

# COMMERCIAL LINES POLICY



*A member of Meadowbrook® Insurance Group*

**26255 American Drive  
Southfield, MI 48034  
(800) 482-2726 or (248) 358-1100**



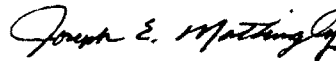
**McGRIFF, SEIBELS & WILLIAMS OF TEXAS, INC.**

404 East Ramsey Road, Suite 108 / San Antonio, Texas 78216  
TEL—(210) 695-8582

*In Witness Whereof, we have caused this policy to be executed and attested, and if required by state law, this policy shall not be valid unless countersigned by our authorized representative (void in Arizona and Virginia).*



Secretary of Star Insurance Company



President of Star Insurance Company



## **STAR INSURANCE COMPANY**

### **PUBLIC ENTITY EXCESS LIABILITY FORMS**

#### *Hidalgo County*

Policy Number: CP 02678 72

|            |         |                                                    |
|------------|---------|----------------------------------------------------|
| JCL 00 01  | (12/03) | Company Identification Page                        |
| 09 15 IL   | (09/03) | Signature Page                                     |
| 4563 IL    | (08/06) | Declarations Page                                  |
| CG 00 01   | (11/88) | ISO General Liability Coverage Form                |
| CG 2135    | (01/87) | <del>Exclusion — Coverage C—Medical Payments</del> |
| CG 2425    | (04/02) | Limited Fungi or Bacteria Coverage                 |
| IL 0017    | (11/98) | ISO Common Policy Conditions                       |
| IL 0021    | (07/02) | ISO Nuclear Energy Liability Exclusion Endorsement |
| IL 0275    | (10/01) | Texas Cancellation and Non Renewal Endorsement     |
| SNS 1002   | (05/03) | Amendatory Endorsement—Workers' Compensation       |
| SNS 1005   | (05/03) | Municipality Endorsement                           |
| SNS 1008   | (05/03) | Excess Workers' Compensation Endorsement           |
| SNS 1010   | (05/03) | SIR Endorsement                                    |
| SNS 1017   | (08/06) | Texas Policy Holder Notice                         |
| SNS GEN 01 | (01/08) | General Endorsement                                |
| SNS GEN 02 | (01/08) | General Endorsement                                |
| SNS GEN 03 | (01/08) | General Endorsement                                |
| SNS GEN 04 | (01/08) | General Endorsement                                |



26600 Telegraph Road  
Southfield, MI 48034-2438  
Tel: (800) 482-2726  
for information, assistance, inquiries  
on coverage, claims

## PUBLIC ENTITY EXCESS LIABILITY POLICY DECLARATIONS

|                                    |                                                                                                                                  |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| Producer Name and Mailing Address: | London American Risk Specialists, Inc.<br>Campbell Center II, 8150 N. Central Expwy., Suite 1450<br>Dallas, TX 75206             |
| Renewal of:                        | CP 02677 76                                                                                                                      |
| Policy No.:                        | CP 02678 72                                                                                                                      |
| Named Insured and Mailing Address: | Hidalgo County Purchasing Department<br>2812 S. Business 281<br>Hidalgo County New Administration Building<br>Edinburg, TX 78539 |
| Policy Period:                     | From 1/1/09 to 1/1/10 at 12:0am Standard Time at your mailing address shown above                                                |

In return for the payment of the premium, and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy.

Only a Coverage Form marked below with an "X" is part of this policy on its effective date:

- ☒ Excess General Liability  
☐ Excess Automobile \*1 Any Auto  
☒ Excess Workers' Compensation

Defense Costs/Claims Expenses are included in the Limit:

|                               |                                                                                                                   |                     |
|-------------------------------|-------------------------------------------------------------------------------------------------------------------|---------------------|
| Limit of Insurance:           | Each Accident or Occurrence Limit                                                                                 | <u>\$1,000,000.</u> |
|                               | Policy Aggregate Limit                                                                                            | <u>\$2,000,000.</u> |
|                               | Workers' Compensation                                                                                             | <u>\$Statutory</u>  |
| Self-Insured Limit Retention: | Liability other than W.C.                                                                                         | <u>\$1,000,000.</u> |
|                               | Workers' Compensation Liability                                                                                   | <u>\$350,000.</u>   |
| Advanced Premium:             |                                                                                                                   |                     |
|                               | <input checked="" type="checkbox"/> Flat <input type="checkbox"/> Adjustable (see Premium Adjustment Endorsement) | <u>\$161,131</u>    |

Endorsements attached to this Policy: JCL 00 01; 09 15 IL; 4563 IL; CG 00 01; CG 2135; CG 2425; IL 0017; IL 0021; IL 0275; SNS 1002; SNS 1005; SNS 1008; SNS 1010; SNS 1017; SNS GEN 01; SNS GEN 02; SNS GEN 03; SNS GEN 04.

Countersigned: \_\_\_\_\_

By \_\_\_\_\_

Authorized Representative

# **COMMERCIAL GENERAL LIABILITY COVERAGE FORM**

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, and any other person or organization qualifying as a Named Insured under this policy. 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 WHO IS AN INSURED (SECTION II).

Other words and phrases that appear in quotation marks have special meaning. Refer to DEFINITIONS (SECTION V).

## **SECTION I – COVERAGES**

### **COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY**

#### **1. Insuring Agreement.**

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend any "suit" seeking those damages. We may at our discretion investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in LIMITS OF INSURANCE (SECTION III); and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS – COVERAGES A AND B.

- b. This insurance applies to "bodily injury" and "property damage" only if:

- (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory;" and
- (2) The "bodily injury" or "property damage" occurs during the policy period.

- 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."

#### **2. Exclusions.**

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," provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement; 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:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) 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, seepage, migration, release or escape of pollutants:

- (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured;
- (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
- (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom you may be legally responsible; or

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations:

- (i) if the pollutants are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor; or
- (ii) if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants.

Subparagraphs (a) and (d)(i) do not apply to "bodily injury" or "property damage" arising out of 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.

(2) Any loss, cost or expense arising out of any:

- (a) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants; or
- (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of pollutants.

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.

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 equipment listed in paragraph f.(2) or f.(3) of the definition of "mobile equipment" (Section V.8.).
- 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. "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 the care, custody or control of the insured;

(5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are 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."

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

l. "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.

m. "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.

n. 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.

Exclusions c. through n. do not apply to damage by fire to premises rented to you. A separate limit of insurance applies to this coverage as described in LIMITS OF INSURANCE (SECTION III).

## **COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY**

### **1. Insuring Agreement.**

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal injury" or "advertising injury" to which this coverage part applies. We will have the right and duty to defend any "suit" seeking those damages. We may at our discretion investigate any "occurrence" or offense and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in LIMITS OF INSURANCE (SECTION III); and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverage A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS – COVERAGES A AND B.

- b. This insurance applies to:

- (1) "Personal injury" caused by an offense arising out of your business, excluding advertising, publishing, broadcasting or telecasting done by or for you;
- (2) "Advertising injury" caused by an offense committed in the course of advertising your goods, products or services;

but only if the offense was committed in the "coverage territory" during the policy period.

### **2. Exclusions.**

This insurance does not apply to:

- a. "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.

- b. "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.

## **COVERAGE C. MEDICAL PAYMENTS**

### **1. Insuring Agreement.**

- 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:
  - (1) The accident takes place in the "coverage territory" and during the policy period;
  - (2) The expenses are incurred and reported to us within one year of the date of the accident; and
  - (3) 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 applicable 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.

### **2. Exclusions.**

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

## **SUPPLEMENTARY PAYMENTS – COVERAGES A AND B**

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 the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
- 3. The cost of bonds to release attachments, but only for bond amounts within the applicable 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 applicable 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 the applicable limit of insurance.

These payments will not reduce the limits of insurance.

## SECTION II – 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, no employee 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, or the spouse, child, parent, brother or sister of that co-employee as a consequence of such "bodily injury" or "personal injury," or for any obligation to share damages with or repay someone else who must pay damages because of the injury; or
  - (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 Coverage Part.

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.

4. Any organization you newly acquire or form, other than a partnership or joint venture, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;

- b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
- c. Coverage B does not apply to "personal injury" or "advertising injury" arising out of an offense committed before you acquired or formed the organization.

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.

### SECTION III – 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 General Aggregate Limit is the most we will pay for the sum of:
  - a. Medical expenses under Coverage C;
  - b. Damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard;" and
  - c. Damages under Coverage B.
3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard."
4. Subject to 2. above, the Personal and Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal injury" and all "advertising injury" sustained by any one person or organization.
5. Subject to 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
  - a. Damages under Coverage A; and
  - b. Medical expenses under Coverage C because of all "bodily injury" and "property damage" arising out of any one "occurrence."

6. Subject to 5. above, the Fire Damage Limit is the most we will pay under Coverage A for damages because of "property damage" to premises rented to you arising out of any one fire.

7. Subject to 5. above, the Medical Expense Limit is the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person.

The limits of this Coverage Part 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.

### SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS

#### 1. Bankruptcy.

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

#### 2. Duties In The Event Of Occurrence, Claim Or Suit.

a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the "occurrence" or offense took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

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 which 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. Legal Action Against Us.

No person or organization has a right under this Coverage Part:

- 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 Coverage Part 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 Coverage Part 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.

### 4. Other Insurance.

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages A or B of this Coverage Part, our obligations are limited as follows:

#### a. Primary Insurance

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected

unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below.

#### b. Excess Insurance

This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis:

- (1) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work;"
- (2) That is Fire insurance for premises rented to you; or
- (3) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. of Coverage A (Section I).

When this insurance is excess, we will have no duty under Coverage A or B 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.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

#### c. Method of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

#### **5. Premium Audit.**

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the policy term is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

#### **6. Representations.**

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

#### **7. Separation Of Insureds.**

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part 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.

#### **8. Transfer Of Rights Of Recovery Against Others To Us.**

If the insured has rights to recover all or part of any payment we have made under this Coverage

Part, 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.

#### **9. When We Do Not Renew.**

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

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

### **SECTION V – 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 semi-trailer 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 airspace, 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 fulfill the terms of a contract or agreement;
- if such property can be restored to use by:
- a. The repair, replacement, adjustment or removal of "your product" or "your work;" or
  - b. Your fulfilling the terms of the contract or agreement.
6. "Insured contract" means:
- a. A lease of premises;
  - b. A sidetrack agreement;
  - c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
  - d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
  - e. An elevator maintenance agreement;
  - f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

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

- a. That indemnifies any person or organization for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
  - b. 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 the injury or damage;
  - c. Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in b. above and supervisory, inspection or engineering services; or
  - d. That indemnifies any person or organization for damage by fire 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, maintained primarily to provide mobility to 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. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of its owner, landlord or lessor;
- 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" occurring away from premises you own or rent and 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.
- 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;
- (2) The existence of tools, uninstalled equipment or abandoned or unused materials;
- (3) Products or operations for which the classification in this Coverage Part or in our manual of rules includes products or completed operations.

12. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss shall be deemed to occur at the time of the "occurrence" that caused it.

13. "Suit" means a civil proceeding in which damage because of "bodily injury," "property damage," "personal injury" or "advertising injury" to which this insurance applies are alleged. "Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which you must submit or do submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which you 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:

- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product;" and
- b. The providing of or failure to provide warnings or instructions.

"Your product" does not include vending machines or other property rented to or located 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.

"Your work" includes:

- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work;" and
- b. The providing of or failure to provide warnings or instructions.



|                                   |                                     |
|-----------------------------------|-------------------------------------|
| <b>POLICY NUMBER: CP 02678 72</b> | <b>COMMERCIAL GENERAL LIABILITY</b> |
| <b>Hidalgo County, TX</b>         |                                     |

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – COVERAGE C – MEDICAL PAYMENTS**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

### **SCHEDULE**

#### **Description and Location of Premises or Classification:**

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

With respect to any locations or classification shown in the Schedule, coverage C. MEDICAL PAYMENTS (Section I) does not apply and none of the references to it in the Coverage Part apply.

The following is added to SUPPLEMENTARY PAYMENTS (Section I):

8. Expenses incurred by the insured for first aid to others at the time of an accident for "bodily injury" to which this insurance applies.

|                                   |                                     |
|-----------------------------------|-------------------------------------|
| <b>POLICY NUMBER: CP 02678 72</b> | <b>COMMERCIAL GENERAL LIABILITY</b> |
| <b>Hidalgo County, TX.</b>        | <b>CG 24 25 04 02</b>               |

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **LIMITED FUNGI OR BACTERIA COVERAGE**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL GENERAL LIABILITY COVERAGE PART**

#### **SCHEDULE**

|                                                         |                                 |                            |
|---------------------------------------------------------|---------------------------------|----------------------------|
| <b>Fungi and Bacteria Liability<br/>Aggregate Limit</b> | <b>\$500,000 per occurrence</b> | <b>\$500,000 aggregate</b> |
|---------------------------------------------------------|---------------------------------|----------------------------|

**A.** The following exclusion is added to Paragraph 2., Exclusions of **Section I – Coverage B – Personal And Advertising Injury Liability**:

#### **2. Exclusions**

This insurance does not apply to:

- "Personal and advertising injury" arising out of a "fungi or bacteria incident".
- Any loss, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

**B.** Coverage provided by this insurance for "bodily injury" or "property damage", arising out of a "fungi or bacteria incident", is subject to the Fungi and Bacteria Liability Aggregate Limit as described in Paragraph C. of this endorsement. This provision **B.** does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for consumption.

**C.** The following are added to **Section III – Limits of Insurance**:

- Subject to Paragraphs 2. and 3. of Section III – Limits of Insurance, as applicable, the Fungi and Bacteria Liability Aggregate Limit shown in the Schedule of this endorsement is the most we will pay under Coverage A for all "bodily injury" or "property damage" and Coverage C. for Medical Payments arising out of one or more "fungi or bacteria incidents". This provision **C.1.** does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for consumption.

**2.** Paragraphs 5., the Each Occurrence Limit, Paragraph 6., the Damage To Premises Rented To You Limit, and Paragraph 7., the Medical Expense Limit, of Section III – Limits of Insurance continue to apply to "bodily injury" or "property damage" arising out of a "fungi or bacteria incident".

**D.** The following definitions are added to the **Definitions** Section:

- "Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.
- "Fungi or bacteria incident" means an incident which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

## COMMON POLICY CONDITIONS

All Coverage Parts included in this policy 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. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 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 cancelled, 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. 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.

### D. Inspections And Surveys

1. We have the right to:
  - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and

- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake 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:

- a. Are safe or healthful; or

- b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

### E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

### F. 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.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT**

**(Broad Form)**

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
FARM COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
PROFESSIONAL LIABILITY COVERAGE PART  
RAILROAD PROTECTIVE LIABILITY COVERAGE PART  
UNDERGROUND STORAGE TANK POLICY

†. The insurance 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, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
  - (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- B. Under any Medical Payments 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 any Liability Coverage, to "bodily injury" or "property damage" resulting from "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.

2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "Special nuclear material" or "by-product material".

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

"Spent fuel" means any fuel 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 the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a) Any "nuclear reactor";
- (b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing "spent fuel", or (3) handling, processing or packaging "waste";

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

(d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

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

"Property damage" includes all forms of radioactive contamination of property.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**TEXAS CHANGES –  
CANCELLATION AND NONRENEWAL PROVISIONS  
FOR CASUALTY LINES AND  
COMMERCIAL PACKAGE POLICIES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
EMPLOYMENT-RELATED PRACTICES LIABILITY  
FARM COVERAGE PART – FARM LIABILITY COVERAGE FORM  
LIQUOR LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

This endorsement also modifies insurance provided under the following when written as part of a Commercial Package Policy:

BOILER AND MACHINERY COVERAGE PART  
COMMERCIAL CRIME COVERAGE PART  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
EMPLOYMENT-RELATED PRACTICES LIABILITY  
FARM COVERAGE PART – FARM LIABILITY COVERAGE FORM  
FARM COVERAGE PART – FARM PROPERTY – FARM DWELLINGS, APPURTENANT STRUCTURES  
AND HOUSEHOLD PERSONAL PROPERTY COVERAGE FORM  
FARM COVERAGE PART – FARM PROPERTY – FARM PERSONAL PROPERTY COVERAGE FORM  
FARM COVERAGE PART – FARM PROPERTY – BARNs, OUTBUILDINGS AND OTHER FARM  
STRUCTURES COVERAGE FORM  
FARM COVERAGE PART – FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL  
COVERAGES, CONDITIONS, DEFINITIONS  
FARM COVERAGE PART – LIVESTOCK COVERAGE FORM  
FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT  
COVERAGE FORM  
GLASS COVERAGE FORM  
LIQUOR LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraph 2. of the **Cancellation** Common Policy  
Condition is replaced by the following:

2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, stating the reason for cancellation, at least 10 days before the effective date of cancellation.

However, if this policy covers a condominium association, and the condominium property contains at least one residence or the condominium declarations conform with the Texas Uniform Condominium Act, then the notice of cancellation, as described above, will be provided to the First Named Insured 30 days before the effective date of cancellation. We will also provide 30 days' written notice to each unit-owner to whom we issued a certificate or memorandum of insurance, by mailing or delivering the notice to each last mailing address known to us.

The permissible reasons for cancellation are as follows:

- a. If this policy has been in effect for 60 days or less, we may cancel for any reason except, that under the provisions of the Texas Insurance Code, we may not cancel this policy solely because the policyholder is an elected official.
- b. If this policy has been in effect for more than 60 days, or if it is a renewal or continuation of a policy issued by us, we may cancel only for one or more of the following reasons:
  - (1) Fraud in obtaining coverage;
  - (2) Failure to pay premiums when due;
  - (3) An increase in hazard within the control of the insured which would produce an increase in rate;
  - (4) Loss of our reinsurance covering all or part of the risk covered by the policy; or
  - (5) If we have been placed in supervision, conservatorship or receivership and the cancellation is approved or directed by the supervisor, conservator or receiver.

- B. The following condition is added and supersedes any provision to the contrary:

#### **NONRENEWAL**

1. We may elect not to renew this policy except, that under the provisions of the Texas Insurance Code, we may not refuse to renew this policy solely because the policyholder is an elected official.
2. This Paragraph, 2., applies unless the policy qualifies under Paragraph 3. below.

If we elect not to renew this policy, we may do so by mailing or delivering to the first Named Insured, at the last mailing address known to us, written notice of nonrenewal, stating the reason for nonrenewal, at least 60 days before the expiration date. If notice is mailed or delivered less than 60 days before the expiration date, this policy will remain in effect until the 61st day after the date on which the notice is mailed or delivered. Earned premium for any period of coverage that extends beyond the expiration date will be computed pro rata based on the previous year's premium.
3. If this policy covers a condominium association, and the condominium property contains at least one residence or the condominium declarations conform with the Texas Uniform Condominium Act, then we will mail or deliver written notice of nonrenewal, at least 30 days before the expiration or anniversary date of the policy, to:
  - a. The first Named Insured; and
  - b. Each unit-owner to whom we issued a certificate or memorandum of insurance.We will mail or deliver such notice to each last mailing address known to us.
4. If notice is mailed, proof of mailing will be sufficient proof of notice.
5. The transfer of a policyholder between admitted companies within the same insurance group is not considered a refusal to renew.

## **EXTENSION OF GENERAL LIABILITY COVERAGE EXCESS WORKERS' COMPENSATION ENDORSEMENT**

In consideration of the additional premium shown on Endorsement # SNS 1002, the Policy is extended to include coverage for Workers' Compensation as follows:

The **INSURER** does agree with the **INSURED**

- A. in consideration of the payment of all premiums by the **INSURED**,
- B. in consideration of the continued use of the **SERVICE COMPANY** designated in Endorsement # SNS 1002, Item -1- or any other **SERVICE COMPANY** agreed to, in writing, by the **INSURER**,
- C. in reliance upon the truth and completeness of all statements and representations made in the **SUBMISSION MATERIALS**, as specified in Endorsement # SNS 1002, Item -2-,
- D. in reliance upon the truth and completeness of all statements and representations made in the declarations, attached hereto and made a part hereof, and
- E. subject to all of the **CONDITIONS** of this **INSURANCE CONTRACT** as follows:

### CONDITION I -- INSURING AGREEMENT

The **INSURER** agrees to indemnify the **INSURED** for **LOSS**, in excess of the **SELF-INSURED RETENTION**, which **LOSS** is sustained, by the **INSURED**, because of liability imposed upon the **INSURED**

- A. by the **WORKERS' COMPENSATION ACT** of any state designated in Endorsement # SNS 1002, for damages on account of **BODILY INJURY** or **OCCUPATIONAL DISEASE**, which **BODILY INJURY** or **OCCUPATIONAL DISEASE** is
  - 1. a result of an **OCCURRENCE** during the **INSURANCE CONTRACT PERIOD**, and
  - 2. suffered by any **EMPLOYEE** of the **INSURED**, which are incidental to any of the **CLASSIFICATIONS OF OPERATIONS** which are designated in Endorsement # SNS 1002, Item 4, or
- B. by **LAW** for damages on account of **BODILY INJURY** or **OCCUPATIONAL DISEASE**, which **BODILY INJURY** or **OCCUPATIONAL DISEASE** is
  - 1. a result of an **OCCURRENCE** during the **INSURANCE CONTRACT PERIOD**, and
  - 2. suffered by an **EMPLOYEE** of the **INSURED**, but only if that **EMPLOYEE** is regularly engaged by the **INSURED**
    - a. in any of the **CLASSIFICATIONS OF OPERATIONS** which are designated in Endorsement # SNS 1002, Item -4-, and
    - b. in a state designated in Endorsement # SNS 1002, Item -3-, even if that **EMPLOYEE** may be temporarily outside such designated states in connection with operations which are conducted within such designated states.

### CONDITION II -- INDEMNITY FOR CLAIM EXPENSES

The **INSURER** shall, as respects the insurance afforded by this **INSURANCE CONTRACT**, indemnify the **INSURED** for **CLAIM EXPENSES** in the proportion that the **INSURER'S** portion of the **LOSS** bears to the total amount of such final award, verdict or judgment against the **INSURED**.

### CONDITION III -- SELF-INSURED RETENTION

- A. As respects any Specific Excess Workers' Compensation Insurance, the **INSURED** shall retain, as to each **OCCURRENCE**, as a self-insured retention and for the **INSURED'S** own account
1. that amount stated in the POLICY DECLARATIONS, and
  2. all interest costs, which interest shall not reduce the self-insured retention, and
  3. all costs and all expenses of any and all investigation, defense, negotiation and settlement, and
  4. all **INTERMEDIATE REINSURANCE**.
- B. As respects any Aggregate Excess Workers' Compensation Reinsurance, the **INSURED** shall retain, in the aggregate, as respects occurrences which are insured under this **INSURANCE CONTRACT** and which take place during the **INSURANCE CONTRACT PERIOD**, as a self-insured retention and for the **INSURED'S** own account
1. that amount stated in N.A., and
  2. all costs and all expenses of any and all investigation, defense, negotiation and settlement, and
  3. all **INTERMEDIATE REINSURANCE**.

At such time as the **INSURED** has accumulated, subject to the per **OCCURRENCE** contribution limit stated in N.A., the amount stated in N.A. to the **INSURED'S** own account, the **INSURER** shall waive and the **INSURED** shall no longer be required to retain that amount stated in Item N.A. and the **INSURER** agrees to indemnify the **INSURED** for **LOSS** and per **OCCURRENCE**, up to the amount stated in the Policy Declarations.

### CONDITION IV -- FAILURE OF THE INSURED TO

- A. **COMPLY WITH ANY WORKERS' COMPENSATION ACT**, or
- B. **QUALIFY AS A SELF-INSURER**  
in the event that the **INSURED**
1. rejects the **WORKERS' COMPENSATION ACT**, in whole or in part, as respects any operations in any of the states designated in Endorsement # SNS 1002, Item -3-, or
  2. fails to qualify as a duly authorized self-insurer under the **WORKERS' COMPENSATION ACT** of any state designated in Endorsement # SNS 1002, Item -3-, then the amount of **LOSS** and **CLAIM EXPENSES** shall be considered not to exceed the amount of **LOSS** and **CLAIM EXPENSES** which would have resulted if the **INSURED** had not rejected such act and had qualified as a duly authorized self-insurer.

### CONDITION V -- EXCLUSIONS

The insurance afforded by this **INSURANCE CONTRACT** shall not apply to any

- A. **LOSS** or **CLAIM EXPENSE** arising out of or caused or contributed to by any operations, which operations are insured or should have been insured
1. under a standard Workers' Compensation and employers Liability Policy,
  2. under any other policy of direct insurance, or with or through any state fund, but whatever name called or

- B. costs or expenses of defense, settlement, negotiation or investigation other than **CLAIM EXPENSES**, or
- C. bodily injury to or sickness, disease or death of any persons who were illegally employed by the **INSURED** with knowledge of such illegality by the **INSURED** or any officer, director, trustee or representative of the **INSURED**, or
- D. salaries or other remuneration of any **EMPLOYEES** of the **INSURED**, or
- E. interest.

#### CONDITIONS VI -- DEFINITIONS

- A. **INSURED** means only that person or organization named in Item 1 of the **DECLARATIONS**.
- B. **INSURANCE CONTRACT PERIOD** means that period of time designated in Item 2 of the **DECLARATIONS** or, if this **INSURANCE CONTRACT** is sooner terminated, such lesser period of time.
- C. **STANDARD PREMIUM** means the unmodified premium which the **INSURED** would have for full coverage Workers' Compensation and Employers Liability Insurance if the **INSURED** were so insured during the **INSURANCE CONTRACT PERIOD**.
- D. **PAYROLL** means salary, tips, bonuses, commissions, overtime earnings, the monetary value of all non-monetary remuneration and all other remuneration earned by all **EMPLOYEES** during the **INSURANCE CONTRACT PERIOD** but **PAYROLL** shall not include any expenses, which expenses were
  - 1. reimburse to any **EMPLOYEE** by the **INSURED**, and
  - 2. incurred by such **EMPLOYEE**, on behalf of the **INSURED**, in the course of the business activities of the **INSURED**.
- E. **SUBMISSION MATERIALS** means those documents listed in Endorsement # SNS 1002, Item -2-.
- F. **LOSS** means only such amounts as are actually paid, in cash, by or on behalf of the **INSURED**, in payment of benefits under the applicable **WORKERS' COMPENSATION ACT** or **LAW**
  - 1. in settlement of claims, and
  - 2. in satisfaction of awards or judgments, but **LOSS** shall not include any salaries or other remuneration paid or due to any **EMPLOYEES** of the **INSURED** on any **CLAIM EXPENSES**
- G. **WORKERS' COMPENSATION ACT** means the **WORKMENS' COMPENSATION ACT** of the applicable state designated in Endorsement # SNS 1002, Item -3-, whether or not including any separate occupational disease act of that same state.
- H. **BODILY INJURY** means bodily injury or sickness, whether or not resulting in death, but **BODILY INJURY** shall not include any **OCCUPATIONAL DISEASE**.
- I. **OCCUPATIONAL DISEASE** means any occupational disease, whether or not resulting in death, but **OCCUPATIONAL DISEASE** shall not include any **BODILY INJURY**.
- J. **OCCURRENCE** means
  - 1. as respects **BODILY INJURY**, an accident, or
  - 2. as respects **OCCUPATIONAL DISEASE**, each separate occupational disease suffered by each separate **EMPLOYEE**, which **OCCURRENCE** shall be deemed to take place on the date which such **EMPLOYEE** ceases work as a result of such occupational disease.

- K. **EMPLOYEE** means any person who is performing work of any kind for the **INSURED**, and for whom and because of such work the **INSURED** is liable for the payment of benefits, under the **WORKERS' COMPENSATION ACT** of any state designated in Endorsement # **SNS 1002**, Item -3-, because of **BODILY INJURY** or **OCCUPATIONAL DISEASE**.
- L. **LAW** shall mean statute of common law as shall obligate the **INSURED** to pay damages to any **EMPLOYEE** of the **INSURED** because of **BODILY INJURY** or **OCCUPATIONAL DISEASE** sustained by that **EMPLOYEE** in the course of employment by the **INSURED**, but **LAW** shall not include any **WORKERS' COMPENSATION ACT**.
- M. **CLAIM EXPENSES** means any and all
1. court costs, and
  2. allocated investigation, adjustment or legal expenses, but **CLAIMS EXPENSES** shall not include any salaries or other remuneration paid or due to any **EMPLOYEE** of the **INSURED** or to the **SERVICE COMPANY**.

#### CONDITION VII -- PREMIUM

- A. The **PREMIUM** designated in the Endorsement **NOT APPLICABLE** is an advance premium only, which, when paid by the **INSURED**, shall be credited to the amount of earned premium due at the end of the **INSURANCE CONTRACT PERIOD**. At the close of each period (or part thereof terminating with the end of the **INSURANCE CONTRACT PERIOD**) designated in the **DECLARATIONS** Item 2, the earned **PREMIUM** shall be computed for such period and, upon notice thereof to the **INSURED**, shall become fully due and payable. If the total earned **PREMIUM** for the **INSURANCE CONTRACT PERIOD** is less than the **PREMIUM** paid to date during the **INSURANCE CONTRACT PERIOD**, the **INSURER** shall return, for the account of the **INSURED** and subject to the **MINIMUM AND FULLY EARNED PREMIUM**, the unearned portion paid by the **INSURED**.
- B. The **INSURED** shall maintain accurate and complete records of such information as is necessary for premium computation, and shall send copies of such records to the **INSURER** at the end of the **INSURANCE CONTRACT PERIOD** and at such other times as the **INSURER** may direct.
- C. The terms of this **CONDITION** shall apply separately and independently to Endorsement **NOT APPLICABLE** in the same manner as though two separate and distinct **INSURANCE CONTRACTS** had been issued.

#### CONDITION VIII -- ADMINISTRATION OF CLAIMS

- A. The **INSURED** shall
1. investigate and settle or defend all claims, and
  2. conduct the defense and appeal in all actions, suits or other proceedings, which claims, actions, suits or other proceedings are commenced against the **INSURED**, and
  3. give prompt notice to the **INSURER** of any
    - a. claim, suit, action or other proceeding commenced against the **INSURED**, and
    - b. proceeding, event or development which, in the judgment of the **INSURED**, may result in a claim against the **INSURER**, and
  4. promptly forward to the **INSURER** copies of all pleadings, claims, suits, actions, proceedings and reports of investigation as may be requested by the **INSURER**.

- B. The **INSURER** may elect, at its own option, cost and expense, to participate with the **INSURED** in the defense of appeal of any claim, suit, action or other proceedings in which the **INSURER** judges it may become involved.
- C. The **INSURED** shall not, except at its own cost, peril and expense, make any voluntary settlement of any **LOSS** which involves the **INSURER**, except with the written consent of the **INSURER**.

**CONDITION IX -- SERVICE COMPANY**

- A. The **INSURED** shall engage the **SERVICE COMPANY** named in Endorsement # SNS 1002, Item -1-, and such **SERVICE COMPANY** shall be engaged to provide the **INSURED** with at least the following services:
  - 1. supervision of the **INSURED'S** legal obligations to **EMPLOYEES** injured in the course of the **INSURED'S** employ
  - 2. maintenance of accurate and complete records of all details concerning each and every occurrence,
  - 3. furnishings of adequate inspection and engineering services, including compliance with all requirements of **OSHA**, **NIOSH**, or any similar law or regulatory authority,
  - 4. furnishing of complete and accurate periodical advice to the **INSURED** and the **INSURER**, on forms of the **SERVICE COMPANY**, with regard to any and all
    - a. accident reports, and
    - b. notices of **OCCURRENCE**, claim, suit, action or other proceeding,
  - 5. tabulations, separately, of all
    - a. payments
    - b. reserves, and
    - c. expenses or expense reserves made or established because of any **BODILY INJURY** to or **OCCUPATIONAL DISEASE** or any **EMPLOYEE** of the **INSURED**,
  - 6. compilation and furnishing of all notices and reports required, and
  - 7. general administration of and responsibility for all other details concerning the effective discharge of the **INSURED'S** obligations to its **EMPLOYEES**, which obligations arise out of **BODILY INJURY** to or **OCCUPATIONAL DISEASE** of any **EMPLOYEES**.
- B. In the event of any actual or proposed termination of any services of the **SERVICE COMPANY**
  - 1. prompt notice thereof shall be given by the **INSURED** to the **INSURER** along with a description of the causes therefore,
  - 2. such termination shall not relieve the **INSURED** of any of its obligations to provide the services afforded by the **SERVICE COMPANY**,
  - 3. such termination shall not relieve the **INSURED** of any of its obligations under the **INSURANCE CONTRACT**, and
  - 4. the **INSURER** shall have the right, at its option, to terminate this **INSURANCE CONTRACT**.
- C. The **SERVICE COMPANY** designated in Endorsement # SNS 1002, Item -1-, may be terminated by the **INSURED** without the consent of the **INSURER**, but any replacement thereof or supplement thereto must be advised in writing to the **INSURER**.

#### CONDITION X -- INSPECTION AND AUDIT

- A. The **INSURER** shall be permitted, but in no event shall it be obligated, to inspect the property and operations of
1. the **INSURED**
  2. The **SERVICE COMPANY**, and
  3. any and all agents of either or both of the foregoing at any time.
- B. Any
1. right of the **INSURER** to make such inspections,
  2. making thereof, or
  3. report thereon
- shall not constitute an undertaking, on behalf or for the benefit of anyone, to warrant or determine that such property or operations are safe or healthful or in compliance with any law, rule, regulation or standard.
- C. The **INSURER** may examine and audit the books and records of
1. the **INSURED**
  2. the **SERVICE COMPANY**, and
  3. any and all agents of either or both of the foregoing at any time
    - a. during the **INSURANCE CONTRACT PERIOD**,
    - b. during any extensions of the **INSURANCE CONTRACT PERIOD**,
    - c. within three (3) years of the end of either of the foregoing, or
    - d. while there is any actual or potential outstanding liability for **LOSS** or **CLAIM EXPENSE** under this **INSURANCE CONTRACT**,whichever comes last, but only insofar as such books or records may relate to this **INSURANCE CONTRACT**.

#### CONDITION XI -- COOPERATION

The **INSURED** and the **SERVICE COMPANY** shall cooperate with the **INSURER** and, at the request of the **INSURER**, each shall

- A. assist in
1. making settlements
  2. the conduct of suits or other actions or proceedings,
  3. enforcing any and all rights of contribution or indemnity against any person who or organization which may be liable to the **INSURED** or the **SERVICE COMPANY** for **BODILY INJURY** or **OCCUPATIONAL DISEASE** which is reinsured under this **INSURANCE CONTRACT**,
  4. securing and giving evidence, and
  5. obtaining the attendance and cooperation of witnesses, and
- B. attend hearings, trials and other proceedings.

#### CONDITION XII -- SUBROGATION

In the event of any payment under this **INSURANCE CONTRACT**, the **INSURER** shall be subrogated to all of the **INSURED'S** rights of recovery therefore against any person or organization, and the **INSURED** and the **SERVICE COMPANY** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. no person or organization shall do anything to prejudice such a right.

CONDITION XIII -- OTHER INSURANCE

- A. In event that the **INSURED** should have any excess insurance, indemnity or other insurance for the same elements of **LOSS** or **CLAIM EXPENSES** as insured under this **INSURANCE CONTRACT**, the **INSURER** shall not be liable for a greater proportion of such **LOSS** and **CLAIM EXPENSES** than the applicable **INSURANCE LIMIT** of this **INSURANCE CONTRACT** bears to the combined insurance limits, limits of liability and limits of indemnity of all valid and collectible reinsurance, insurance and indemnity policies or contract applicable to that **LOSS** or **CLAIM EXPENSES**.
- B. This **CONDITION** shall not apply to **INTERMEDIATE REINSURANCE**, which reinsurance this **INSURANCE CONTRACT** shall always be in excess of.

CONDITION XIV -- ACTION AGAINST INSURER

- A. No action shall lie against the **INSURER** unless, as a condition precedent thereto,
1. the **INSURED** and
  2. all agents, representatives and **EMPLOYEES** of the **INSURED** shall have fully complied with all the **CONDITIONS** of this **REINSURANCE CONTRACT**, and the amount of the **INSURED'S** obligation to pay shall have been finally determined by
    - a. judgment or award against the **INSURED**, after actual trial or hearing
    - b. written agreement among the claimant, the **INSURED** and the **INSURER**, or
    - c. written agreement between the claimant and the **INSURER**, whichever comes first.
- B. 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 **INSURANCE CONTRACT** to the extent of the reinsurance afforded. No person or organization shall have the right under this **INSURANCE CONTRACT** to join the **INSURER** in any action against the **INSURED** to determine the **INSURED'S** liability. The **INSURER** shall not be implicated by or on behalf of the **INSURED**.

CONDITION XV -- ARBITRATION

In the event of any dispute between the **INSURED** and the **INSURER**, with respect to any matter concerning this reinsurance, both parties agree that, upon demand of either, the matter or matters upon which the **INSURED** and the **INSURER** do not agree shall be settled by arbitration in accordance with the rules of the American Arbitration Association. Judgment upon the award rendered by such arbitrators may be entered in any court having jurisdiction. The **INSURED** and the **INSURER** each agree to be bound to the findings of such arbitrators.

CONDITION XVI -- CHANGES

- A. Notice to or knowledge possessed by anyone shall not
1. effect a waiver of any of the **CONDITIONS** of this **INSURANCE CONTRACT**,
  2. effect a change in any part of this **INSURANCE CONTRACT**, or
  3. stop the **INSURER** from asserting any rights under this **INSURANCE CONTRACT**.
- The **CONDITIONS** of this **INSURANCE CONTRACT** shall not be waived or changed except by written endorsement, which endorsement is signed by an authorized representative of the **INSURER** and issued to form a part of this **INSURANCE CONTRACT**.

#### CONDITION XVII -- ASSIGNMENT

This **INSURANCE CONTRACT** shall not be assignable without the prior, written permission of the **INSURER**, which written permission shall be evidenced by written endorsement attached hereto.

#### CONDITION XVIII -- TERMINATION

- A. This **INSURANCE CONTRACT** may be terminated
1. by or on behalf of the **INSURED** by
    - a. surrender thereof to the **INSURER** or any of its authorized representatives, or
    - b. mailing to the **INSURER** written notice, which notice shall state when thereafter such termination shall be effective, or
  2. by or on behalf of the **INSURER**,
    - (1) non-payment
    - (2) failure to comply with any **CONDITION** of this **INSURANCE CONTRACT**,
    - (3) termination of any services of the **SERVICE COMPANY**,
    - (4) fraud, or
    - (5) material misrepresentation
- by mailing to the **INSURED**, and at the mailing address stated herein, written notice, ~~which notice shall state when, not less than ten (10) days thereafter,~~ such termination shall be effective.
- B. Any mailing of notice, as aforesaid, shall be sufficient proof of notice, and delivery of such written notice by or on behalf of the **INSURED** or the **INSURER** shall be equivalent to mailing. The time of surrender or the effective date and hour stated in the notice, whichever is applicable, shall become the end of the **INSURANCE CONTRACT PERIOD**.
- C. If termination is effected by or on behalf of the **INSURED**, earned premium shall be calculated in accordance with the customary short rate table and procedure, but if termination is effected by or on behalf of the **INSURER**, earned premium shall be computed pro-rata. Premium adjustment shall be subject to the **MINIMUM AND FULLY EARNED PREMIUM** and may be made either at the time that termination is effected or as soon as practicable thereafter, but payment or tender of unearned premium shall not be a condition to termination. The check of the **INSURER** or of any of its authorized representatives shall be payment in full of any return premium due. payment or tender for the account of the **INSURED** shall be payment to all interests. If this **INSURANCE CONTRACT** insures more than one **INSURED**, notice and payment or tender to any of such **INSUREDS** shall be notice and payment to all interests. If, at the time that termination becomes effective, the **INSURER'S** aggregate **INSURANCE LIMIT** is exhausted by payment or award or reserve for judgments or settlements, or otherwise, then all premium shall be fully earned and due and no return premium shall be due.

#### CONDITION XIX -- FRAUD OR MISREPRESENTATION

In the event that any **INSURED** or any officer, director, trustee or representative of the **INSURED** shall knowingly and in any way

- A. falsify any claim, suit or other action or proceeding,
- B. falsify any material statement,
- C. falsify any material representation, or
- D. partake in or acquiesce to any of the foregoing, then solely as respects such **INSURED**, the reinsurance afforded by this **INSURANCE CONTRACT**, and all rights resulting therefrom, shall be null and void. The **INSURER** shall have the right at its option to terminate the entire **INSURANCE CONTRACT**.

CONDITION XX -- DECLARATIONS, SUBMISSION MATERIALS, AND ACCEPTANCE

By acceptance of this **INSURANCE CONTRACT**,

- A. the **INSURED**,
- B. the **SERVICE COMPANY**, and
- C. all officers, directors, trustees and representatives of either or both of the above,  
~~agree and affirm that each of the persons or other entities named in the~~  
**DECLARATIONS**
  - 1. is a qualified self-insurer, and
  - 2. will operate, with and within the permission of the proper authorities, as a qualified self-insurer with respect to the **WORKERS' COMPENSATION ACT** of each and every of the states designated in Endorsement # SNS 1002, Item # -3-,
- D. the **INSURED** and all officers, directors, trustees and representatives of the **INSURED** agree and affirm that
  - 1. all statements or representations made in the **DECLARATIONS** are each of their statements, agreements and representations,
  - 2. all statements or representations made in the **SUBMISSION MATERIALS** are each of their statements, agreements and representations,
  - 3. this **INSURANCE CONTRACT** is issued and continued by the **INSURER** in reliance upon the truth and completeness of each and every of such statements, agreements, and representations, and
  - 4. this **INSURANCE CONTRACT** embodies all agreements among and between the **INSURED**, the **INSURER** and all representatives of either or both, as respects all aspects of the insurance afforded hereunder.



## SELF-INSURED RETENTION ENDORSEMENT (Expenses Included in SIR)

This endorsement modifies insurance provided under the following:

### COMMERCIAL GENERAL LIABILITY COVERAGE PART.

### COMMERCIAL AUTOMOBILE COVERAGE PART.

1. In consideration of the premium charged and as a condition to the issuance and continuation of the Policy, it is agreed that the NAMED INSURED shall retain, as a self-insured retention, per occurrence and as respects combined insured damages and insured allocated costs and expenses of investigation, defense, negotiation and settlement applicable to such damages, the sum of \$1,000,000 (ONE MILLION) DOLLARS FOR GENERAL LIABILITY, \$350,000 (THREE HUNDRED FIFTY THOUSAND DOLLARS FOR WORKERS' COMPENSATION). The company's limit of liability, as stated elsewhere in the Policy, shall apply solely in excess of the NAMED INSURED'S self-insured retention. Allocated costs and expenses of investigation, defense, negotiation and settlement shall not include any costs or expenses of any

A. claims management or service company of any INSURED, or

B. wages or salaries of any employee of any INSURED, or

C. operating expenses of any INSURED.

2. In the event that any combined insured damages and insured allocated costs and expenses, as aforementioned, exceed, per occurrence, the NAMED INSURED'S self-insured retention and involve the liability of the company, then, solely as respects each such occurrence, the company will pay, in addition to its otherwise applicable limit of liability, all supplementary payments, as defined in the Supplementary Payments Conditions of the Policy, except that the company shall not, at any time, be obligated to pay any costs or expenses of any

A. claims management or service company of any INSURED, or

B. wages or salaries of any employee of any INSURED, or

C. operating expenses of any INSURED.

3. The limit of the company's liability for all damages under all BODILY INJURY and PROPERTY DAMAGE liability coverages provided in this Policy, including damages for care and loss of services, shall not be greater than the \$1,000,000 (ONE MILLION) DOLLARS per Occurrence and the sum of \$2,000,000 (TWO MILLION) DOLLARS in the Aggregate. Workers' Compensation is STATUTORY.

4. In the event of any occurrence which, in the opinion of any INSURED, is likely to give rise to liability under this Policy, no costs or expenses, other than for immediate first aid to others, shall be incurred by any INSURED, except at his or her own cost, peril and expense, without the written consent of the company. The NAMED INSURED shall be obligated to

A. provide an adequate defense and investigation of any action for or notice of any actual, potential or alleged damages, and

B. accept any reasonable offer or settlement within the NAMED INSURED'S self-insured retention,

and, in the event of any NAMED INSURED'S failure to comply with any part of this paragraph, the company shall not be liable for any damages or costs or expenses resulting from any such occurrence.

5. The company may, at its sole option, pay, as damages, costs and expenses, any part or all of the NAMED INSURED'S self-insured retention in order to effect settlement of any and all actions against any INSURED and, upon notice to any NAMED INSURED of the company having done so, the NAMED INSURED shall, within ten (10) calendar days of sending of such notice, fully reimburse the company.

**AMENDATORY ENDORSEMENT**  
**MANDATORY WITH ENDORSEMENT**  
**SNS 1008**

It is hereby understood and agreed that the following is applicable to Endorsement #SNS 1008, Extension of General Liability Coverage Excess Workers' Compensation:

1. Service Company:

Tristar Risk Management Services  
PO Box 60072  
Corpus Christi, TX 78466  
Telephone: (361) 857 0115

2. Identification of submission material information received from:

Mr. Tom J. Eller  
London American Risk Specialists, Inc.  
Campbell Center II  
8150 N. Central Expwy  
Suite 1450  
Dallas, TX 75206

3. Insurance is applicable only in the following state:

Texas

|    |                             |             |                          |
|----|-----------------------------|-------------|--------------------------|
| 4. | <b>A</b>                    | <b>B</b>    | <b>C</b>                 |
|    | Classification of Operation | Manual Code | Estimated Annual Payroll |

**NOT APPLICABLE -- FLAT PREMIUM**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ CAREFULLY**

**MUNICIPALITY ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART.**

This insurance does not apply to any liability:

- A. arising out of or caused or contributed to by any ownership, maintenance, operation, use, loading, unloading or control of or responsibility for any aircraft;
- B. arising out of or caused or contributed to by any ownership, maintenance, operation, use or control of or responsibility for any airfield, airport, runway, hangar, building or other property or facility designed for, used, connected, associated or affiliated with or in any way related to aviation or aviation activities;
- C. for **BODILY INJURY** or **PROPERTY DAMAGE** if such **BODILY INJURY** or **PROPERTY DAMAGE** is due to any rendering of or failure to render any professional medical, surgical or dental service;
- D. actually or allegedly arising out of or caused or contributed to by or in any way connected with any principle or eminent domain, condemnation proceeding, inverse condemnation, dedication by adverse use or adverse possession, by whatever name called;
- E. arising out of, in connection with or caused or contributed to by any failure or inability to supply or any interruption of any adequate quantity of power, steam, pressure, fuel or water;
- F. arising out of or caused or contributed to by any subsidence, erosion or earth movement;
- G. arising out of or caused or contributed to by any operation, maintenance, use, ownership or control of or responsibility for any hospital, treatment center or other medical, psychiatric or psychological facility or any facility which is similar or related to any of the foregoing, except as respects **BODILY INJURY** or **PROPERTY DAMAGE** arising out of fire, explosion, collapse or earthquake at such facility;
- H. arising out of or caused or contributed to by or connected with any actual or alleged violation of the Employee Retirement Income Security Act of 1974 (Public Law 93-406) or any amendment thereto or any similar provision of any local, state or federal law, statutory or common;
- I. arising out of or caused or contributed to by any actual or alleged illegal discrimination, or
- J. arising out of caused by or contributed to by any actual or alleged deterioration, bursting, breaking, leaking, inadequacy, design of, control of, maintenance of, or any other alleged responsibility for any structure device, or water course, natural or man-made, including, but not limited to, dams, reservoirs, levees, banks, embankments, gates, canals, ditches, gutters, sewers, aqueducts, channels, culvert, retaining walls, drains, tanks, watershed, or drains, a purpose of which is the containing, carrying, impeding, channeling, diverting, or draining of water or other liquid;
- K. arising out of the sale or distribution or handling of contaminants, or pollutants including but not limited to acids, alkylides, chemicals, metals or bacteria in water sold, handled or distributed by or on behalf of the NAMED INSURED;
- L. arising out of inhaling, ingesting or prolonged exposure to asbestos or goods or products containing asbestos, or the use of asbestos in constructing or manufacturing any good, product or structure, or the removal of asbestos from any good, product or structure, or the manufacture, sale, transportation, storage or disposal of asbestos or goods or products containing asbestos;

The coverage afforded by this policy does not apply to payment for the investigation or defense of any loss, injury or damage or any cost, fine or penalty or for any expense or claim or suit related to any of the above.



## TEXAS POLICYHOLDER NOTICE

### Notice of Toll Free Telephone Numbers & Procedures for Obtaining Information & Filing Complaints

#### IMPORTANT NOTICE

To obtain information or make a complaint, or for premium disputes or presenting a claim:

1. You may call the following toll-free telephone number for general policyholder assistance:

**1-800-604-9273**

2. You may also call the following company toll-free telephone number to submit a claim or to make a complaint:

**1-800 604-9273**

3. You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

**1-800-252-3439**

4. You may write the Texas Department of insurance at:

**P.O. Box 149104  
Austin, TX 78714-1771**

5. **PREMIUM OR CLAIM DISPUTES:** Should you have a dispute concerning your premium or about a claim, you should contact your agent or company representative first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

6. **ATTACH THIS NOTICE TO YOUR POLICY:** this notice is for information only and does not become a part or condition of the attached document.



## STAR INSURANCE COMPANY

### *GENERAL ENDORSEMENT*

This Endorsement effective January 1, 2009, 12:01 a.m. Standard Time forms a part of Policy Number: CP 02678 72 issued to the Hidalgo County, TX.

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It is understood and agreed that the policy to which this endorsement is attached shall not be cancelled, non-renewed or materially changed until **90 days** after written notice of such cancellation, non-renewal or material change has been given to the **First Named Insured** at the address shown on the declaration page, except for nonpayment of premium.

*All Other Terms and Conditions of this Policy Remain Unchanged*



## STAR INSURANCE COMPANY

### *GENERAL ENDORSEMENT*

This Endorsement effective January 1, 2009, 12:01 a.m. Standard Time forms a part of Policy Number: CP 02678 72 issued to the Hidalgo County, TX.

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#### **INADVERTENT E & O IN APPLICATION**

It is understood and agreed that (1) failure of the insured to disclose all hazards existing as of the inception or renewal dates of this policy or to comply with any provisions of this policy, or (2) errors or omissions in applications, declarations, schedules, endorsements or other documents, shall not prejudice the insured with respect to the coverage afforded by the policy, as long as such failure, error or omission is unintentional and is corrected or complied with as soon as practical after it has been brought to the attention of the Risk Manager.

*All Other Terms and Conditions of this Policy Remain Unchanged*



## STAR INSURANCE COMPANY

### *GENERAL ENDORSEMENT*

This Endorsement effective January 1, 2009, 12:01 a.m. Standard Time forms a part of Policy Number: CP 02678 72 issued to the Hidalgo County, TX.

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#### **Knowledge of Occurrence**

Knowledge of an "occurrence," claim, or "suit" by an agent, servant, or employee of any insured; and receipt of any demand, notice, summons, or other legal paper in connection with a claim or "suit" by any agent, servant, or employee of any insured shall not in itself constitute knowledge of the insured or receipt by the insured unless an individual in one of the positions listed below shall have such knowledge or shall have received such demand, notice, summons, or legal paper from the agent, servant, or employee.

#### Scheduled Positions

Risk Manager

\_\_\_\_\_

\_\_\_\_\_

*All Other Terms and Conditions of this Policy Remain Unchanged*



## STAR INSURANCE COMPANY

### *GENERAL ENDORSEMENT*

This Endorsement effective January 1, 2009, 12:01 a.m. Standard Time forms a part of Policy Number: CP 02678 72 issued to the Hidalgo County, TX.

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#### **Notice of Occurrence**

It is understood and agreed that:

Your failure to give first report of a claim to us shall not invalidate coverage under this policy if the loss was inadvertently reported to another insurer. However, you shall report any such occurrence to us within a reasonable time once you become aware of such error.

*All Other Terms and Conditions of this Policy Remain Unchanged*