thereto, the named insured shall have fully complied with all the terms of this policy, nor until thirty days after proof of loss is filed and the amount of loss is determined as provided in this policy.

14. Action Against the Company - Coverage A and B: No action shall lie against the Company unless, as a condition precedent thereto, the insured shall have fully complied with all the terms of this policy, nor until the amount of the insured's obligation to pay shall have been

finally determined either by judgement against the insured after actual trial or by written agreement of the insured, the claimant and the Company.

Any person or organization of the legal representative thereof who has secured such judgement or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. Nothing contained in this policy shall give any person or organization any right to join the Company as a co-defendant in any action against the insured to determine the insured's liability.

Bankruptcy or insolvency of the insured or of the insured's estate shall not relieve the Company of any of its obligation hereunder.

15. Action Against the Company - Coverage C: No action shall lie against the Company unless, as a condition precedent thereto, there shall have been full compliance with all the terms of this policy, nor until thirty days after the required proofs of claim have been filed with the Company.

16. No Benefits to Bailee - Coverages D and E: The insurance afforded by this policy shall not inure directly or indirectly to the benefit of any carrier of bailee liable for loss to the automobile.

17. Subrogation - Coverages A, B, D and E: In the event of any payment under this policy, the Company shall be subrogated to all the insured's rights of recovery therefor against any person or organization and the insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The insured shall do nothing after loss to prejudice such rights.

18. Other Insurance: Except under Coverage C, if the insured has other insurance against a loss covered by this policy the Company shall not be liable under this policy for a greater proportion of such loss than the applicable limit of liability stated in the declarations bears to the total applicable limit of liability of all valid and collectible insurance against such loss; provided, however, the insurance with respect to temporary substitute automobiles, under Insuring Agreement V or other automobiles under Insuring Agreement VI shall be excess insurance over any other valid and collectible insurance available to the insured, either as an insured under a policy applicable with respect to said automobiles or otherwise. Under coverage C, the insurance afforded with respect to other automobile under Insuring Agreement VI shall be excess insurance over any other valid and collectible medical payments insurance applicable thereto.

If, in order to comply with local statutory requirements, a policy is issued to the named insured provided valid and collectible insurance against a loss covered by this policy, the insurance under this policy shall be excess insurance over such other insurance and the limits of liability under this policy shall be reduced by an amount equal to the limits of liability afforded under such other policy.

19. Changes: Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy or estop the Company from asserting any right under the terms of this policy, nor shall the terms of this policy, be waived or changed except by endorsement issued to form a part thereof, signed by an authorized representative of the Company.

20. Assignment: Assignment of interest under this policy shall not bind the Company until its consent is endorsed hereon, if, however, the named insured shall die or be adjudged bankrupt or insolvent within the policy period, this policy, unless canceled shall, if written notice be given to the Company within sixty days after the date of such death or adjudication cover (1) the named insured's legal representative as the named insured, and (2) under coverages A and B, subject otherwise to the provisions of Insuring Agreement IV, any person having proper temporary custody of the automobile, as an insured, and under coverage C while the automobile is used by such person, until the appointment and qualification of such legal representative but in no event for a period of more than sixty days after the date of such death or adjudication.

21. Cancellation: This policy may be canceled by the named insured by surrender thereof or by mailing to the Company written notice stating when thereafter such cancellation shall be effective. This policy may be canceled by the Company by mailing to the named insured at the address shown in this policy written notice stating when not less than ten days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice and the effective date of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the named insured or by the Company shall be equivalent to mailing.

If the named insured cancels, earned premiums shall be computed in accordance with the short rate table and procedure customarily in use by the Company. If the Company cancels, earned premium shall be computed pro rata. Premium adjustment may be made at the time cancellation is effected and, if not then made, shall be made as soon as practicable after cancellation become effective.

The Company's check or the check of its representative similarly mailed or delivered shall be a sufficient tender of any refund of premium due to the named insured.

22. Terms of Policy Conformed to Statute: Terms of this policy which are in conflict with the statutes of the state or country wherein this policy is issued are hereby amended to conform to such statutes.

23. Declarations: By acceptance of this policy the named insured agrees that the statements in the declarations are his agreements and representations, that this policy is issued in reliance upon the truth of such representations and that this policy embodies all agreements existing between himself and the Company or any of its agents relating to this insurance.

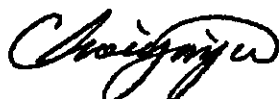
DWI EXCLUSION CLAUSE

It is hereby understood and agreed that the Company shall not be liable with respect to any accident, loss, damage or liability caused, sustained or incurred while any motor vehicle, in respect of which indemnity is provided by this policy, is being driven by any person while committing a felony or who is under the influence of intoxicating liquor or controlled drugs or substances, or while said vehicle is being driven by any person who has been convicted of driving while under influence of intoxicating liquor or any controlled drugs or substances with respect to such accident, loss, damage or liability.

It is understood that this Exclusion shall not apply in respect of any claim by Innocent Third Parties or innocent Named Insured if not operating the insured vehicle under the conditions set out in the preceding paragraph.

It is further understood and agreed that if the Company shall indemnify any Third Party for a claim which otherwise would have been excluded under first paragraph of this exclusion, the Company shall have the right of recovery from the operator of the insured vehicle.

IN WITNESS WHEREOF, the Company has caused this policy to be signed by its president and manager, but this policy shall not be valid unless countersigned on the Declarations page by a duly authorized representative of the Company.



YONJO CHOI

MANAGER



JEONG-NAM KIM

PRESIDENT

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

ENDORSEMENT No. 01

EXCLUSION OF TYPHOON, WINDSTORM, HURRICANE, FLOOD OR TIDAL WAVE
(For attachment to Automobile Policy)

In consideration of the reduced premium charged, it is hereby agreed that the following is added to Section III of the Exclusions:

(b) to loss or damage, directly or indirectly, proximately or remotely, occasioned by or arising from or in consequence of typhoon, windstorm, hurricane, flood or tidal wave.

ENDORSEMENT No. 02

TYPHOON COVERAGE DEDUCTIBLE CLAUSE

Anything to the contrary notwithstanding, it is declared and agreed that in the event of loss or damage under coverages D and E directly or indirectly, proximately or remotely occasioned by or arising from or in consequence of earthquake, volcanic eruption, typhoon, hurricane, tornado, cyclone or other convulsion of nature or atmospheric disturbances, the insured will bear on each loss for his own account as shown in the Declarations and/or Schedule of Vehicle under this policy.

ENDORSEMENT No. 03

LOSS OF USE ENDORSEMENT (I)
(Applicable to Private Vehicle & Light Trucks Only)

In the event of theft of the entire vehicle, the company will reimburse the insured for transportation expenses incurred in an amount not exceeding USD40.00 per day, such benefits becoming payable on the third day immediately following submission of complete claims documents to the company. Reimbursement of said transportation expenses will thereafter continue until the claim is settled or the vehicle is located and returned to service. In no event shall total transportation expenses to be paid hereunder exceed \$1,200.00.

ENDORSEMENT No. 04

LOSS OF USE ENDORSEMENT (II)
(Applicable to Private Vehicle & Light Trucks Only)

For an additional premium, it is hereby noted and agreed that:

In addition to the applicable limit of liability, the company will reimburse the insured for transportation expenses incurred in an amount not exceeding \$40.00 per day during the period commencing three days after a loss under comprehensive or collision covered by this policy has been reported to the company and terminating when the vehicle is returned to use or the company pays the loss, whichever shall first occur. In no event shall total transportation expenses to be paid hereunder exceed \$1,200.00.

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

ENDORSEMENT No. 05

PAYROLL DEDUCTION - ADDITIONAL POLICY CONDITIONS

Notwithstanding what is provided to the contrary in this policy, it is hereby declared and agreed that the total premium(s) under subject policy shall be made in accordance with the Payroll Deduction Plan. It is further agreed that this policy will automatically be invalidated or cancelled if the premium due is not paid after fifteen (15) days from due date thereof.

It is further understood and agreed that in the event of a loss, in case the vehicle insured is declared total loss, premium charged is payable immediately.

ENDORSEMENT No. 06

NO LOSS DECLARATION

It is understood and agreed that the insured declares there is no known or reported losses under this policy as at the date of issue.

Nothing herein contained shall be held to vary, alter, waive or extend any of the Insuring Agreements, Exclusions, Conditions or Declarations of the policy, except as herein above set forth.

ENDORSEMENT NO. 07

LOSS PAYABLE CLAUSE

Loss or damage, if any, under the policy shall be payable as interest may appear to:

And this insurance as to the interest of the Bailment Lessor, Conditional Vendor, Mortgage or other secured party or Assignee of Bailment Lessor, Conditional Vendor, Mortgages or other secured party (herein called the Lienholder) shall not be invalidated by any act or neglect of the Lessee, Mortgagor, Owner of the within described automobile or other Debtor nor by any change in the title or ownership of the property provided, however, that the conversion, embezzlement or secretion by the Lessee, Mortgagor, Purchaser or other Debtor in possession of the property insured under a bailment lease, conditional sale, mortgage or other security agreement is not covered under such policy, unless specifically insured against and premium paid therefore; and provided, also, that in case the Lessee, Mortgagor, Owner of other Debtor shall neglect to pay any premium due under such policy the Lienholder shall, on demand, pay the same.

Provided also, that the lienholder shall notify the company of any change of ownership or increase of hazard which shall come to the knowledge of said Lienholder and, unless permitted by such policy, it shall be noted thereon and the Lienholder shall, on demand, pay the premium for such increase hazard for the term of the used thereof, otherwise such policy shall be null and void. The company reserves the right to cancel such policy at any time as provided by its terms, but in such case the company shall notify the Lienholder when not less than ten days thereafter such cancellation shall be effective as to the interest of said Lienholder therein and the company shall have the right, on like notice, to cancel this agreement.

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

If the insured fails to render proof of loss within the time granted in the policy conditions, such Lienholder shall do so within sixty days thereafter, in form and manner as provided by the policy, and further shall be subject to the provisions of the policy relating to appraisal and time of payment and of bringing suit.

Whenever the company shall pay the Lienholder any sum for loss or damage under such policy and shall claim that, as to the Lessee, Mortgagor, Owner or other Debtor, no liability therefore existed, the Company shall, to the extent of such payment, be thereupon legally subrogated to all rights of the party to whom such payment shall be made, under all securities held as collateral to the debt, or may at its option, pay to the Lienholder the whole principal due on the mortgage or other security agreement with interest, and shall thereupon receive a full assignment and transfer of the mortgage or other security agreement and of all such other securities; but no subrogation shall impair the right of the Lienholder to recover the full amount of its claim.

Whenever a payment of any nature becomes due under the policy, separate payment may be made to each party at interest provided the company protects the equity of all parties.

ENDORSEMENT No. 08

UNINSURED MOTORIST COVERAGE
(Automobile Bodily Injury Liability)
- Basic Policy -

In consideration of the payment of the premium for this endorsement and subject to all of the terms of this endorsement, the company agrees with the named insured as follows:

INSURING AGREEMENTS

I. Damages for Bodily Injury Caused by Uninsured Automobiles

The company will pay all sums which the insured or his legal representative shall be legally entitled to recover as damages from the owner or operator of an uninsured automobile because of bodily injury, sickness or disease including death resulting therefrom, hereinafter called "bodily injury", sustained by the insured, caused by accident and arising out of the ownership, maintenance or use of such uninsured automobile; provided, for the purposes of this endorsement, determination as to whether the insured or such representative is legally entitled to recover such damages, and if so the amount thereof, shall be made by agreement between the insured or such representative and the company or, if they fail to agree, by arbitration.

No judgment against any person or organization alleged to be legally responsible for the bodily injury shall be conclusive, as between the insured and the company, of the issues of liability of such person or organization or of the amount of damages to which the insured is legally entitled unless such judgment is entered pursuant to an action prosecuted by the insured with the written consent of the company.

II. Definitions

(a) "Insured" means:

- (1) The named insured as stated in the policy (herein also referred to as the "principal named insured") and any person designated as named insured in the schedule and, while residents of the same household, the spouse of any such named insured and relatives of either;
- (2) any other person while occupying an insured automobile; and
- (3) any person, with respect to damages he is entitled to recover because of bodily injury to which this endorsement applies sustained by an insured under (1) or (2) above.

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

The insurance applies separately with respect to each insured, but the application of the insurance to more than one insured shall not operate to increase the limits of the company's liability.

- (b) "Insured automobile" means an automobile:
- (1) described in the schedule as an insured automobile to which the bodily injury liability coverage of the policy applies;
 - (2) while temporarily used as a substitute for an insured automobile described in subparagraph (1) above, when withdrawn from normal use because of its breakdown, repair, servicing, loss or destruction;
 - (3) while being operated by a named insured or by his spouse if a resident of the same household; but the term "insured automobile" shall not include:
 - (i) an automobile while used as a public or livery conveyance, unless such use is declared in this endorsement;
 - (ii) an automobile while being used without the permission of the owner;
 - (iii) under subparagraphs (2) and (3) above, an automobile owned by the principal named insured or by a named insured designated in the schedule or by any resident of the same household as such insured; or
 - (iv) under subparagraphs (2) and (3) above, an automobile furnished for the regular use of the principal named insured or any resident of the same household.
- (c) "uninsured automobile" means.
- (1) an automobile with respect to the ownership, maintenance or use of which there is, in at least the amount specified by the financial responsibility law of the state in which the insured automobile is principally garaged, no bodily injury liability bond or insurance policy applicable at the time of the accident with respect to any person or organization legally responsible for the use of such automobile, or with respect to which there is a bodily injury liability bond or insurance policy applicable at the time of the accident but the company writing the same denies coverage thereunder; or
 - (2) a hit-and-run automobile as defined; but the term "uninsured automobile" shall not include
 - (i) an insured automobile,
 - (ii) an automobile which is owned or operated by a self-insurer within the meaning of any motor vehicle financial responsibility law, motor carrier law or any similar law,
 - (iii) an automobile which is owned by the United States of America, Canada, a state, a political subdivision of any such government or an agency of any of the foregoing,
 - (iv) a land motor vehicle or trailer if operated on rails or crawler-treads or while located for use as a residence or premises and not as a vehicle, or
 - (v) a farm type tractor or equipment designed for use principally off public roads, except while actually upon public roads.
- (d) "hit-and-run automobile" means an automobile which causes bodily injury to an insured arising out of physical contact of such automobile with the insured or with an automobile which the insured is occupying at the time of the accident, provided: (1) there cannot be ascertained the identity of either the operator or owner of such "hit-and-run automobile", (2) the insured or someone on his behalf shall have reported the accident within 24 hours to a police, peace or judicial officer or to the Commissioner of Motor Vehicles, and shall have filed with the company within 30 days thereafter a statement under oath that the insured or his legal representative has a cause or causes of action arising out of such accident for damages against a person or persons whose identity is unascertainable, and setting forth the facts in support thereof; and (3) at the company's request, the insured or his legal representative makes available for inspection the automobile which the insured was occupying at the time of the accident.
- (e) Occupying. The word "occupying" means in or upon or entering into or alighting from.
- (f) State. The word "state" shall mean the Territory of Guam.

III. Policy Period, Territory

This endorsement applies only to accidents which occur on and after the effective date hereof, during the policy period and within the geographical area specified in Item 7 of the Declarations.

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

EXCLUSIONS

This endorsement does not apply.

- (a) to bodily injury to an insured with respect to which such insured, his legal representative or any person entitled to payment under this endorsement shall without written consent of the company, make any settlement with any person or organization who maybe legally liable therefor.
- (b) to bodily injury to an insured while occupying an automobile (other than an insured automobile) owned by a named insured or any relative resident in the same household, or through being struck by an automobile owned by an insured named in the schedule or his relatives;
- (c) so as to inure directly or indirectly to the benefit of any workmen's compensation or disability benefits carrier or any person or organization qualifying as a self insurer under any workmen's compensation or disability benefits law or any similar law.

CONDITIONS

1. Policy Provisions None of the Insuring Agreements, Exclusions or Conditions of the policy shall apply to the insurance afforded by this endorsement except the Conditions "Notice" or "Notice of Accident", "Changes", "Assignment", "Cancellation" and "Declarations".
2. Premium. If during the policy period the number of insured automobiles owned by the principal named insured or spouse of the number of dealer's license plates issued to the principal named insured changes, such named insured shall notify the company during the policy period of any change and the premium shall be adjusted in accordance with the manuals in use by the company. If the earned premium thus computed exceeds the advance premium paid, such named insured shall pay the excess to the company; if less, the company shall return to such named insured the unearned portion paid by such insured.
3. Proof of Claim, Medical Reports. As soon as practicable, the insured or other person making claim shall give to the company written proof of claim under oath if required, including full particulars of the nature and extent of the injuries, treatment, and other details entering into the determination of the amount payable hereunder. The insured and every other person making claim hereunder shall submit to examinations under oath by any person named by the company and subscribe to same, as often as may reasonably be required. Proof of claim shall be made upon forms furnished by the company unless the company shall have failed to furnish such forms within 15 days after receiving notice of claim.
The injured person shall submit to physical examinations by physicians selected by the company when and as often as the company may reasonably require and he, or in the event of his incapacity his legal representative, or in the event of his death his legal representative or the persons or person entitled to sue therefor, shall upon each request from the company execute authorization to enable the company to obtain medical reports and copies of records
4. Assistance and Cooperation of the Insured. After notice of claim under this endorsement, the company may require the insured to take such action as maybe necessary or appropriate to preserve his right to recover damages from any person or organization alleged to be legally responsible for the bodily injury and in any action against the company, the company may require the insured to join such person or organization as a party defendant.
5. Notice of Legal Action. If, before the company makes payment of loss hereunder, the insured or his legal representative shall institute any legal action for bodily injury against any person or organization legally responsible for the use of an automobile involved in the accident, a copy of the summons and complaint or other process served in connection with such legal action shall be forwarded immediately to the company by the insured or his legal representative.
6. Limits of Liability.
 - (a) The limit of liability stated in the schedule as applicable to "each person" is the limit of the company's liability for

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

all damages; including damages for care or loss of services, because of bodily injury sustained by one person as the result of any one accident and subject to the above provision respecting each person, the limit of liability stated in the schedule as applicable to "each accident" is the total limit of the company's liability for all damages, including damages for care or loss of services, because of bodily injury sustained by two or more persons as the result of any one accident.

- (b) Any amount payable under the terms of this endorsement because of bodily injury sustained in an accident by a person who is an insured under this coverage shall be reduced by:
 - (1) All sums paid on account of such bodily injury by or on behalf of (i) the owner or operator of the uninsured automobile and (ii) any other person or organization jointly or severally liable together with such owner or operator for such bodily injury including all sums paid under the Bodily Injury Liability Coverage of the policy, and
 - (2) the amount paid and the present value of all amounts payable on account of such bodily injury under any workmen's compensation law, disability benefits law or any similar law.
 - (c) any payment made under this endorsement to or for any insured shall be applied in reduction of the amount of damages which he may be entitled to recover from any person insured under the Bodily Injury Liability Coverage of the policy.
 - (d) The company shall not be obligated to pay under this Coverage that part of the damages which the insured may be entitled to recover from the owner or operator of an uninsured automobile which represents expenses for medical services paid or payable under the Medical Payments Coverage of the policy.
7. **Other Insurance.** With respect to bodily injury to an insured while occupying an automobile not owned by the principal named insured, the insurance under this endorsement shall apply only as excess insurance over any other similar insurance available to such insured and applicable to such automobile as primary insurance, and this insurance shall then apply only in the amount by which the limit of liability for this coverage exceeds the applicable limit of liability of such other insurance. Except as provided in the foregoing paragraph, if the insured has other similar insurance available to him and applicable to the accident, the damages shall be deemed not to exceed the higher of the applicable limits of liability of this insurance and such other insurance, and the company shall not be liable for a greater proportion of any loss to which this Coverage applies than the limit of liability hereunder bears to the sum of the applicable limits of liability of this insurance and such other insurance.
8. **Arbitration.** If any person making claim hereunder and the company do not agree that such person is legally entitled to recover damages from the owner or operator of an uninsured automobile because of bodily injury to the insured, or do not agree as to the amount of payment which may be owing under this endorsement, then, upon written demand of either, the matter or matters upon which such person and the company do not agree shall be settled by arbitration in accordance with the rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. Such person and the company each agree to consider itself bound and to be bound by any award made by the arbitrators pursuant to this endorsement.
9. **Trust Agreement.** In the event of payment to any person under this endorsement:
- (a) the company shall be entitled to the extent of such payment to the proceeds of any settlement or judgment that may result from the exercise of any rights of recovery of such person or organization legally responsible for the bodily injury because of which such payment is made;
 - (b) such person shall hold in trust for the benefit of the company all rights of recovery which he shall have against have against such other person or organization because of the damages which are the subject of claim made under this endorsement;
 - (c) such person shall do whatever is proper to secure and shall do nothing after loss to prejudice such rights;
 - (d) if request in writing by the company, such person shall take, through any representative designated by the company, such action as may be necessary or appropriate to recover such payment as damages from such other person or organization, such action to be taken in the name of such person; in the event of a recovery, the company shall be reimbursed out of such recovery for expenses, costs and attorney's fees incurred by it in connection therewith;

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

(e) such person shall execute and deliver to the company such instruments and papers as may be appropriate to secure the right and obligations of such person and the company established by this provision.

10. Payment of Loss by the Company. Any amount due hereunder is payable (a) to the insured, or (b) if the insured be a minor to his parent or guardian, or (c) if the insured be deceased to his surviving spouse, otherwise (d) to a person authorized by law to receive such payment or to a person legally entitled to recover the damages which the payment represents; provided, the company may at its option pay any amount due hereunder in accordance with division (d) hereof.

11. Action Against Company. No action shall lie against the company unless, as a condition precedent thereto, the insured or his legal representative has fully complied with all the terms of this endorsement.

SCHEDULE

Designation of named insured for purposes of this endorsement (see Insuring Agreement II (a)) is the Named Insured as designated on the Declaration Page of the Policy.

Limit of Liability: \$15,000 each person; \$30,000 each accident.

The advance premium for this endorsement, \$ is included.

Description of insured automobiles: Any automobile designated in the declarations of the policy by the letters "UM" and an automobile ownership of which is acquired during the policy period by the principal named insured as a replacement therefor. Unless otherwise stated herein, this endorsement does not apply to any automobile while used as a public or livery conveyance:

This endorsement forms a part of the designated policy and applies, unless otherwise stated herein, as of the effective time and date of such policy.

ENDORSEMENT NO. 09

Automobile Driver and Passenger Personal Accident Coverage Endorsement

In consideration of the premium paid for this endorsement. The insurance afforded with respect to such injuries applies only:

While the Named Insured or any "Non-Named" driver and/or passengers who, with the permission of the Named Insured is/are driving or riding as a passenger in, boarding or alighting from a vehicle named in the policy, not used for commercial purposes.

BENEFITS

The insurance afforded is only with respect to injuries which directly and independently of all other causes result in Death or Dismemberment as stated hereunder within the time limit indicated.

Part I - Loss of Life Accident Indemnity

When injury results in loss of life of a covered insured, as defined in section (a) above within one hundred eighty (180) days after the date of the accident, the Company will pay the Loss of Life Accident Indemnity stated in the schedule, subject to the individual limits and the provision of Maximum Liability

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

Part II - Dismemberment and Loss of Sight Indemnity

When injury does not result in loss of life of the covered insured within one hundred eighty (180) days after the occurrence of the accident but does result in Dismemberment or Loss of Sight as covered under the Schedule, the Company will pay the such loss as stated in the schedule.

Part III - Schedule

Loss of life Accident Indemnity maximum	:	US\$2,000 (Per Person), US\$8,000 (Per Vehicle)
Loss of Both Hands or Both Feet or Sight of Both Eyes	:	US\$2,000 (Per Person)
Loss of One Hand and One Foot	:	US\$2,000 (Per Person)
Loss of Either Hand or Foot and Sight of One Eye	:	US\$2,000 (Per Person)
Loss of Either Hand or Foot	:	US\$1,000 (Per Person)
Loss of Sight of One Eye	:	US\$1,000 (Per Person)

"Loss" as above used with reference to hand or foot means complete severance through or above the wrist or ankle, and as used with reference to eyes, means the entire and irrecoverable loss of sight.

The occurrence of any specific loss of which indemnity is payable shall at once terminate all insurance under this endorsement, but such termination shall be without prejudice to any claim originating out of the accident causing such loss.

No indemnity will be paid under any circumstances for more than one of the losses, per person, the greatest, for which provision is made in this part.

Part IV - Maximum Liability

The Maximum Liability for which the Company is subject to is US\$2,000 per person. However, the maximum amount of liability for the Company per vehicle shall not exceed US\$8,000. In the event of an accident involving more than four (4) persons in the named vehicle the provision for maximum vehicle liability shall have precedence.

Part V - Exclusions

The insurance with respect to the above hazards shall not apply:

- a) to loss caused directly or indirectly, wholly or partly by:
 1. bacterial infections (except pyogenic infections which shall occur through an accidental cut or wound);
 2. any other kind of disease;
 3. medical or surgical treatment (except such as may be necessary solely by injuries covered by this policy and performed within the time provided in the policy);
- b) to suicide or any attempt threat (sane or insane); nor
- c) to loss occasioned by war, invasion, act of foreign enemy, hostilities or warlike operation (whether war be declared or not), mutiny, riot, civil commotion, civil war, rebellion, revolution, insurrection, conspiracy, military or usurped power, martial law, or state of siege, or any of the events or causes which determine the proclamation or maintenance of martial law, or state of siege, seizure, quarantine, or customs regulation or nationalization by or under the order of any government or public or local authority, or any weapon or instrument employing atomic fission or radioactive force, whether in time of peace or war.
- d) while the covered insured is under the influence of alcohol or drugs.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the policy, except as hereinabove set forth.

SCHEDULE

POLICY NUMBER: {Response}

UNDERWRITER(S):

Sompo Japan Nipponkoa Insurance Inc.

NAME OF ASSURED:

Guam Waterworks Authority

ADDRESS OF ASSURED:

578 North Marine Corps Drive, Tamuning, Guam 96913, U.S.A.

BUSINESS OF THE ASSURED:

Supplier of Water & Waste Water Services

POLICY PERIOD:

From: May 1, 2017

To: May 1, 2018

both days at 12.01am Local Standard Time

LOCATIONS INSURED:

Territory of Guam, U.S.A. as schedule agreed by Sompo Japan Nipponkoa Insurance Inc.

INTEREST INSURED:

Real and Personal Property of the Insured or in which the Insured has insurable interest and Business Interruption/Extra Expense

SUM INSURED:

USD 30,000,000 Any One Occurrence

IN EXCESS OF SELF-INSURED RETENTION:

5% of Claim Amount, Subject to MINIMUM USD 250,000 and MAXIMUM USD 1,000,000, each and every loss in respect of Earthquake, Windstorm, Flood, Typhoon and Tidal Wave.

USD 50,000 each and every loss in respect of All Other Perils.

TOTAL DECLARED VALUE:

USD 587,002,129 per schedule of values seen, agreed and initialed by the Underwriters. hereon

SUB LIMITS:

Personal Property in Transit any One Conveyance	USD	250,000
Valuable Papers and Records and Computer Media	USD	1,000,000
Automatic Acquisitions	USD	1,000,000
Boiler and Machinery Breakdown	USD	5,000,000
Denial of Access	USD	1,000,000
Suppliers' & Customers'	USD	1,000,000
Mold (Aggregate)	USD	250,000

PREMIUM:

{Response}

NOTIFICATION OF CLAIMS TO:

AM Insurance
J&G Commercial Center, Suite 113F
215A Chalan Santo Papa Street
Hagtana, Guam 96910

AUTOMATIC AQUISITION LIMIT

As noted above

DATED IN HAGATNA, GUAM: {Response}

{Response}

DIRECT PHYSICAL LOSS OR DAMAGE WORDING

SUBJECT TO THE EXCLUSIONS, CONDITIONS AND LIMITATIONS CONTAINED HEREIN, this Policy insures (1) the Property of the Assured which has been declared to and agreed by Underwriters and (2) the property of others which is (a) in the Assured's care, custody, and control, and (b) for which the Assured is legally liable, as more fully defined in the Schedule, against RISKS OF DIRECT PHYSICAL LOSS OR DAMAGE occurring during the period of this Policy.

EXCLUDED CAUSES OF LOSS

THIS POLICY DOES NOT INSURE AGAINST:

1. wear, tear or gradual deterioration; wet rot, dry rot or mould; spoilage, decay or decomposition; normal settling, shrinking or expansion in buildings, structures or foundations; corrosion or rust; erosion; leakage; any other gradually occurring loss; or any loss which commenced prior to the inception of this Policy
2. loss or damage to real property only caused by error in design, faulty workmanship or faulty or unsuitable materials. However, if fire or explosion results, then any loss or damage arising directly from that fire or explosion shall not be excluded hereunder
3. loss or damage caused by moths, termites or other insects; vermin; inherent vice or latent defect; dampness or dryness of atmosphere; condensation; smog or fog; or extremes or changes in atmospheric temperature. However, if a cause not otherwise excluded by this Policy results, then any loss or damage arising directly from that cause shall not be excluded hereunder
4. loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not) civil war, rebellion, revolution, insurrection, military or usurped power, martial law, or warlike operations
5. loss or damage caused by confiscation, requisition, detention, legal or illegal occupation, embargo, quarantine, or any result of any order of public or government authority, which deprives the Assured of the use or value of its property, nor for loss or damage arising from acts of contraband or illegal transportation or illegal trade
6. loss, damage or increased cost caused by enforcement of any ordinance or law regulating the use, reconstruction, repair or demolition of any property insured hereunder, NOR any loss, damage, costs, expenses, fine or penalty which is incurred, or sustained by or imposed on the Assured at the order of any governmental agency, court, or other authority arising from any cause whatsoever

EXCEPT this Policy shall not exclude damage to, or destruction of, said property by civil authority during a conflagration and for the sole purpose of retarding the same, **PROVIDED** that neither such conflagration nor such damage or destruction is caused or contributed to by war, invasion, hostilities, acts of foreign enemies, civil war, revolution, rebellion, insurrection, military or usurped power, martial law or warlike operations

7. loss or damage arising directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination however such nuclear reaction, nuclear radiation or radioactive contamination may have been caused. **NEVERTHELESS**, if a fire arises directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination, any loss or damage arising directly from that fire shall (subject to the provisions of this Policy) be covered **EXCLUDING** however all loss or damage caused by nuclear reaction, nuclear radiation or radioactive contamination arising directly or indirectly from that Fire

8. loss or damage resulting from the discharge, seepage or spill of any contaminant or pollutant; however this exclusion shall not apply to:

- (a) loss of or damage to insured property caused by a peril not otherwise excluded occurring directly as a result of such discharge, seepage or spill
- (b) loss of or damage to insured property caused by such discharge, seepage or spill if resulting directly from a peril not otherwise excluded occurring to insured property; however

this Policy does not insure any costs, fines, penalties or expenses:

- (i) imposed on the Assured;
- (ii) incurred by the Assured; or
- (iii) sustained by the Assured

at the order of any government agency, government authority or court in connection with any kind or description of environmental impairment, including seepage or pollution or contamination from any cause

9. breakdown or derangement of mechanical or electrical machinery and/or explosion or implosion of boilers and/or pressure and/or vacuum vessels, where such are owned and/or operated by the Assured; nor against the operation of any relief valve or other safety device. However, if a cause not otherwise excluded by this Policy results, then any loss or damage arising directly from that cause shall not be excluded hereunder

10. loss of use, delay or loss of markets; however caused or arising, and despite any preceding loss insured hereunder, except as may be provided under the Business Interruption section of this Policy (if applicable)

11. mysterious disappearance or inventory shortage

12. loss or damage caused by the insolvency or any financial impairment of any person or organisation to whom the Assured's property may be entrusted

13. loss or damage to personal property caused by dryness of atmosphere, dampness of atmosphere, wear, tear, gradual deterioration, contamination, change in temperature, freezing (except damage to fire protection, plumbing, or heating equipment), wet or dry rot, shrinkage, evaporation, loss of weight, marring, scratching, rust, corrosion, change in flavour, colour or finish, breakage of glass or fragile material, however such loss or damage is not excluded:

- (a) where such loss is the result of a peril not otherwise excluded; or
- (b) where loss by an insured peril results therefrom, in which case only the loss or damage caused by such resulting or ensuing peril is covered hereunder

14. loss or damage by electrical disturbances to electrical appliances or devices of any kind (including wiring) due to electrical currents, artificially generated; however all resultant damage from a peril not otherwise excluded shall be covered

15. loss or damage caused by centrifugal force, mechanical or electrical breakdown; however, all resultant damage from a peril not otherwise excluded shall be covered

Exclusions 14) and 15) do not apply to electronic data processing systems, valuable papers and records, for which coverage is provided by this Policy

EXCLUDED PROPERTY

THIS POLICY DOES NOT INSURE:

1. land and land values (but not excluding landfill in connection with piers, wharves, docks, breakwaters, jetties and causeways or landfill underneath surface materials in any form), standing timber, growing crops, drying crops or water, other than process water
2. money or securities for money, coins, currency, bullion, notes, evidence of debt, letters of credit, bills and deeds unless covered elsewhere herein
3. Furs, fur garments, jewellery, precious stones and precious metals
4. aircraft, watercraft over thirty (30) feet in length, motor vehicles licensed for highway use when not on the Assured's premises, or on premises leased or operated by the Assured, but this exclusion shall not apply to contractors' equipment
5. all watercraft and railroad rolling stock outside ports premises
6. property covered under any Ocean Marine Policy
7. property sold on instalment, conditional sale or trust agreement
8. property illegally acquired, kept, stored or transported or property seized or confiscated by order of public authority

OTHER INSURANCE

THIS POLICY DOES NOT INSURE:

(a) any loss or damage, or any property which is more specifically insured elsewhere
nor

(b) any loss or damage, or any property which but for the existence of this Policy would be insured elsewhere

except, where such amounts insured elsewhere are less than the applicable limit or sub limit insured by this Policy, this Policy insures for the difference between the amounts insured elsewhere and the applicable limit or sub limit of this Policy, subject always to applicable deductible stated in the Schedule attached hereto.

TERRITORIAL LIMITS

This Policy insures at the location(s) declared to and agreed by Underwriters and stated in the Schedule attached hereto.

SUM INSURED

This Policy shall not cover for more than the sum(s) stated in the Schedule in respect of each Loss Occurrence nor for more than the aggregate amount(s) separately stated in the Schedule in respect of specified causes

CONDITIONS

1. DUE DILIGENCE

The Assured shall use due diligence and do and concur in doing all things reasonable to avoid or diminish any loss of or damage to the property insured.

2. PROTECTION MAINTENANCE

It is agreed that any protection provided for the safety of the insured property shall be maintained in good order throughout the currency of this Policy and shall be in use at all relevant times, and that such protection shall not be withdrawn or varied to the detriment of the interests of the Underwriters without their consent.

3. VALUES DECLARED (AND INCORRECT DECLARATION PENALTY)

The premium for this Policy has been based on a statement of values declared to and agreed by Underwriters at the inception of this Policy and stated in the Schedule.

4. AUDIT

The Underwriters may examine and audit the Assured's books and records at any time during the period of the Policy and within three years after the termination of this Policy, as far as they relate to the subject matter of this insurance.

5. VALUATION

Recovery shall be made on the basis of one hundred per cent (100%) of the property's current replacement value at the time and place of loss, subject to the limit of coverage provided by the Policy.

6. NOTIFICATION OF CLAIMS AND PROOF OF LOSS

The Assured, upon knowledge of any occurrence likely to give rise to a claim hereunder, shall give immediate written advice thereof to the person(s) or firm named for the purpose in the Schedule.

The Assured shall render a signed and sworn proof of loss within sixty (60) days after the occurrence of a loss (unless such period be extended by the written agreement of Underwriters) stating the time, place and cause of loss, the interest of the Assured and of all others in the property, the sound value thereof and the amount of loss or damage thereto.

7. ABANDONMENT

There shall be no abandonment to the Underwriters of any property.

8. EXAMINATION UNDER OATH

If required by Underwriters, in the event of a claim being made under this Policy, the Assured; or, if a company or other body then the appropriate representatives; shall submit to examination on oath at such reasonable times and places as may be arranged.

9. MISREPRESENTATION AND FRAUD

This entire Policy shall be void if the Assured has wilfully concealed or misrepresented, in writing or otherwise, any material facts or circumstances concerning this Insurance or the subject matter thereof, or if the Assured shall make any attempt to defraud either before or after a loss.

However, the Assured shall not be prejudiced by any error, omission, incorrect valuation or incorrect description of interest, risk or property made without design to defraud or misrepresent

10. SUBROGATION AND SUBROGATION WAIVER

If the Underwriters become liable for any payment under this Policy in respect of loss or damage, the Underwriters shall be subrogated, to the extent of such payment, to all the rights and remedies of the Assured against any party in respect of such loss or damage and shall be entitled at their own expense to sue in the name of the Assured. The Assured shall give to the Underwriters all such assistance in his power as the Underwriters may require to secure their rights and remedies and, at the Underwriters request, shall execute all documents necessary to enable Underwriters effectively to bring suit in the name of the Assured including the execution and delivery of the customary form of loan receipt.

The Underwriters hereon agree that this Insurance shall not be invalidated should the Assured waive in writing, prior to loss affected thereby, any or all rights of recovery against any party for loss or damage occurring to the property described herein. Underwriters expressly waive subrogation against any subsidiary, parent, associated, or affiliated company of the Assured, **BUT THE ABOVE WAIVERS SHALL NOT APPLY** where the party otherwise protected thereunder is supplying or receiving goods or services for which a reward, recompense or consideration passes between the Assured and such other party.

11. SALVAGE AND RECOVERIES

ALL SALVAGES, RECOVERIES AND PAYMENTS RECOVERED OR RECEIVED SUBSEQUENT TO A LOSS SETTLEMENT UNDER THIS POLICY SHALL BE APPLIED AS IF RECOVERED OR RECEIVED PRIOR TO THE SAID SETTLEMENT AND ALL NECESSARY ADJUSTMENTS SHALL BE MADE BY THE PARTIES HERETO.

12. ARBITRATION

If the Assured and Underwriters fail to agree in whole or in part regarding any aspect of this Policy, each party shall, within ten (10) days after the demand in writing by either party, appoint a competent and disinterested arbitrator and the two chosen shall before commencing the arbitration select a competent and disinterested umpire. The arbitrators together shall determine such matters in which the Assured and Underwriters shall so fail to agree and shall make an award thereon, and if they fail to agree, they will submit their differences to the umpire and the award in writing of any two, duly verified, shall determine the same.

The Parties to such arbitration shall pay the arbitrators respectively appointed by them and bear equally the expenses of the arbitration and the charges of the umpire.

13. SERVICE OF SUIT

See attached Clause.

14. INSPECTION

The Underwriters shall be permitted, but not obliged, to inspect the Assured's property at any time. Neither the Underwriters' right to make inspections nor the making thereof nor any report thereon shall constitute an

undertaking, on behalf of or for the benefit of the Assured or others, to determine or warrant such property is safe.

15. ASSIGNMENT

Assignment or transfer of this Policy shall not be valid except with the written consent of Underwriters.

16. CANCELLATION

This Policy may be cancelled by the Assured at any time by written notice or by surrender of this Policy. This Policy may also be cancelled by or on behalf of the Underwriters by delivering to the Assured or by mailing to the Assured, by registered, certified or other first class mail, at the Assured's address as shown in this Insurance, written notice stating when, not less than ninety (90) days thereafter, the cancellation shall be effective. The mailing of such notice as aforesaid shall be sufficient proof of notice and this Insurance shall terminate at the date and hour specified in such notice.

If this Insurance shall be cancelled by the Assured the Underwriters shall retain the customary short rate proportion of the premium hereon, except that if this Insurance is on an adjustable basis the Underwriters shall receive the earned premium hereon or the short rate proportion of any minimum or deposit premium stipulated herein whichever is the greater.

If this insurance shall be cancelled by or on behalf of the Underwriters, the Underwriters shall retain the pro rata proportion of the premium hereon except that if this Insurance is on an adjustable basis the Underwriters shall receive the earned premium hereon or the pro rata proportion of any minimum premium stipulated herein whichever is the greater.

Payment or tender of any unearned premium by the Underwriters shall not be a condition precedent to the effectiveness of Cancellation but such payment shall be made as soon as practicable.

If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

17. PERMISSION FOR EXCESS INSURANCE

Permission is hereby granted to the Assured to purchase excess insurance over the limits of liability stated in the Schedule, without prejudice to this Policy, and the existence of any such excess insurance shall not reduce any liability afforded under this Policy.

DEFINITIONS

LOSS OCCURRENCE

The words "Loss Occurrence" shall mean all individual losses or damage arising out of and directly occasioned by one event. However, if the following causes are insured by this Policy the duration and extent of any "Loss Occurrence" so defined shall be limited to:

- (a) 72 consecutive hours as regards a hurricane, a typhoon, windstorm, rainstorm, hailstorm and/or tornado
- (b) 72 consecutive hours as regards earthquake, tsunami or seaquake, and/or volcanic eruption
- (c) 72 consecutive hours and within the limits of one city, town or village as regards riots, civil commotions and malicious damage

(d) 72 consecutive hours as regards any "Loss Occurrence" which includes individual loss or losses from any of the causes mentioned in (a), (b) or (c) above

and no individual loss from whatever insured cause, which occurs outside these periods or areas, shall be included in that "Loss Occurrence."

The Assured may choose the date and time when any such period of consecutive hours commences and if any event is of greater duration than the above period, the Assured may divide that event into two or more "Loss Occurrences," provided no two periods overlap and provided no period commences earlier than the date and time of the happening of the first recorded individual loss to the Assured in that event during the policy period.

FLOOD

Flood shall mean rising water; surface water; waves; tidal waves or tidal water; overflow of streams, rivers, lakes, ponds, or other bodies of water; or spray from any of the foregoing; all whether driven by wind or not.

With respect to Flood, "Loss Occurrence" shall mean all losses, wherever occurring, which arise between the time of movement of water into, onto, or over the property insured hereunder and the receding of the same, regardless of the period of time so embraced; EXCEPT, no loss occurrence shall be deemed to commence earlier than the date and time of the happening of the first recorded individual loss to the Assured in that occurrence during the period of this Policy, nor to extend to beyond thirty days after the expiry of this Policy.

AUTOMATIC ACQUISITION

It is understood and agreed that this Policy is extended to cover additional property and interests of the type already insured by this Policy, which may be acquired or otherwise become at the risk of the Assured during the term of this Policy, subject to the total additional values at that time not exceeding the amount specified in the Schedule and subject to such values being reported to Underwriters during the policy period for determination of Additional Premium.

In the event of coverage being required for additional property and interests where the total values at that time exceed the amount specified in the Schedule information is to be provided to Underwriters within thirty (30) days of such additional property and/or interests becoming at the risk of the Assured, and if such property is accepted by Underwriters, an Additional Premium will be determined and payable at that time.

WAIVER OF CO-INSURANCE CLAUSE

It is understood and agreed that notwithstanding anything to the contrary contained in this Policy and its endorsements, the Coinsurance Provisions under this Policy are waived

DEMOLITION COST ENDORSEMENT

This Policy also covers, within the sum insured, the cost of demolishing any undamaged portion of the building(s) covered under this Policy including the cost of clearing the site thereof caused by loss from any perils insured against under this Policy and resulting from enforcement of any state or municipal law or ordinance regulating the construction or repair of buildings and in force at the time of loss which necessitates such demolition.

INCREASED COST OF CONSTRUCTION

It is understood and agreed, notwithstanding anything to the contrary in this Policy and its Endorsements, that the amount of insurance under this Policy includes within the Sum Insured the actual amount of the increased costs of repair, rebuilding or construction resulting from the enforcements of any applicable law or ordinance regulating the construction or repair of buildings.

PROFESSIONAL FEES

The sums insured herein are deemed to include architects', surveyors' and consultants' fees necessarily incurred by the Assured in the reinstatement of the property following upon its destruction or damage by any peril insured against (but not any fees for the preparation of a claim or an estimate of loss) subject to the scales of professional charges prevailing at the time of the destruction or damage.

CONTINGENT LIABILITY FROM OPERATION OF BUILDING LAWS

DEMOLITION AND INCREASED TIME TO REBUILD

1. Underwriters shall, in the case of loss under this Policy, be liable also for loss to the interest insured by the Policy, occasioned by the enforcement of any state or municipal law or ordinance regulating the construction or repair of buildings and in force at the time such loss occurs, which necessitates the demolition of any portion of the described building(s) not damaged by the peril(s) insured against. Underwriters shall also be liable for loss due to the additional period of time required for repair or reconstruction, in conformity with the minimum standard of such law ordinance, of the building(s) described in this Policy damaged by a peril insured against.
2. Limits of Liability: Underwriters shall not be liable under this Policy and this endorsement for:
 - A. More than the amount insured under this Policy to which this endorsement is attached
 - B. Any greater proportion of any loss to the interest covered by this Policy than the amount insured under this Policy on said interest bears to the total insurance on said interest, whether all such insurance contains this endorsement or not.
3. If this Policy is divided into two or more items, the foregoing shall apply separately to each item to which this Endorsement applies.

856ROP00193

ADDITIONAL WORDINGS AND CLAUSES

BUSINESS INTERRUPTION EXTENSION

In consideration of the premium paid and subject to the EXCLUSIONS, CONDITIONS AND LIMITATIONS of the Policy to which this Extension is attached, and also to the FOLLOWING ADDITIONAL CONDITIONS, EXCLUSIONS AND LIMITATIONS, this Policy is extended to cover loss resulting from necessary Interruption of Business caused by Direct Physical Loss or Damage, as covered by the Policy to which this Extension is attached, to property insured by this Policy.

In the event of such Direct Physical Loss or Damage, Underwriters shall be liable for the Actual Loss Sustained by the Assured resulting directly from such necessary Interruption of Business, but not exceeding the reduction in Gross Earnings, as defined hereafter, less charges and expenses which are not necessarily incurred during the Interruption of Business, for a period not to exceed the lesser of:

- (a) such length of time as would be required, with the exercise of due diligence and dispatch, to repair, rebuild or replace such part of the property as has been destroyed or damaged,

nor

- (b) twenty-four (24) calendar months

commencing with the date of such Direct Physical Loss or Damage and not limited by the expiration of this Policy.

Due consideration shall be given to the continuation of normal charges and expenses, including payroll expenses, to the extent necessary to resume operations of the Assured with the same operational capability as existed immediately before the loss.

CONDITIONS

1. DIRECT DAMAGE

No claim shall be payable under this Extension unless and until a claim has been paid, or liability admitted, in respect of Direct Physical Loss or Damage to property insured under the Policy to which this Extension is attached and which gave rise to Interruption of Business.

This Condition shall not apply if no such payment shall have been made, or liability admitted, solely owing to the operation of a Deductible in said Policy excluding liability for losses below a specified amount.

2. RESUMPTION OF OPERATIONS

If the Assured could reduce the loss resulting from the Interruption of Business,

- (a) by complete or partial resumption of operation of the property,

and/or

- (b) by making use of merchandise, stock (raw, in process or finished), or any other property at the Assured's locations or elsewhere,

and/or

- (c) by using or increasing operations elsewhere,

then such possible reduction shall be taken into account in arriving at the amount of loss hereunder.

3. EXPENSES TO REDUCE LOSS

This Extension also covers such expenses as are necessarily incurred for the purpose of reducing loss under this Extension (except expenses incurred to extinguish a fire), and, in respect of manufacturing risks, such expense, in excess of normal, as would necessarily be incurred in replacing any finished stock used by the Assured to reduce loss under this Extension; but in no event to exceed the amount by which loss under this Extension is thereby reduced. Such expenses shall not be subject to the application of any contribution clause.

EXCLUSIONS

THIS EXTENSION DOES NOT INSURE AGAINST:

1. increase in loss resulting from interference at the insured premises, by strikers or other persons, with rebuilding, repairing or replacing the property or with the resumption or continuation of operation
2. increase in loss caused by the suspension, lapse, or cancellation of any lease, licence, contract or order, unless such results directly from the insured Interruption of Business, and then Underwriters shall be liable for only such loss as effects the Assured's earnings during, and limited to, the period of indemnity covered under this Policy.
3. increase in loss caused by the enforcement of any ordinance or law regulating the use, reconstruction, repair or demolition of any property insured hereunder
4. any other consequential loss

LIMITATIONS

1. Underwriters shall not be liable for more than the smaller of either:
 - (a) any specific Business Interruption Sum Insured stated in the Schedule
 - or
 - (b) the Sum Insured stated in the Schedule, where such includes Business Interruption, if such is a combined limit.

in respect of such loss, regardless of the number of locations suffering an interruption of business as a result of any one occurrence.
2. With respect to loss resulting from damage to or destruction of media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, including data thereon, by the perils insured against, the length of time for which Underwriters shall be liable hereunder shall not exceed:
 - (a) 30 consecutive calendar days or the time required with exercise of due diligence and dispatch to reproduce the data thereon from duplicates or from originals of the previous generation, whichever is less; or

(b) the length of time that would be required to rebuild, repair or replace such other property herein described as has been damaged or destroyed, but not exceeding twenty-four (24) calendar months,

whichever is the greater length of time.

DEFINITIONS

1. **GROSS EARNINGS** are for the assessment of premium and for adjustment in the event of loss defined as, the sum of:

(a) total net sales value of production or sales of merchandise,

and

(b) other earnings derived from the operations of the business,

LESS THE COST OF

(c) raw stock from which production is derived

(d) supplies consisting of materials consumed directly in the conversion of such raw stock into finished stock, or in supplying the services sold by the Assured,

(e) merchandise sold including packaging materials therefor,

(f) materials and supplies consumed directly in supplying the service(s) sold by the Assured,

(g) service(s) purchased from outsiders (not employees of the Assured) for resale which do not continue under contract,

(h) the difference between the cost of production and the net selling price of finished stock which has been sold but not delivered.

No other costs shall be deducted in determining Gross Earnings.

In determining Gross Earnings due consideration shall be given to the experience of the business before the date of loss or damage and the probable experience thereafter had loss not occurred.

2. RAW STOCK

Material in the state in which the Assured receives it for conversion into finished stock.

3. STOCK IN PROGRESS

Raw stock which has undergone any ageing, seasoning, mechanical or other process of manufacture at the Assured's premises but which has not become finished stock.

4. FINISHED STOCK

Stock manufactured by the Assured which in the ordinary course of the Assured's business is ready for packing, shipment or sale.

5. MERCHANDISE

Goods kept for sale by the Assured which are not the product of manufacturing operations conducted by the Assured.

6. NORMAL

The condition that would have existed had loss not occurred.

856ROP00192

SAMPLE

ATTACH "DECLARATIONS" PAGE AND ENDORSEMENTS HERE

This is not a complete and valid contract without an accompanying DECLARATIONS PAGE FK 50 properly executed.

SHORT RATE CANCELLATION TABLE

FOR TERM OF ONE YEAR

Days Bond In Force	Percent of Ann. Prem. to be Charged	Days Bond In Force	Percent of Ann. Prem. to be charged	Days Bond In Force	Percent of Ann. Prem. to be charged	Days Bond In Force	Percent of Ann. Prem. to be charged	Days Bond In Force	Percent of Ann. Prem. to be charged	Days Bond In Force	Percent of Ann. Prem. to be charged
1	5%	37-40	21%	95-98	37%	154-158	53%	219-223	69%	292-298	85%
2	6	41-43	22	99-102	38	157-160	54	224-228	70	297-301	86
3-4	7	44-47	23	103-105	39	161-164	55	229-232	71	302-305	87
5-6	8	48-51	24	106-109	40	165-167	56	233-237	72	306-310	88
7-8	9	52-54	25	110-113	41	168-171	57	238-241	73	311-314	89
9-10	10	55-58	26	114-116	42	172-175	58	242-246	74	315-319	90
11-12	11	59-62	27	117-120	43	178-178	59	247-250	75	320-323	91
13-14	12	63-65	28	121-124	44	179-182	60	251-255	76	324-328	92
15-16	13	66-69	29	125-127	45	183-187	61	256-260	77	329-332	93
17-18	14	70-73	30	128-131	46	188-191	62	261-264	78	333-337	94
19-20	15	74-78	31	132-135	47	192-196	63	265-269	79	338-342	95
21-22	16	77-80	32	136-138	48	197-200	64	270-273	80	343-346	96
23-25	17	81-83	33	139-142	49	201-205	65	274-278	81	347-351	97
26-29	18	84-87	34	143-146	50	206-209	66	278-282	82	352-355	98
30-32	19	88-91	35	147-149	51	210-214	67	283-287	83	356-360	99
33-36	20	92-94	36	150-153	52	215-218	68	288-291	84	361-365	100

FOR TERM OF THREE YEARS

Percent of Premium to be Charged			Percent of Premium to be Charged			Percent of Premium to be Charged			Percent of Premium to be Charged		
Time Days	Paid In Advance	Inst. Basis	Time Days	Paid In Advance	Inst. Basis	Time Days	Paid In Advance	Inst. Basis	Time Days	Paid In Advance	Inst. Basis
365	40.0000%	36.0953%	546	54.8782%	53.4441%	730	70.0030%	69.0473%	911	84.8812%	84.3961%
396	42.5482	40.7241	577	57.4264	56.0729	761	72.5512	71.6761	942	87.4294	87.0249
424	44.8498	43.0985	608	59.9746	58.7017	789	74.8528	74.0505	973	89.9776	89.6537
455	47.3980	45.7273	638	62.4406	61.2457	820	77.4010	76.6793	1003	92.4436	92.1977
485	49.8640	48.2713	669	64.9888	63.8745	850	79.8670	79.2233	1033	94.9096	94.7417
516	52.4122	50.9001	699	67.4546	66.4185	881	82.8521	81.8521	1064	97.4578	97.3705

For each intermediate day not included in the above table, add to the appropriate percentages above, before applying to three-year premium, the following:

(a) .0822%, when premium is on a "Paid in Advance" basis. (b) .0848%, when premium is on "Installment" basis.

The foregoing table cannot be used on term bonds that do not have the same rate or premium factors throughout the full term. In such case the earned premium shall be arrived at as follows:

1. Determine full annual premium as for a bond written for a term of one year.
2. Deduct such premium from the full bond premium, and on the remainder calculate the pro rata earned premium on the basis of the ratio of the length of time beyond one year for which the bond was originally written.
3. Add premium produced in accordance with items (1) and (2) to obtain earned premium during full period bond has been in force.

Note: On term bonds in force for 12 months or less, apply the standard short rate table for one year to a full annual premium determined as for a bond written for a term of one year.

GENERAL AGREEMENTS (Continued)

C. **Loss Under Prior Bond or Policy.** If the coverage of an Insuring Agreement of this Policy, other than Insuring Agreement V, is substituted for any prior bond or policy of insurance carried by the Insured or by any predecessor in interest of the Insured, which prior bond or policy is terminated, canceled or allowed to expire as of the time of such substitution, the Company agrees that such Insuring Agreement applies to loss which is discovered as provided in Section 1 of the Conditions and Limitations and which would have been recoverable by the Insured or such predecessor under such prior bond or policy except for the fact that the time within which to discover loss there under had expired; provided:

- (1) the insurance under this General Agreement C shall be a part of and not in addition to the amount of insurance afforded by the applicable Insuring Agreement of this Policy;
- (2) such loss would have been covered under such Insuring Agreement had such Insuring Agreement with its agreements, conditions and limitations as of the time of such substitution been in force when the acts or events causing such loss were committed or occurred; and
- (3) recovery under such Insuring Agreement on account of such loss shall in no event exceed the amount which would have been recoverable under such Insuring Agreement in the amount for which it is written as of the time of such substitution, had such Insuring Agreement been in force when such acts or events were committed or occurred, or the amount which would have been recoverable under such prior bond or policy had such prior bond or policy continued in force until the discovery of such loss, if the later amount be smaller.

Insuring Agreement V shall also cover loss sustained by the Insured at any time before the termination or cancellation of Insuring Agreement V, which would have been recoverable under the coverage of some similar form of forgery insurance (exclusive of fidelity insurance) carried by the Insured or any predecessor in interest of the Insured, had such prior forgery insurance given all of the coverage afforded under Insuring Agreement V; provided, with respect to loss covered by this paragraph:

- (a) the coverage of Insuring Agreement V is substituted on or after the date hereof for such prior forgery coverage and the Insured or such predecessor, as the case may be, carried such prior forgery coverage on the office at which such loss was sustained continuously from the time such loss was sustained to the date the coverage of Insuring Agreement V was substituted therefore;
- (b) at the time of discovery of such loss, the period for discovery of loss under all such prior forgery insurance has expired; and
- (c) if the amount of insurance carried under Insuring Agreement V applicable to the office at which such loss is sustained is larger than the amount applicable to such office under such prior forgery insurance, and in force at the time such loss is sustained, then liability hereunder for such loss shall not exceed the small amount.

CONDITIONS AND LIMITATIONS

Section 1. Policy Period, Territory, Discovery. Loss is covered under this Policy only if discovered not later than one year from the end of the Policy Period.

Subject to General Agreement C:

- (a) this Policy, except under Insuring Agreements I and V, applies only to loss which occurs during this Policy Period within any of the States of the United States of America, the District of Columbia, Virgin Islands, Puerto Rico, Canal Zone or Canada;
- (b) Insuring Agreement I applies only to loss sustained by the Insured through fraudulent or dishonest acts committed during the Policy Period by any of the Employees engaged in the regular service of the Insured within the territory designated above or while such Employees are elsewhere for a limited period;
- (c) Insuring Agreement V applies only to loss sustained during the Policy Period.

Section 2. Exclusions. This Policy does not apply:

- (a) to loss due to any fraudulent, dishonest, or criminal act by any Insured or a partner therein, whether acting alone or in collusion with others;
- (b) under Insuring Agreement I, to loss, or that part of any loss, as the case may be, the proof of which, either as to its factual existence or as to its amount, is dependent upon an inventory computation or a profit and loss computation;
- (c) under Insuring Agreements II and III, to loss due to any fraudulent, dishonest or criminal act by an Employee, director, trustee or authorized representative of any Insured, while working or otherwise and whether acting alone or in collusion with others; provided, this Exclusion does not apply to Safe Burglary or Robbery or attempt thereof;
- (d) under Insuring Agreements II and III, to loss due to war, whether or not declared, civil war, insurrection, rebellion or revolution, or to any act or condition incident to any of the foregoing;
- (e) under Insuring Agreements II and III, to loss (1) due to the giving or surrendering of Money or Securities in any exchange or purchase; (2) due to accounting or arithmetical errors or omissions; or (3) of manuscripts, books of account or records;
- (f) under Insuring Agreement II, to loss of Money contained in coin operated amusement devices or vending machines, unless the amount of Money deposited within the device or machine is recorded by a continuous recording instrument therein;
- (g) under Insuring Agreement III, to loss of Insured property while in the custody of any armored motor vehicle company, unless such loss is in excess of the amount recovered or received by the Insured under (1) the Insured's contract with said armored motor vehicle company, (2) insurance carried by said armored motor vehicle company for the benefit of users of its service, and (3) all other insurance and indemnity in force in whatsoever form carried by or for the benefit of users of said armored motor vehicle company's service, and then this Policy shall cover only such excess;
- (h) under Insuring Agreements II and III, to loss due to nuclear reaction, nuclear radiation or radioactive contamination, or to any act or condition incident to any of the foregoing;
- (i) under Insuring Agreement II, to loss, other than to money, securities, safe or vault, by fire whether or not such fire is caused by, contributed to by or arises out of the occurrence of a hazard insured against;
- (j) except as may be specifically stated to the contrary in the policy or any applicable Endorsement, to the defense of any legal proceeding brought against the Insured, or to fees, costs or expenses incurred or paid by the Insured in prosecuting or defending any legal proceeding whether or not such proceeding results or would result in a loss to the Insured covered by this policy;
- (k) in addition to the existing Exclusions in the policy, to (1) potential income, including but not limited to interest and dividends, not realized by the Insured because of a loss covered under this Policy. (2) all damages of any type for which the Insured is legally liable, except direct compensatory damages arising from a loss covered under this Policy. (3) all costs, fees, and other expenses incurred by the Insured in establishing the existence of or amount of loss covered under this Policy.

CONDITIONS AND LIMITATIONS (Continued)

Section 3. Definitions. The following terms, as used in this Policy, shall have the respective meanings stated in this Section:

"Money" means currency, coins, bank notes and bullion; and travelers checks, register checks and money orders held for sale to the public.

"Securities" means all negotiable and non-negotiable instruments or contracts representing either Money or other property and includes revenue and other stamps in current use, tokens and tickets, but does not include Money.

"Employee" means any natural person (except a director or trustee if the Insured, if a corporation, who is not also an officer or employee thereof in some other capacity) while in the regular service of the Insured in the ordinary course of the Insured's business during the Policy Period and whom the Insured compensates by salary, wages or commissions and has the right to govern and direct in the performance of such service, does not mean any broker, factor, commission merchant, consignee, contractor or other agent or representative of the same general character. As applied to loss under Insuring Agreement I, the above words "while in the regular service of the Insured" shall include the first 30 days thereafter; subject, however, to Sections 15 and 16.

"Premises" means the interior of that portion of any building, which is occupied by the Insured in conducting its business.

"Banking Premises" means the interior of that portion of any building, which is occupied by a banking institution in conducting its business.

"Messenger" means the Insured or a partner of the Insured or any Employee who is duly authorized by the Insured to have the care and custody of the Insured property outside the Premises.

"Custodian" means the Insured or a partner of the Insured or any Employee who is duly authorized by the Insured to have the care and custody of the insured property within the Premises, excluding any person while acting as a watchman, porter or janitor.

"Robbery" means the taking of insured property (1) by violence inflicted upon a Messenger or a Custodian; (2) by putting him in fear of violence; (3) by any other overt felonious act committed in his presence and of which he was actually cognizant, provided such other act is not committed by a partner or Employee of the Insured; (4) from the person or direct care and custody of a Messenger or custodian who has been killed or rendered unconscious; or (5) under Insuring Agreement II, (a) from within the Premises by means of compelling a Messenger or Custodian by violence or threat of violence while outside the Premises to admit a person into the Premises or to furnish him with means of ingress into the Premises, or (b) from a showcase or show window within the Premises while regularly open for business, by a person who has broken the glass thereof from outside the Premises.

"Safe Burglary" means (1) the felonious abstraction of insured property from within a vault or safe, the door of which is equipped with a combination lock, located within the Premises by a person making felonious entry into such vault or such safe and any vault containing the safe, when all doors thereof are duly closed and locked by all combination locks thereon, provided such entry shall be made by actual force and violence, of which force and violence there are visible marks made by tools, explosives, electricity or chemicals upon the exterior of (a) all of said doors of such vault or such safe and any vault containing the safe, if entry is made through such doors, or (b) the top, bottom or walls of such vault or such safe and any vault containing the safe through which entry is made, if not made through such doors, or (2) the felonious abstraction of such safe from within the Premises.

"Loss", except under Insuring Agreement I and V, includes damage.

Section 4. Loss Caused by Unidentifiable Employees. If a loss is alleged to have been caused by the fraud or dishonesty of any one or more of the Employees and the Insured shall be unable to designate the specific Employee or Employees causing such loss, the Insured shall nevertheless have the benefit of Insuring Agreement I, subject to the provisions of Section 2(b) of this Policy, provided that the evidence submitted reasonably proves that the loss was in fact due to the fraud or dishonesty of one or more of the said Employees, and provided, further, that the aggregate liability of the Company for any such loss shall not exceed the Limit of Liability applicable to Insuring Agreement I.

Section 5. Ownership of Property; Interests Covered. The insured property may be owned by the Insured, or held by the Insured in any capacity whether or not the Insured is liable for the loss thereof, or may be property as respects which the Insured is legally liable; provided, Insuring Agreements II, III and IV apply only to the interest of the Insured in such property, including the Insured's liability to others, and do not apply to the interest of any other person or organization in any of said property unless included in the Insured's proof of loss, in which event the third paragraph of Section 8 is applicable to them.

Section 6. Books and Records. The Insured shall keep records of all the insured property in such manner that the Company can accurately determine there from the amount of loss.

Section 7. Prior Fraud, Dishonesty or Cancellation. The coverage of Insuring Agreement I shall not apply to any Employee from and after the time that the Insured or any partner or officer thereof not in collusion with such Employee shall have knowledge or information that such Employee has committed any fraudulent or dishonest act in the service of the Insured or otherwise, whether such act be committed before or after the date of employment by the Insured. If, prior to the issuance of this Policy, any fidelity insurance in favor of the Insured and covering one or more of the Insured's Employees by reason of giving of written notice of cancellation by the insurer issuing such fidelity insurance, whether the Company or not, and if such Employees shall not have been reinstated under the coverage of said fidelity insurance or superseding fidelity insurance, the Company shall not be liable on account of such Employees unless the Company shall agree in writing to include such Employees within the coverage of Insuring Agreement I.

Section 8. Loss-Notice-Proof-Action Against Company. Upon knowledge or discovery of loss or of an occurrence which may give rise to a claim for loss, the Insured shall: (a) give notice thereof as soon as practicable to the Company or any of its authorized agents and except under Insuring Agreements I and V, also to the police if the loss is due to a violation of law; (b) file detailed proof of loss, duly sworn to, with the Company within four months after the discovery of loss. Proof of loss under Insuring Agreement V shall include the instrument which is the basis of claim for such loss, or if it shall be impossible to file such instrument, the affidavit of the Insured or the Insured's bank of deposit setting forth the amount and cause of loss shall be accepted in lieu thereof. Upon the Company's request, the Insured shall submit to examination by the Company, subscribe the same, under oath if required, and produce for the Company's

examination all pertinent records, all at such reasonable times and places as the Company shall designate, and shall cooperate with the Company in all matters pertaining to loss or claims with respect thereto. No action shall lie against the Company unless, as a condition precedent thereto, there shall have been full compliance with all the terms of this Policy, nor until ninety days after the required proofs of loss have been filed with the Company, nor at all unless commenced within two years from the date when the Insured discovers the loss. If any limitation of time for notice of loss or any legal proceeding herein contained is shorter than that permitted to be fixed by agreement under any statute controlling the construction of this Policy, the shortest permissible statutory limitation of time shall govern and shall supersede the time limitation herein stated.

Section 9. Valuation-Payment-Replacement. In no event shall the Company be liable as respects Securities for more than the actual cash value thereof at the close of business on the business day next preceding the day on which the loss was discovered, nor as respects other property, for more than the actual cash value thereof at the time of loss; provided, however, the actual cash value of such other property held by the Insured as a pledge, or as collateral for an advance or a loan, shall be deemed not to exceed the value of property as determined and recorded by the Insured when making the advance or loan, nor, in the absence of such record, the unpaid portion of the advance or loan plus accrued interest thereon at legal rates. The Company may, with the consent of the Insured, settle any claim for loss of property with the owner thereof. Any property for which the Company has made indemnification shall become the property of the Company. In case of damage to the Premises or loss of property other than Securities, the Company shall not be liable for more than the actual cash value of such property, or for more than the actual cost of repairing such Premises or property or of replacing same with property or material of like quality and value. The Company may, at its election, pay such actual cash value, or make such repairs or replacements. If the Company and the Insured cannot agree upon such cash value or such cost of repairs or replacements, such cash value or such cost shall be determined by arbitration.

Section 10. Recoveries. If the Insured shall sustain any loss covered by this Policy which exceeds the applicable amount of insurance hereunder, the Insured shall be entitled to all recoveries (except from surety ship, insurance, reinsurance, security or indemnity taken by or for the benefit of the Company) by whomsoever made, on account of such loss under this Policy until fully, reimbursed, less the actual cost of effecting the same; and any remainder shall be applied to the reimbursement of the Company.

Section 11. Limits of Liability. Payment of loss under Insuring Agreement I or V shall not reduce the Company's liability for other losses under the applicable Insuring Agreement whenever sustained. The Company's total liability (a) under Insuring Agreement I for all loss caused by any Employee or in which such Employee is concerned or implicated or (b) under Insuring Agreement V for all loss by forgery or alteration committed by any person or in which such person is concerned or implicated, whether such forgery or alteration involves one or more instruments, is limited to the applicable amount of insurance specified in the Table of Limits of Liability or endorsement amendatory thereto. The liability of the Company for loss sustained by any or all of the Insured shall not exceed the amount for which the Company would be liable had all such loss been sustained by any of the Insured. Except under Insuring Agreements I and V, the applicable limit of liability stated in the Table of Limits of Liability is the total limit of the Company's liability with respect to all loss of property of one or more persons or organizations arising out of any one occurrence. All loss incidental to an actual or attempted fraudulent, dishonest or criminal act or series of related acts at the Premises, whether committed by one or more persons, shall be deemed to arise out of one occurrence. Regardless of the number of years this Policy shall continue in force and the number of premiums which shall be payable or paid, the limit of the Company's liability as specified in the Table of Limits of Liability shall not be cumulative from year to year or period to period.

Section 12. Limit of Liability Under This Policy and Prior Insurance. This Section shall apply only to Insuring Agreements I and V. With respect to loss caused by any person (whether one of the Employees or not) or in which such person is concerned or implicated or which is chargeable to any Employee as provided in Section 4 and which occurs partly during the Policy Period and partly during the period of other bonds or policies issued by the Company to the Insured or to any predecessor in interest of the Insured and terminated or canceled or allowed to expire and in which the period for discovery has not expired at the time any such loss there under is discovered, the total liability of the Company under this Policy and under such other bonds or policies shall not exceed, in the aggregate, the amount carried under the applicable Insuring Agreement of this Policy on such loss or the amount available to the Insured under such other bonds or policies, as limited by the terms and conditions thereof, for any such loss, if the latter amount be the larger.

Section 13. Other Insurance. If there is available to the Insured any other insurance or indemnity covering any loss covered by Insuring Agreement I or V, the Company shall be liable hereunder only for that part of such loss which is in excess of the amount recoverable or recovered from such other insurance or indemnity, except that if such other insurance or indemnity is a bond or policy of fidelity insurance, any loss covered under both such fidelity insurance and Insuring Agreement V. Any loss covered under both Insuring Agreements I and V shall first be paid under Insuring Agreement V and the excess, if any, shall be paid under Insuring Agreement I. The Company waives any right of contribution which it may have against any forgery insurance carried by any depository bank which is indemnified under Insuring Agreement V. Under any other Insuring Agreement, if there is any valid and collectible insurance which would apply in the absence of such Insuring Agreement, the insurance under this Policy shall apply only as excess insurance over such other insurance; provided, the insurance shall not apply (a) to property which is separately described and enumerated and specifically insured in whole or in part by any other insurance; or (b) to property otherwise insured unless such property is owned by the Insured.

Section 14. Subrogation. In the event of any payment under this Policy, the Company shall be subrogated to all the Insured's rights of recovery therefore against any person or organization and the Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing after loss to prejudice such rights.

Section 15. Cancellation as to Any Employee. Insuring Agreement I shall be deemed canceled as to any Employee: (a) immediately upon discovery by the Insured, or by any partner or officer thereof not in collusion with such Employee, of any fraudulent or dishonest act on the part of such Employee; or (b) at noon, standard time as aforesaid upon the effective date specified in a written notice mailed to the Insured. Such date shall be not less than fifteen days after the date of mailing. The mailing by the Company of notice as aforesaid to the Insured at the address shown in this Policy shall be sufficient proof of notice. Delivery of such written notice by the Company shall be equivalent of mailing.

Section 16. Cancellation of Policy or Insuring Agreement. This Policy or any Insuring Agreement may be canceled by the Insured by mailing to the Company written notice stating when thereafter the cancellation shall be effective. This Policy or any Insuring Agreement may be canceled by the Company by mailing to the Insured at the address shown in this Policy written notice stating when not less than fifteen days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The effective date of cancellation stated in the notice shall become the end of the Policy Period for any affected Insuring Agreement. Delivery of such written notice either by the Insured or by the Company shall be equivalent to mailing. If the Insured cancels, earned premium shall be computed in accordance with the customary short rate table and procedure. If the Company cancels, earned premium shall be computed pro rata. Premium adjustment may be made either at the time cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

Section 17. No Benefit to Bailee. This Section shall apply only to Insuring Agreements II and III. The insurance ed by this Policy shall not insure directly or indirectly to the benefit of any carrier or other bailee for hire.

Section 18. Assignment. Assignment of interest under this Policy shall not bind the Company until its consent is endorsed hereon; if, however, the Insured shall die, this Policy shall cover the Insured's legal representative as insured; provided that notice of cancellation addressed to the Insured named in the Declarations and mailed to the addressed shown in this Policy shall be sufficient notice to effect cancellation of this Policy.

Section 19. Changes. Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this Policy be waived or changed, except by endorsement issued to form a part of this Policy signed by a duly authorized officer or representative of the Company. By acceptance of this Policy the Insured agrees that it embodies all agreements existing between the Insured and the Company or any of its agents relating to this insurance.

IN WITNESS WHEREOF, the Company designated on the Declarations Page has caused this policy to be signed by its President and Secretary, but this policy shall not be valid unless countersigned on the Declarations Page by a duly authorized representative of the Company.

Manager

President

Jacket Page 9

GUAM
WATERWORKS
AUTHORITY

COMPREHENSIVE 3D
POLICY
SPECIMEN

**“Terms and Conditions contained therein will be
provided to the Authority without change”**



MOYLAN'S INSURANCE UNDERWRITERS, INC.
Home of the Good Guys and Gals
424 W OBrien Dr Ste 102
Hagatna GU 96910



COMPREHENSIVE 3D POLICY DECLARATIONS

issued by DONGBU INSURANCE CO., LTD.

Policy Number :

Named Insured :
Address :

Policy Period : effective from 12:01 am on ____ to 12:01 am on _____ or the effective date of the cancellation or termination of this policy, standard time at the principal address as to each of said dates.

Premium and Table of Limits of Liability : The insurance afforded is only with respect to such of the following insuring agreements as are indicated by specific premium charge or charges. The limit of the Company's liability against each such insuring agreement shall be as stated herein, subject to all the terms of the policy having reference thereto.

	Insuring agreement	Limit of Liability	Premiums
I	Employee Dishonesty Coverage – Form A		
II	Loss Inside the Premises Coverage		
III	Loss Outside the Premises Coverage		
IV	Depositors Forgery Coverage		
V	Money Orders and Counterfeit Paper Currency Coverage if added by endorsement		

Total Premium :

Endorsement(s) : The liability of the Company is subject to the terms of the following endorsements attached hereto:

Territory, Service of Suit Clause, Jurisdiction Clause, Cancellation Clause, Multi Year Endorsement, Payment Schedule Agreement

Deductible :

The Insured the acceptance of this policy gives notice to the Company terminating or canceling prior bond(s) or policy(ices) number(s), if any, listed below, such termination or cancellation to be effective as of the time this policy becomes effective.

IN WITNESS WHEREOF, the Company has caused this policy to be signed by its duly authorized representative.

DONGBU INSURANCE CO., LTD.

Date: _____

By: _____
Authorized Signature
Moylan's Insurance Underwriters, Inc.
Hagatna Branch
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

TERRITORY

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, this policy applies to Guam.

Date Issued: _____

By: _____

Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

JURISDICTION

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, this insurance shall be governed by and construed in accordance with the laws of Guam and the exclusive jurisdiction of the USA including Guam Courts. The seat of arbitration shall be Guam.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Payment Schedule Agreement

Insured's Name: _____

Installment No.	Amount Due	Due Date	Due Date	Due Date	Due Date	Due Date
Beginning Balance	\$					
1						
2						
3						
4						
5						
6						

By acknowledging this Payment Schedule Agreement ("Agreement"), the Insured understands and agrees that failure to make payments according to the Agreement shall cause the entire unpaid balance to become due.

In the event it becomes necessary to retain the services of an attorney in our collection efforts, the Insured agrees to pay any and all attorney's fees equivalent to 15% of the unpaid balance.

Any unpaid balance shall be assessed interest at the rate of 12% per annum.

The Insured further understands and agrees that if a Total Loss claim is filed against the policy, the premium balance will be deducted from the loss proceeds. For Partial Losses, the payment schedule will remain the same. Where the payment schedule has not been followed and a claim has been filed, the Insured agrees that premium payments must be paid in FULL prior to settlement.

Nothing contained in this Agreement shall be construed to vary, alter, waive or change any of the terms, limits or conditions of the policy except as set forth herein.

This Agreement is effective _____

This Agreement shall be attached to and shall form part of Policy No. _____ issued by Dongbu Insurance Company

Dongbu Insurance Co. Ltd.
 By: Moylan's Insurance Underwriters, Inc.
 General Agent

Insured:

 Authorized Signature
 Date:

 Signature of Insured
 Date:

Name Insured: _____

Policy No. _____

MULTI-YEAR POLICY ENDORSEMENT

In consideration of the % Term Discount given the Insured for the ____ () years term of this policy, it is hereby understood and agreed that:

- (A) In the event the insured elects to have policy cancelled before the expiry of the ____ year term, the Insured shall refund to the company the equivalent of the % discount on the premium earned; such earned premium to be computed short rate on the gross annual premium, when cancellation is effected other than on the annual anniversary date of the policy.

- (B) In the event the company cancels the policy before the expiry of the ____ year term, the insured shall not be obligated to refund any part of the % term discount. Any earned premium shall be computed on pro rata basis.

All other policy terms and conditions remain unaltered.

DONGBU INSURANCE CO., LTD.

Effective Date: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Comprehensive 3D Insurance Policy

Moylan's Insurance Underwriters, Inc.
Suite 102 Julale Center, 424 West O'Brien Drive
Hagatna, Guam 96910
Tel No. (671) 477-8616, 7500, 8150
Fax No. (671) 477-1837

General Agent for:



Dongbu Insurance Co., Ltd.
Seoul, Korea

PLEASE READ YOUR POLICY. If incorrect return for immediate correction. Carefully note
Condition requiring immediate notice of every occurrence, claim or suit.

The Company agrees with the Insured named in the Declarations made a part hereof, in consideration of the premium and subject to the Declarations made a part hereof, the Insuring Agreements, Conditions and Limitations and other terms of this policy, to pay the Insured for:

INSURING AGREEMENTS

- I. **Employee Dishonesty Coverage – Form A.** Loss of Money, Securities and other property which the Insured shall sustain, to an amount not exceeding in the aggregate the amount stated in the Table of Limits of Liability applicable to this Insuring Agreements I, resulting directly from one or more fraudulent or dishonest acts committed by an Employee, acting alone or in collusion with others.

Dishonest or fraudulent acts as used in this Insuring Agreement shall mean only dishonest or fraudulent acts committed by such Employee with the manifest intent:

- (a) to cause the Insured to sustain such loss; and
- (b) to obtain financial benefit for the Employee, or for any other person or organization intended by the Employee to receive such benefit, other than salaries, commissions, fees, bonuses, promotions, awards; profit sharing, pensions or other employee benefits earned in the normal course of employment.

- II. **Loss Inside the Premises Coverage.** Loss of Money and Securities by the actual destruction, disappearance or wrongful abstraction thereof within the Premises or within any Banking Premises or similar recognized places of safe deposit. Loss of (a) other property by Safe Burglary or Robbery within the Premises or attempt thereat, and (b) a locked cash drawer, cash box or cash register by felonious entry into such container within the Premises or attempt thereat or by felonious abstraction of such container from within the Premises or attempt thereat.

Damage to the Premises by such Safe Burglary, Robbery or felonious abstraction, or by or following burglarious entry into the Premises or attempt thereat, provided with respect to damage to the Premises the Insured is the owner thereof or is liable for such damage.

- III. **Loss Outside the Premises Coverage.** Loss of Money and Securities by the actual destruction, disappearance or wrongful abstraction thereof outside the Premises while being conveyed by a Messenger or any armored motor vehicle company, or while within the living quarters in the home of any Messenger.

Loss of other property by Robbery or attempt thereat outside the Premises while being conveyed by a Messenger or any armored motor vehicle company, or by theft while within the living quarters in the home of any Messenger.

- IV. **Money Orders and Counterfeit Paper Currency Coverage.** Loss due to the acceptance in good faith, in exchange for merchandise, Money or services, of any post office or express money order, issued or purporting to have been issued by any post office or express company, if such money order is not paid upon presentation, or due to the acceptance in good faith in the regular course of business of counterfeit United States or Canadian paper currency.

- V. **Depositors Forgery Coverage.** Loss which the Insured or any bank which is included in the Insured's proof of loss and in which the Insured carries a checking or savings account, as their respective interests may appear, shall sustain through forgery or alteration of, on or in any check, draft, promissory note, bill of exchange, or similar written promise, order or direction to pay a sum certain in money, made or drawn by one acting as agent of the Insured, or purporting to have been made or drawn as hereinbefore set forth, including

- (a) any check or draft made or drawn in the name of the Insured, payable to a fictitious payee and endorsed in the name of such fictitious payee;

- (b) any check or draft procured in a face to face transaction with the Insured, or with one acting as agent of the Insured, by anyone impersonating another and made or drawn payable to the one so impersonated and endorsed by anyone other than the one so impersonated; and
- (c) any payroll check, payroll draft or payroll order made or drawn by the Insured, payable to bearer as well as to a named payee and endorsed by anyone other than the named payee without authority from such payee; whether or not any endorsement mentioned in (a), (b) or (c) be a forgery within the law of the place controlling the construction thereof.

Mechanically reproduced facsimile signatures are treated the same as handwritten signatures.

The Insured shall be entitled to priority of payment over loss sustained by any bank aforesaid. Loss under this Insuring Agreement, whether sustained by the Insured or such bank, shall be paid directly to the Insured in its own name, except in cases where such bank shall have already fully reimbursed the Insured for such loss. The liability of the Company to such bank for such loss shall be a part of and not in addition to the amount of insurance applicable to the Insured's office to which such loss would have been allocated had such loss been sustained by the Insured.

If the Insured or such bank shall refuse to pay any of the foregoing instruments are forged or altered, and such refusal shall result in suit being brought against the Insured or such bank to enforce such payment and the Company shall give its written consent to the defense of such suit, then any reasonable attorneys' fees, court costs, or similar legal expenses incurred and paid by the Insured or such bank in such defense shall be constructed to be a loss under this Insuring Agreement and the liability of the Company for such loss shall be in addition to any other liability under this Insuring Agreement.

GENERAL AGREEMENTS

- A. Consolidation – Merger. If, through consolidation or merger with, or purchase of assets of, some other concern, any persons shall become Employees or if the Insured shall thereby acquire the use and control of any additional Premises, the insurance afforded by this Policy shall also apply as respects such Employees and Premises, provided the Insured shall give the Company written notice thereof within thirty days thereafter and shall pay the Company an additional premium computed pro rata from the date of such consolidation, merger or purchase to the end of the current premium period.
- B. Joint Insured. If more than one Insured is covered under this Policy, the Insured first named shall act for itself and for every other Insured for all purposes of this Policy. Knowledge possessed or discovery made by any Insured or by any partner or officer thereof shall, for the purposes of Sections 7, 8 and 15 constitute knowledge possessed or discovery made by every Insured. Cancellation of the insurance hereunder as respects any Employee as provided in Section 15 shall apply to every Insured. If, prior to the cancellation or termination of this Policy, this Policy or any Insuring Agreement hereof is canceled or terminated as to any Insured, there shall be no liability for any loss sustained by such Insured unless discovered within one year from the date of such cancellation or termination. Payment by the Company to the Insured first named of any loss under this Policy shall fully release the Company on account of such loss. If the Insured first named ceases for any reason to be covered under this Policy, then the Insured next named shall thereafter be considered as the Insured first named for all purposes of this Policy.