

**PROPERTY DIC
(Flood Policy State Agencies only)**

AXIS INSURANCE CO

Policy Number MAF760729-11

July 1, 2011 to July 1, 2012

POLICY NUMBER: MAF760729-11



COMMON POLICY DECLARATIONS

AXIS INSURANCE COMPANY (A STOCK COMPANY) 303 WEST MADISON STREET, SUITE 500 CHICAGO, IL 60606	AMERICAN E&S INSURANCE BROKERS CALIFORNIA, INC. 2839 PACES FERRY ROAD, STE 440 ATLANTA, GA 30339
NAMED INSURED: <u>State of West Virginia</u>	
MAILING ADDRESS: <u>90 Maccorkle Ave., SW</u> <u>Suite 203</u> <u>South Charleston, WV 25303</u>	
POLICY PERIOD: FROM <u>July 01, 2011</u> TO <u>July 01, 2012</u> AT 12:01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.	

BUSINESS DESCRIPTION	<u>Municipality</u>
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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.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.	
	PREMIUM
BOILER AND MACHINERY COVERAGE PART	\$ _____
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART	\$ _____
COMMERCIAL AUTOMOBILE COVERAGE PART	\$ _____
COMMERCIAL GENERAL LIABILITY COVERAGE PART	\$ _____
COMMERCIAL INLAND MARINE COVERAGE PART	\$ _____
COMMERCIAL PROPERTY COVERAGE PART	\$ 152,070
CRIME AND FIDELITY COVERAGE PART	\$ _____
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART	\$ _____
FARM COVERAGE PART	\$ _____
LIQUOR LIABILITY COVERAGE PART	\$ _____
POLLUTION LIABILITY COVERAGE PART	\$ _____
PROFESSIONAL LIABILITY COVERAGE PART	\$ _____
INSPECTION FEE	\$ _____
<u>INSURED PURCHASED TRIA TERRORISM COVERAGE</u> <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES	\$ 1
TOTAL:	\$ 152,071
Premium shown is payable: \$ <u>152,071</u> at inception.	

NOTICE TO POLICYHOLDER

This policy is composed of various forms explaining the insurance coverage provided. It may also include one or more endorsements. Endorsements are documents that change the policy. Endorsements may provide additional coverage to the policy. Endorsements can also restrict or remove coverage provided in the policy. **THE POLICY SHOULD BE READ CAREFULLY TO DETERMINE WHAT IS AND WHAT IS NOT COVERED.**

As the context may require, the words "you", "your", "Insured", and "the Insured" refer to the Named Insured shown on the Declarations Page. The words "we", "us", "our", "Company", "the Company", and "this Company" refer to the Company providing this insurance.



STATE FRAUD STATEMENTS

THIS ENDORSEMENT CHANGES YOUR POLICY. PLEASE READ IT CAREFULLY.

Applicable in Arkansas

Arkansas Fraud Statement

"Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison."

Applicable in Colorado

Colorado Fraud Statement

"It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado division of insurance within the department of regulatory agencies."

Applicable in District of Columbia

District of Columbia Fraud Statement

"Warning: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant."

Applicable in Florida

Florida Fraud Statement

"Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete or misleading information is guilty of a felony of the third degree."

Applicable in Kansas

Kansas Fraud Statement

"Any person who knowingly and with intent to defraud any insurance company or another person files an application for the issuance of, or the rating of, an insurance policy or statement of claim or any written statement containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects the person to criminal penalties."

Applicable in Kentucky

Kentucky Fraud Statement

"Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information, or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime."

Applicable in Louisiana and New Mexico

Louisiana and New Mexico Fraud Statement

"Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties."

Applicable in Maine

Maine Fraud Statement

"It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines or a denial of insurance benefits."

Applicable in Maryland

Maryland Fraud Statement

"Any person who knowingly and willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly and willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison."

Applicable in New Jersey

New Jersey Fraud Statement

"Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties."

Applicable in New York

New York Fraud Statement

"Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation."

Applicable in Ohio

Ohio Fraud Statement

"Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud."

Applicable in Oklahoma

Oklahoma Fraud Statement

"Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony."

Applicable in Oregon

Oregon Fraud Statement

"Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents materially false information in an application for insurance may be guilty of a crime and may be subject to fines and confinement in prison."

Applicable in Pennsylvania

Pennsylvania Fraud Statement

"Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties."

Applicable in Puerto Rico

Puerto Rico Fraud Statement

Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation with the penalty of a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances be present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

Applicable in Rhode Island

Rhode Island Fraud Statement

"Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison."

Applicable in Tennessee, Virginia and Washington

Tennessee, Virginia and Washington Fraud Statement

"It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits."

STATE OF WEST VIRGINIA
DIFFERENCE IN CONDITIONS COVERAGE FORM

1. INSURED

"The State of West Virginia" means:

"The legislative, judicial and executive branches of the State of West Virginia, including all of its boards, commissions, councils, authorities, institutions, universities, colleges, schools departments, divisions and agencies; provided, however, the State of West Virginia shall not be considered to include county commissions, municipalities or other political subdivisions of the state regardless of any state aid that may be provided."

2. TERMS OF INSURANCE

In consideration of \$152,071 annual deposit premium for the period of July 01, 2011 to July 01, 2012 (of which \$1 represents the Terrorism premium), this policy attaches and covers for one (1) year, beginning and ending at 12 am, Eastern Time, at the location of the property involved.

3. LIMITS OF LIABILITY

This company, subject to buildings declared on statement of values for the State of West Virginia, shall not be liable for more than its proportion of:

\$10,000,000 any one "occurrence" and in the aggregate annually for the period July 1, 2011 to July 1, 2012 subject to per building maximum of \$500,000 and contents per building maximum of \$500,000, but limited to the maximum amount for type and occupancy of buildings that could be recovered from a policy of the National Flood Insurance Program.

\$10,000,000 is excess of deductible stated elsewhere herein.

4. DEDUCTIBLE

All claims for loss, damage or expense arising out of any one occurrence shall be adjusted as one loss, and from the amount of such adjusted loss shall be deducted the sum of one million dollars (\$1,000,000).

5. COVERAGE

Except as hereinafter excluded, this Policy covers:

A. Real and Personal Property

1. The interest of the insured in all real and personal property (including improvements and betterments, owned, used, or intended for use by the insured.)

In the event of loss or damage, this company agrees to accept and consider the insured as sole and unconditional owner of improvements and betterments, notwithstanding any contract or lease to the contrary.

6. PERILS INSURED AGAINST

- A. This Policy insures against all risks of direct physical loss of or damage to property described herein including general average, salvage, and all other changes on shipments covered hereunder, caused by an "occurrence", except as hereinafter excluded.

7. PERILS EXCLUDED

This Policy does not insure against loss caused by or resulting from:

- A. Any perils covered by AXIS Primary MAF760728-11
- B. Infidelity or dishonesty of the insured, or any officer, employee or public official of any kind, elected or appointed thereof; or loss or damage resulting from the insured voluntarily parting with title or possession of any property if induced to do so by any fraudulent scheme, trick, device or false pretense; nor any unexplained loss, or loss or shortage disclosed on taking inventory, except as provided elsewhere herein.
- C. The cost of making good defective design or specifications, faulty material, or faulty workmanship.
- D. Electrical arcing, electrical injury or disturbance to electrical appliances, devices, fixtures, wiring or other electrical equipment, caused by electrical currents artificially generated.
- E. Machinery or mechanical breakdown.
- F. Explosion, rupture, or bursting of pressure vessels or pipes, boilers, steam pipes, steam turbines, steam engines or flywheels owned or operated by the Insured.
- G. Damage sustained to that part of the property insured which is actually being worked upon and directly resulting therefrom; or caused by any repairing, adjusting, servicing, maintenance operations, testing or turning.
- H. Wear and tear, deterioration, rust or corrosion, mold, wet or dry rot; inherent or latent defects; smog, smoke, vapor or gas from agricultural or industrial operations; settling, expansion or contraction due to changes of temperature, cracking, shrinkage, bulging or expansion of pavements, foundations, walls, floors, roofs or ceilings; animals, birds, vermin, termites or other insects.
- I. Delay, loss of market or use, indirect or consequential loss or loss directly attributable to legal proceedings.
- J. Against nuclear reaction, nuclear radiation, or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote; or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in this Policy.
- K. 1. Against hostile or warlike action in time of peace or war, including action in hindering, combating, or defending against an actual, impending, or expected attack:
 - a. By any government or sovereign power (de jure or de facto) or by any authority maintaining or using military, naval, or air forces;
 - b. Or by military, naval, or air forces;

- c. Or by an agent of any such government, power, authority, or forces;
 - 2. Against any weapon employing atomic fission.
 - 3. Against rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such occurrence.
 - 4. Seizure or destruction by order of public authority.
 - 5. Risks of contraband or illegal trade.
- L.
- 1. Contributed to or aggravated by "Earthquake",
 - 2. Contributed to or aggravated by "Flood" solely with regard to the property listed in Paragraph 9.K.1 through 9.K.5 of the AXIS Primary Policy No. MAF760728-11.
- M. Plumbing, heating, air conditioning or other equipment or appliances for loss by leakage or overflow from such equipment or appliances caused by or resulting from freezing.
- N.
- 1. Contamination or pollution.
 - 2. Expense resulting from any governmental direction or request to investigate or remediate actual or potential contamination or pollution or declaring that a material present in or part of or utilized on the undamaged portion of the Insured's property no longer can be used for the purpose for which it was intended as installed and must be removed or modified.
 - 3. Any expenses incurred in the removal of debris unless (a) it is the result of a loss caused by a covered peril, and (b) the debris to be removed is covered hereunder, and (c) the debris is on the Insured's premises covered hereunder.

The total amount recoverable for both losses to property and debris removal expense under this Policy shall be a part of and not in addition to the applicable limit of liability.

Contamination and pollution includes, but is not limited to, the inclusion or intrusion of foreign material into or onto any property insured hereunder which causes damage, deterioration, loss of value, marketability, or loss of use to property insured hereunder.

Nothing in this clause shall be deemed to extend this insurance to property which is otherwise specifically excluded from coverage by the terms of this Policy.

8. **PROPERTY EXCLUDED**

This policy does not cover loss or damage to:

- A. Currency, money, deeds, bills, evidence of debt or title, notes, manuscripts or securities; jewelry, precious stones, precious metals, bullion, watches, silverware, furs and articles trimmed with fur.
- B. Growing crops, standing timber, trees, shrubs, plants, lawns, animals or birds;
- C. Watercraft, floating docks, or aircraft;
- D. Property in transit;
- E. Water, unless held for sale and for which values are declared to West Virginia Board of Risk and Insurance Management, soil, land and land value;
- F. Outdoor swimming pools; fences, piers, wharves and docks; beach or diving platforms or appurtenances; retaining walls not constituting a part of building; walkways, roadways, highways, turnpikes, parkways and all other paved surfaces; unless such items are specifically on statement of values;
- G. The cost of excavations, grading or filling; foundations of buildings; machinery, boilers or engines whose foundations are below the under surface of the lowest basement floor, or where there is no basement, below the surface of the ground; pilings, piers, pipes, flues and drains which are underground; pilings which are below the low water mark;
- H. Dams, dikes, underground mines and mining equipment located beneath the surface of ground; bridges, tunnels, highways, railroad tracks and trestles.
- I. Property in the Course of Construction unless specifically agreed to and values declared to the West Virginia Board of Risk and Insurance Management prior to construction beginning but this exclusion shall not apply to alterations, additions or renovations of existing property;

9. **VALUATION**

A. **Improvements and Betterments**

- 1. If repaired or replaced at the expense of the Insured within a reasonable time after loss, the actual expenditure incurred in repairing, rebuilding or replacing the damaged improvements and betterments.
- 2. If not repaired or replaced within a reasonable time after such loss, that proportion of the original cost at time of installation of the damaged improvements and betterments which the unexpired term of the lease at the time of loss bears to the period(s) from the date(s) such improvements and betterments were made to the expiration date of the lease.
- 3. If repaired or replaced at the expense of others for the use of the insured, there shall be no liability hereunder.

B. Stock

1. Raw stock, merchandise and supplies at the replacement cost.
2. Stock in process at the value of raw stock and labor expended, plus the proper proportion of overhead charges.
3. Finished stock at the regular cash selling price less all discounts and charges to which such finished stock would have been subject had no loss occurred.

C. Real and Personal Property other than Stock and Improvements Betterments

The cost to repair or replace the damaged property, without deduction for depreciation, which materials of like kind, size, capacity and quality subject to:

1. Liability under these terms shall not exceed the lesser of the following:
 - a. The values on file with West Virginia Board of Risk and Insurance Management;
 - b. The cost to repair, rebuild or replace on the same site with material of like kind, size, capacity and quality;
 - c. The actual expenditure incurred in repairing, rebuilding or replacing on the same or another site but not to exceed size and operating capacity that existed at time of loss;
 - d. In the event of loss or damage to property which is not repaired, rebuilt or replaced within two years from the date of loss or damage, this Company shall not be liable for more than the actual cash value (with property deduction for depreciation) of the property destroyed.
2. In the event that replacement with like kind and quality cannot be accomplished, the basis of loss adjustment will be the replacement cost new of unlike kind and quality to restore the function which existed prior to loss.

10. GENERAL CONDITIONS

A. Conformity with Statute

The terms of this Policy and forms attached hereto which are in conflict with the statutes of the State of West Virginia wherein this policy is issued are hereby amended to conform to such statutes.

B. Declarations

By acceptance of this Policy, the named insured agrees that the statements furnished are his agreements and representations, that this Policy is issued in reliance upon the truth of such representations and that this Policy embodies all agreements existing between himself and the Company or any of the agents relating to this insurance.

C. **Changes**

The terms of this Policy shall not be waived or changed, except by endorsement issued by the Company to from a part of this policy.

D. **Inspection and Audit**

The Company shall be permitted but not obligated to inspect the named insured's property and operations at any time. Neither the Company's right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the named insured or others, to determine or warrant that property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

E. **No Benefit to Bailee**

This insurance shall in no way inure directly or indirectly to the benefit or any carrier or other bailee for hire.

F. **Assignment**

This policy shall be void if assigned or transferred without the written consent of this Company.

G. **Cancellation of Policy**

This policy may be cancelled by either party providing the other with one hundred twenty (120) days written notice to the address named in the Policy except in the event of non-payment of premium by the insured in which case the Policy may be cancelled by the giving of ten (10) days written notice to the first named insured by the Company.

H. **Notice to Insured**

If more than one insured is named in the declarations, the insured first named shall act for itself and for every other insured for all purposes of this Policy. Knowledge possessed by an insured shall, for the purposes of this Policy, constitute knowledge possessed by every insured. Cancellation of this Policy by, or through notice to, the insured first named shall be cancellation of this policy with respect to every insured.

I. **Protective Safeguards**

It is a condition of this insurance that the insured shall maintain so far as is within his control protective safeguards in effect at inception or added during the policy term.

Failure to maintain such protective safeguards shall suspend this insurance, only as respects the location or situation affected, for the time of such discontinuance.

J. **Inadvertent Errors or Omissions**

With regard to property owned by the State of West Virginia, coverage shall not be invalidated by any inadvertent errors, omissions, or improper descriptions mentioned in schedules related to the policy, or in the policy itself.

K. Demolition and Increased Cost of Construction

In the event of loss or damage under this policy that causes the enforcement of any law or ordinance regulating the construction or repair of damaged facilities, this company shall be liable for:

1. a. The cost of demolishing the undamaged facility, including the cost of clearing the site;
 - b. The proportion that the value of the undamaged part of the facility bore to the value of the entire facility prior to loss;
 - c. Increased cost of repair or reconstruction of the damaged and undamaged facility on the same or another site and limited to the minimum requirements of such law or ordinance regulating the repair or reconstruction of the damaged property on the same site. However, this Company shall not be liable for any increased cost of construction loss unless the damaged facility is actually rebuilt or replaced;
2. The provisions of paragraph 7(N)(2) shall apply.

L. Debris Removal

- A. This policy also covers expense of removal of debris remaining after any loss hereby insured against, except that there shall be no liability assumed for the expense of removal of: (a) any foundations other than damaged portions which must be removed for repair or rebuilding; (b) any building or part thereof, the removal of which is required by any ordinance or law regulating demolition, construction, or repair. The total liability under this policy for both losses to property covered and debris removal expense shall not exceed the amount of insurance applying under this Policy. Coverage for expense of the removal of debris of the property covered, however, shall not apply to removal of any property which discharges, releases or escapes into or upon any watercourse or body of water or onto property beyond the insured's premises.
- B. The provisions of paragraph 7(N)(2) shall apply.

M. What to do when loss occurs

1. The insured shall, as soon as practicable, report to this Company every loss or damage which may become a claim under this Policy. Failure by the insured to report the loss or damage and to file proof of loss as required shall invalidate any claim hereunder for such loss;
2. It shall be necessary for the insured to use all lawful and proper efforts for the safeguarding and recovery of the property covered or its value without prejudice to this insurance, and this company will contribute to the just and reasonable charges thereof in such proportion as the amount of insurance hereunder bears to the whole value of the property involved in the disaster at the time such loss shall occur. The acts of each party or their agents in saving, preserving or recovering the

property shall not be considered or held to be either a waive or an acceptance of abandonment;

3. The insured and every claimant hereunder shall submit to examination by the company, subscribe the same, under oath, if required, and produce for the company's examination all pertinent records, all at such reasonable times and places as the company shall designate and shall cooperate with the company in all matters pertaining to loss or claims with respect thereto;
4. No action shall lie against the company unless, as a condition precedent thereto, there shall have full compliance with all the terms of this Policy nor until sixty (60) days after the sworn statements in proof of loss have been filed with the company, nor at all unless commenced within two (2) years from the date when the insured first has knowledge of the loss;
5. The insured property may be owned by the insured or held by him in any capacity or may be property for which the insured is legally liable; provided the insurance applies only to the interest of the insured in such property, including the insured's liability to others, and does not apply to the interest of any other person or organization in any of said property unless included in the insured's proof of loss;
6. It shall always be the option of this company to take all or any part of the articles at the ascertained or appraised value or to repair or replace any property lost or damaged with other of like kind and quality within a reasonable time of giving notice, within sixty (60) days after receipt of the proof herein required, of its intention to do so;
7. There can be no abandonment to the company of the property insured unless specifically agreed to by the company;
8. All adjusted covered claims shall be paid or made good within sixty (60) days after presentation and acceptance of sworn to and satisfactory statements in proof of interest and loss at this office of this company unless otherwise stated herein. No loss shall be paid hereunder if the insured has collected the same from others.
9. If the insured and the company fail to agree as to the scope and the monetary amount of loss, each shall, on the written demand of either, made within sixty (60) days after receipt of proof of loss by the Company, select a competent and disinterested appraiser. The appraisers shall first select a competent and disinterested umpire, and failing for fifteen (15) days to agree upon such umpire, then, on the request of the insured or the company, such umpire shall be selected by a judge of a court of record in the state in which such appraisal is pending. The appraisers shall then set the amount of loss stating separately the pending. The appraisers shall then set the amount of loss stating separately the actual cash value at the time of loss and the amount of loss and failing to agree shall submit their differences to the umpire. An award in writing of any two shall determine the amount of loss. The insured and the company shall each pay his or its chosen appraiser and shall bear equally the other expenses of the appraisal and umpire. The company shall not be held to have waived any of its rights by any act relating to appraisal;
10. If the insured shall sustain any loss covered by this Policy which exceeds the applicable amount of insurance hereunder, the insured shall be

entitled to all recoveries (except from surety ship insurance, excess insurance, reinsurance, security or indemnity taken by or for the benefit of the Company) by whomsoever made, on account of such loss under this Policy until fully reimbursed, less the actual cost of effecting the same; and any remainder shall be applied to the reimbursement of the Company.

11. Each insured must cooperate with the West Virginia Board of Risk and Insurance Management and the Company in the investigation and settlement of a claim.

N. Impairment of Recovery

Except as noted below, the company shall not be bound to pay any loss if the insured shall have impaired any right of recovery for loss to the property insured. It is agreed that as respects property while on the premises of the insured, permission is given the insured to release others in writing from liability for loss prior to loss, and such release shall not affect the right of the insured to recover hereunder.

O. Contributing Insurance

Contributing insurance is insurance written upon the same plan, terms, conditions, and provisions as those contained in the Policy. This insurance shall contribute in accordance with the conditions of this Policy only with other contributing insurance as defined.

P. Excess Insurance

Excess insurance is insurance over the limit of liability set forth in this Policy. The existence of such excess insurance shall not prejudice the coverage provided under this Policy nor will it reduce any liability hereunder.

Q. Underlying Insurance

1. Underlying insurance is insurance on all or any part of the deductible and against all or any of the perils covered by this Policy including declarations of value to the carrier. The existence of such underlying insurance shall not prejudice or affect any recovery otherwise payable under this Policy.
2. If the limits of such underlying insurance exceed the deductible amount which would apply in the event of loss under this Policy, then that portion which exceeds such a deductible amount shall be considered "other insurance".

R. Other Insurance

Except for insurance described by the contributing insurance clause, by the excess insurance clause, or by the underlying insurance clause, this Policy shall not cover to the extent of any other insurance, whether prior or subsequent hereto in date, and whether directly or indirectly covering the same property against the same perils. This Company shall be liable for loss or damage only to the extent of that amount in excess of the amount recoverable from such other insurance. Notwithstanding that this policy only covers for the excess of any other collectible insurance, this company guarantees prompt payment in full of the amount of loss which would have been otherwise recoverable

hereunder and agrees to advance the amount of loss as a loan, without interest, repayable only in the event of and to the extent of recovery from such other insurance.

S. Miscellaneous Conditions

1. In the event of loss, permission is granted for the insured to make reasonable repairs, temporary or permanent, provided such repairs are confined solely to the protection of the property from further damage, and provided further that the insured shall keep an accurate record of such repair expenditures. The cost of such repairs directly attributable to damage by any peril insured hereunder shall be included in determining the amount of loss. Nothing herein contained is intended to modify the Policy requirements applicable in case loss occurs, and the insured shall protect the property from further damage.
2. Permission is hereby granted for such unoccupancy as is usual or incidental to the insured occupancy.
3. Permission is hereby granted for such use of the premises as is usual and incidental to the occupancy and to keep and use all materials in such quantities as are usual and incidental to such occupancy.

T. No Control

This insurance shall not be prejudiced:

1. By any act or neglect of the owner of any building if the insured is not the owner thereof, or by any act or neglect of any occupant (other than the insured) of any building, when such act or neglect of the owner or occupant is not within the control of the insured, or
2. By failure of the insured to comply with any warranty or condition contained in any form or endorsement attached to this Policy with regard to any portion of the premises over which the insured has no control.

U. Loss Clause

With the exception of loss subject to annual aggregate limits, no loss hereunder shall reduce the amount of this Policy.

V. Loss Payable Clause

Loss if any, shall be adjusted with the first named insured and shall be payable to it unless other payee is specifically named hereunder; provided, at the option of the company any loss to property of others may be adjusted with and paid to the owner of such property.

W. Territory

This policy covers within the fifty (50) states comprising the United States of America and also covers in the District of Columbia and Canada.

X. **Other Provision**

The insurance afforded by this Policy shall not be subject to the provisions of West Virginia Code Section 33-17-9, commonly known as the West Virginia Valued Policy Law. It is further agreed that no coinsurance clause shall be applicable to this Policy.

11. **DEFINITIONS**

- A. 1. The term "occurrence" shall mean any loss or series of losses commencing during the policy period caused by arising out of one event.
- 2. All weather-related losses shall be considered a single occurrence provided the United States Weather Bureau or other authority has declared that such weather conditions arose from the same atmospheric disturbance.
- B. The term "Earthquake" shall encompass other earth movements including landslide, mudflow, earth sinking, and earth rising, or shifting.
- C. The term "Flood" shall mean: Surface water, waves, tidal water or tidal wave, overflow or streams or other bodies of water, or spray from any the foregoing, all whether driven by wind or not.

12. **TITLES OF PARAGRAPHS**

The several titles of the various paragraphs of this form (and of endorsements and supplemental contracts, if any, now or hereinafter attached to this Policy) are inserted solely for convenience or reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

13. **PREMIUM ADJUSTMENT**

- A. The deposit premium shown above was computed based on declared values of \$8,484,882,219.
- B. The insured agrees to report to this Company at the end of the annual policy term the total values of insured property, including loss of **earnings** and extra expense. If the values reported are greater than those reported at inception, additional premium is due and payable on the basis of pro rata of the annual rate for the difference in values. If the report is less than the previous reported values, return premium is due and payable to this insured on the basis of pro rata of the annual rate for the difference in values.

Attached to and made part of Policy No. MAF760729-11

Of the AXIS Insurance Company

Issued to: State of West Virginia

ENDORSEMENT NUMBER A

Name of Insured: State of West Virginia, et al

Effective Date of This Endorsement: July 01, 2011

Policy: MAF760729-11 of AXIS Insurance Company
(Number) (Insurance Company)

It is understood and agreed that the annual deposit premium for the period of July 1, 2011 to July 1, 2012 is hereby due and payable as follows:

50% due July 01, 2011: \$76,035

50% due November 01, 2011: \$76,035

All Other Terms and Conditions Remain Unchanged.

Attached To and Made Part of the Policy of the Company Shown Above.

Date of Issue: July 01, 2011

ENDORSEMENT NUMBER B

Name of Insured: State of West Virginia, et al

Effective Date of This Endorsement: July 01, 2011

Policy: MAF760729-11 of AXIS Insurance Company
(Number) (Insurance Company)

The limit of insurance for Electronic Data/Cyber Risk Coverage is \$250,000 per occurrence and \$1,000,000 annual aggregate.

The above sublimit is included in the total policy limit of insurance and is not, under any circumstances, to be considered additional insurance.

All Other Terms and Conditions Remain Unchanged.

Attached To and Made Part of the Policy of the Company Shown Above.

Date of Issue: July 01, 2011

Named Insured State of West Virginia, et al		Endorsement Number C
Policy Number MAF760729-11	Policy Period July 01, 2011 To July 01, 2012	Effective Date of Endorsement July 01, 2011
Issued By AXIS Insurance Company		Endorsement Issue Date July 01, 2011

OCCURRENCE LIMIT OF LIABILITY

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

COMMERCIAL INLAND MARINE COVERAGE PART

The following terms and conditions will apply to this policy:

1. The amount of insurance shown on the face of this policy is an amount per occurrence. In no event will the liability of this Company exceed this amount in any one covered loss, disaster or casualty, irrespective of the number of locations involved.
2. The premium for this policy is based upon the Statement of Values on file with the Company. In the event of covered loss, liability of the Company shall be limited to the least of the following:
 - (a) the actual adjusted amount of covered loss, less applicable deductible(s);
 - (b) for covered loss sustained to any specifically scheduled item or element of coverage, as scheduled in the most current Statement of Values on file with the Company, 100% of the individually stated amount of each individually scheduled item or element of coverage, less applicable deductibles, regardless of any reference to any sum total amount of specifically scheduled items or elements of coverage by location as may be listed or contained in the State of Values.
 - (c) the Limit of Liability or amount of insurance shown on the face of this policy.

All other terms and conditions remain unchanged.

Named Insured State of West Virginia		Endorsement Number D
Policy Number MAF760729-11	Policy Period 07/01/2011 to 07/01/2012	Effective Date of Endorsement 07/01/2011
Issued By AXIS Insurance Company		Endorsement Issue Date 07/01/2011

LAW ENFORCEMENT ANIMALS

This endorsement modifies insurance provided under the following:

DIC Policy

The following coverage is added to Section 6.A. Real and Personal Property:

Law Enforcement Animals

1. As used in this Endorsement, a law enforcement animal means an animal that participates in law enforcement duties for you under the direction of your law enforcement agency and its employees, and includes police dogs and horses from equestrian units, rescue animals and search animals.
2. We will pay for direct physical loss of your law enforcement animals caused by any of the following causes of loss:

Death or injury caused by another while within the course of duty other than such death or injury caused by:

- (1) You or your employees;
- (2) Anyone acting under your or your employees' direction or with your consent; or
- (3) Anyone else to whom you entrust the animals;

that results in the death, necessary humane destruction or, in the case of theft, the total loss of the animals.

** All Law Enforcement Animals: \$30,000 Per Occurrence

** Any One Law Enforcement Animal: \$10,000 Per Occurrence

3. Under Section 7.C., Property Excluded, the exclusion of animals does not apply to the coverage provided by this Endorsement.
4. The insurance provided under this Endorsement does not apply to loss caused by the necessary humane destruction of any animal unless the humane destruction is itself made necessary by a cause of loss listed in provision 2. above.
5. The most we will pay for loss of all law enforcement animals in any one occurrence under this Endorsement is the Limit of Insurance shown in Paragraph 2. for All Law Enforcement Animals.

Subject to the All Law Enforcement Animals Limit of Insurance, the value of each animal lost in any one occurrence is agreed to be the Limit of Insurance shown in Paragraph 2. for Any One Law Enforcement Animal.

Named Insured State of West Virginia		Endorsement Number E
Policy Number MAF760729-11	Policy Period July 01, 2011 To July 01, 2012	Effective Date of Endorsement July 01, 2011
Issued By AXIS Insurance Company		Endorsement Issue Date July 01, 2011

This endorsement changes the policy. Please read it carefully.

ELECTRONIC DATA AMENDMENT ENDORSEMENT

- A. This endorsement replaces and supersedes any and all contrary policy provisions. This policy does not insure against loss, damage, destruction, erasure, corruption, alteration, diminished in value, or loss of use or usefulness of:
1. "Electronic Data" by any cause whatsoever (including but not limited to "Computer Virus"); and/or
 2. "Electronic Media" caused by or resulting from the loss, damage, destruction, distortion, erasure, corruption, alteration, diminished in value, or loss of use or usefulness of "Electronic Data" or "Electronic Media".

regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, destruction, distortion, erasure, corruption, alteration, diminished in value, or loss of use or usefulness of "Electronic Data" or "Electronic Media"

This exclusion does not apply to loss or damage to "Electronic Data" or "Electronic Media" caused by or resulting from the Perils of Fire; Lightning; Explosion; Windstorm or Hail; Smoke; Aircraft or Vehicles; Riot and Civil Commotion; Willful or malicious physical loss or damage by a means other than "Computer Virus"; Leakage from fire extinguishing equipment; Sinkhole collapse; Falling Objects; Weight of snow, ice or sleet; Water Damage; Building glass breakage; Sonic Boom; Flood; Earth Movement or Volcanic Action, if and to the extent such Perils are already covered by this or by any underlying policy.

B. Definitions

1. "Electronic Data" means facts, concepts, information or data, including compilations thereof, in a form useable or intended for the use or processing by "Computer" or for storage on "Electronic Media". "Electronic Data" included but is not limited to files, programs, applications, operating systems, and other coded instructions for the processing, calculation and storage of facts, concepts and information by "Computers".
2. "Electronic Media" means any physical device that holds, stores, contains or transfers "Electronic Data", and includes but is not limited to disks, drives, films, tapes, records, drums or cells.
3. "Computers" includes but is not limited to mainframes, servers, workstations and portable "Computers" personal information managers, wide and local area network hardware, electronic and electromechanical equipment, data processing equipment, electronic controls for machinery, electronically programmed memory chips, and electronically controlled communication equipment.
4. "Computer Virus" means instructions, code, applications or any software program that has the ability or is suspected to have the ability to damage, destroy, erase, corrupt, alter, or prevent access to "Electronic Data", "Electronic Media" or "Computers" or to disrupt or interfere with the operations of "Computer".



Named Insured State Of West Virginia		Endorsement Number F
Policy Number MAF760729-11	Policy Period 07/01/2011 to 07/01/2012	Effective Date of Endorsement 07/01/2011
Issued By AXIS Insurance Company		Endorsement Issue Date 07/01/2011

This endorsement changes the policy. Please read it carefully.

MOLD, FUNGI, WET OR DRY ROT, AND BACTERIA EXCLUSION ENDORSEMENT

1. EXCLUSIONS:

This policy does not cover:

- A. Loss or damage caused directly or indirectly by mold or other fungi, wet or dry rot, or bacteria;
- B. The costs associated with the enforcement of any ordinance or law which requires the Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of mold or other fungi, wet or dry rot, or bacteria; or
- C. Any costs, expenses, fines or penalties incurred or sustained by or imposed on the Insured at the order of any government agency, court or other authority arising from any cause whatsoever.

This mold or other fungi, wet or dry rot, or bacteria exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

2. LIMITED COVERAGE FOR MOLD, FUNGI, WET OR DRY ROT AND BACTERIA

This policy is extended to cover, subject to a maximum total limit of \$10,000 per occurrence, loss or damage directly caused by or resulting from mold or other fungi, wet or dry rot, or bacteria if such mold or other fungi, wet or dry rot, or bacteria is directly caused by or results from one or more of the following causes that occurs during the policy period:

- Fire;
- Lightning;
- Explosion;
- Windstorm;
- Hail;
- Smoke;
- Vehicles;



- Aircraft;
- Civil disturbance;
- Riot;
- Vandalism;
- Sprinkler leakage;
- Leakage from fire extinguishing equipment;
- Sinkhole collapse;
- Volcanic action;
- Falling objects;
- Weight of snow, ice or sleet;
- Water damage; or
- Collision, or upset or overturn of a transporting vehicle:
 - 1) at locations occupied by the Insured; or
 - 2) away from the locations occupied by the Insured when the transporting vehicle is owned, operated, rented, leased or borrowed by the Insured.

If this policy includes coverage for flood, earthquake or earth movement it will be considered a covered peril for mold or other fungi, wet or dry rot, or bacteria.

As applied to this limited coverage for loss or damage by mold, fungi, wet or dry rot, and bacteria, "loss or damage" means:

- A. Direct physical loss or damages to Covered Property by mold, fungus, wet or dry rot or bacteria, including the cost of removal of the mold, fungus, wet or dry rot or bacteria;
- B. The cost to tear out and replace any part of the building or other property as needed to gain access to the mold, fungus, wet or dry rot or bacteria; and
- C. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is reason to believe that mold, fungus, wet or dry rot or bacteria are present.



The maximum total limit provided by this coverage extension is \$10,000 per occurrence regardless of the number or type of coverages that may apply, the number of locations to which this coverage extension applies, or regardless of the number or type of mold or other fungi, wet or dry rot, or bacteria that caused the loss or damage. When this agreement and any other insuring agreement or endorsement written by the Company applies to the same mold or other fungi, wet or dry rot, or bacteria loss, \$10,000 is the most the Company will pay on a combined total basis for all such loss. This amount is not in addition to the limits of coverage for real or personal property, flood, earthquake or earth movement or time element coverage as specified elsewhere in this policy.

3. DEFINITIONS

A. Mold or other fungi means:

- 1) any type or form of mold or mildew;
- 2) any other type or form of fungus; or
- 3) any mycotoxin, spore, scent or byproduct that is produced or released by such mold, mildew or other fungus.

B. Bacteria means:

- 1) any type or form of bacterium; or
- 2) any byproduct that is produced or released by such bacterium.



Named Insured State Of West Virginia		Endorsement Number G
Policy Number MAF760729-11	Policy Period 07/01/2011 to 07/01/2012	Effective Date of Endorsement 07/01/2011
Issued By AXIS Insurance Company		Endorsement Issue Date 07/01/2011

This endorsement changes the policy. Please read it carefully.

NUCLEAR, CHEMICAL AND BIOLOGICAL EXCLUSION ENDORSEMENT

The following exclusions are added to your Policy.

This insurance does not apply to:

- A. Loss or damage arising directly or indirectly from nuclear detonation, reaction, nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, or due to any act or condition incident to any of the foregoing, whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by, any physical loss or damage insured against by this Policy, however such nuclear detonation, reaction, nuclear radiation or radioactive contamination may have been caused. This exclusion replaces any other nuclear detonation, nuclear reaction, nuclear radiation or radioactive contamination exclusions found elsewhere in this Policy.
- B. Loss or damage arising directly or indirectly from the dispersal, application or release of, or exposure to, chemical or biological materials or agents that are harmful to property or human health, all whether controlled or uncontrolled, or due to any act or condition incident to any of the foregoing, whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by, any physical loss or damage insured against by this Policy, however such dispersal, application, release or exposure may have been caused.
- C. This exclusion applies to all coverage under the Policy notwithstanding any coverage extension or any other endorsement.



Named Insured State Of West Virginia		Endorsement Number H
Policy Number MAF760729-11	Policy Period 07/01/2011 to 07/01/2012	Effective Date of Endorsement 07/01/2011
Issued By AXIS Insurance Company		Endorsement Issue Date 07/01/2011

This endorsement changes the policy. Please read it carefully.

COMMERCIAL PROPERTY EXCLUSION ENDORSEMENT

1. EXCLUSIONS

A. POLLUTANTS AND CONTAMINANTS EXCLUSION

- 1) As used in this endorsement, Pollutants or Contaminants means:
 - a. 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.
 - b. Pollutants or contaminants include, but are not limited to those materials that can cause or threaten damage to human health or human welfare or cause or threaten damage, deterioration, loss of value, marketability or loss of use to property. Pollutants or contaminants include, but are not limited to bacteria, fungi, mold, mildew, virus or hazardous substances as listed in the Federal Water Pollution Control Act, Clean Air Act, Resource Conservation and Recovery Act of 1976, Toxic Substances Control Act or as designated by the U.S. Environmental Protection Agency or any other governing authority.

- 2) This policy does not cover any of the following.
 - a. Loss or damage caused by, resulting from, contributed to or made worse by actual, alleged or threatened release, discharge, escape or dispersal of pollutants or contaminants, however caused;
 - b. The expense or cost to extract or remove pollutants or contaminants from debris;
 - c. The expense or cost to extract or remove pollutants or contaminants from land or water;
 - d. The expense or cost to extract or remove, restore or replace contaminated or polluted land or water;
 - e. The costs associated with the enforcement or any ordinance or law which requires the Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of pollutants or contaminants;



- f. Any cost to transport any property or debris to a site for storage or decontamination required because the property is infected by pollutants or contaminants, whether or not such removal, transport or decontamination is required by law, regulation or any authority governing such matters;
 - g. Any cost to store or otherwise dispose of any property because pollutants or contaminants infect the property; or
 - h. Any expense for the investigation or defense of any loss, damage or any cost, loss of use expense, fine or penalty or for any expense or claim or suit related to any of the above.
- 3) Additional Coverage

This policy is extended to cover the necessary and reasonable expenses actually incurred by the insured to clean up or remove pollutants from land or water at Covered Locations under this policy during the policy period if the discharge, dispersal, seepage, migration, release or escape of the pollutants is directly caused by or results directly from fire, lightning, aircraft impact, explosion, riot, civil commotion, smoke, vehicle impact, windstorm or hail, vandalism, malicious mischief, leakage or accidental discharge from automatic fire protective system. The most the Company will pay for such pollutant clean up or removal is a \$10,000 aggregate in any one policy year. The expenses will be paid only if they are reported to the Company in writing within 180 days of the date on which the covered loss occurs. This additional coverage does not increase the Policy Limit of Insurance.

B. ASBESTOS, DIOXIN OR POLYCHLORINATED BIPHENOLS MATERIALS EXCLUSION

- 1) In this exclusion, Asbestos, Dioxin, and Polychlorinated Biphenols are all referred to as "Materials."
- 2) This policy does not cover loss or damage caused directly or indirectly by any of the following:
 - a. Removal of such "Materials" from any goods, products, structures or debris;
 - b. Demolition, increased cost of reconstruction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating such "Materials";
 - c. Any governmental direction or request declaring that such "Materials" present in or part of or utilized in any undamaged portion of the Insured's property can no longer be used for the purpose for which it was intended or installed and must be removed or modified; or
 - d. Any expense for the investigation or defense of any loss, damage or any cost, loss of use expense, fine or penalty or for any expense or claim or suit related to any of the above.

3) Additional Coverage

This policy is extended to cover the necessary and reasonable expenses actually incurred by the Insured to remove Asbestos at Covered Locations under this policy during the policy period if Asbestos itself is directly damaged by fire, lightning, aircraft impact, explosion, riot, civil commotion, smoke, vehicle impact, windstorm or hail, vandalism, malicious mischief, leakage or accidental discharge from automatic fire protective system. The most the Company will pay for such Asbestos removal is a \$10,000 aggregate in any one policy year. The expenses will be paid only if they are reported to the Company in writing within 180 days



of the date on which the covered loss occurs. This additional coverage does not increase the Policy Limit of Insurance.

C. NUCLEAR EXCLUSION CLAUSE

- 1) The Company shall not be liable for loss or damage by nuclear reaction, nuclear radiation or radioactive contamination, however caused.
- 2) This policy will not cover any cost or expense to defend any claim or suit or pay any damages, loss or expense or obligation, resulting from nuclear reaction, nuclear radiation or radioactive contamination, however caused.

D. FINES OR PENALTIES

This policy will not pay any costs, expenses, fines or penalties incurred or sustained by or imposed on the Insured at the order of any government agency, court or other authority arising from any cause whatsoever.

2. OTHER INSURANCE CONTRACTS

Coverage provided by other insurance contract(s) for any exclusion in this endorsement shall not affect the terms and conditions as set forth by this endorsement. This policy shall not cover as excess insurance or contribute with such other insurance for loss or damage excluded by this endorsement.

The policy changes provided by this endorsement shall supersede and annul any conflicting provisions of the policy. All other matters not affected by this endorsement remain the same and shall be governed by the terms and conditions of the Company's policy to which this endorsement is attached.



Named Insured State Of West Virginia		Endorsement Number I
Policy Number MAF760729-11	Policy Period 07/01/2011 to 07/01/2012	Effective Date of Endorsement 07/01/2011
Issued By AXIS Insurance Company		Endorsement Issue Date 07/01/2011

This endorsement changes the policy. Please read it carefully.

FAILURE TO PERFORM EXCLUSION

Even if any of the terms of this policy might be construed otherwise, the following causes of physical loss or damage to property, as described in Items 1. and 2. below, are specifically excepted from this policy. We do not insure against loss or damage directly or indirectly caused by, resulting from, contributed to or aggravated by, or which would not have occurred but for, either of these causes:

1. The design, specifications, workmanship, repair, construction, renovation, remodeling, grading or compaction of all or any part of the following:
 - a. Roads, water or gas mains, sewers, drainage ditches, levees, dams, dikes, floodgates, canals, harbors, retention ponds, or other similar works or facilities;
2. The maintenance of any of such property, works or facilities.

This exception applies whether or not the property or facilities described above are:

1. Covered under this policy; or
2. On or away from the covered premises.

This exception does not reduce the insurance for loss or damage caused directly by a Covered Peril.

As used in this endorsement:

1. If this policy is written to cover the risk of loss from specifically named causes, Covered Peril means any cause of physical loss or damage to property specifically named as covered.
2. If written to cover the risk of loss without specifying specifically named causes, Covered Peril means any cause of physical loss or damage to property not described above and not otherwise excluded or excepted from the causes of loss covered by this policy.



Named Insured State Of West Virginia		Endorsement Number J
Policy Number MAF760729-11	Policy Period 07/01/2011 to 07/01/2012	Effective Date of Endorsement 07/01/2011
Issued By AXIS Insurance Company		Endorsement Issue Date 07/01/2011

This endorsement changes the policy. Please read it carefully.

EXCLUSION OF TERRORISM WITH COVERAGE FOR CERTIFIED ACTS ENDORSEMENT

A. The following exclusion is added:

Subject to paragraph B of this endorsement, this insurance does not cover loss, damage, injury, expense, cost or legal obligation directly or indirectly resulting from or arising out of or in any way related to any:

1. "Terrorism Act"; or
2. Actions taken by or on behalf of any government or any branch or division thereof (including, without limitation, the uniformed armed forces, militia, police, state security and anti-terrorism agencies) in responding to, preventing, combating, defending or retaliating against any "Terrorism Act."

This exclusion applies regardless of any other cause or event that in any way contributes concurrently or in any sequence to the loss, damage, injury, expense, cost or legal obligation.

This exclusion applies whether or not the "Terrorism Act" was an act committed in concert with or on behalf of any organization or government.

B. Notwithstanding paragraph A of this endorsement, this policy will provide coverage for "Insured Loss" resulting from a "Certified Terrorism Act" on the same terms and in the same amounts as loss caused by other events covered by this policy.

Only "Insured Loss" as defined in the Terrorism Risk Insurance Act of 2002 (including any amendments thereto, the "Act") will be covered by the policy. Paragraph A still applies to any terrorism losses not qualifying as "Insured

Losses" under the Act. All other terms, conditions and limits in the policy still apply. If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

C. As used in this endorsement:

"Terrorism Act" means any act, preparation in respect of action or the threat of action that:

1. Involves violence or is dangerous to human life or tangible or intangible property (including electronic, communications, information or mechanical systems or infrastructure), and
2. Reasonably appears to be intended, in whole or in part, to:
 - a. Intimidate or coerce a civilian population or any segment of a civilian population; or
 - b. Disrupt any segment of the economy of one or more nations; or
 - c. Overthrow or influence the policy or conduct of a government; or
 - d. Is in retaliation for any governmental action or policy.

"Terrorism Act" shall also include any incident determined to be such by an official, department or agency that has been specifically authorized by federal statute to make such a determination.



"Terrorism Act" includes the intentional dispersal or application of pathogenic, or poisonous biological or chemical materials and shall also include any incident determined to be such by an official, department or agency that has been specifically authorized by federal statute to make such a determination.

"Certified Terrorism Act" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an Terrorism Act pursuant to the Act.

"Insured Loss" has the meaning given by the Act; that definition controls the grant of coverage under this policy.

D. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss or damage which would otherwise be excluded under this policy



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

A. Cap On Certified Terrorism Losses

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

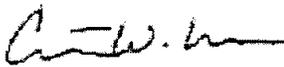
If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

B. Application Of Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

IN WITNESS WHEREOF, the Company has caused the facsimile signatures of its President and Secretary to be affixed hereto, and has caused this policy to be signed on the Declarations Page by an authorized representative of the Company.

Axis Surplus Insurance Company



Carlton W. Maner
President



Andrew Weissert
Secretary

CLAIM NOTICE

To report a new claim notice/loss:

E-mail: USClaimNoticeATL@axiscapital.com

or

Toll Free Fax: (866) 770-5629

During business hours of 8:30 AM EST to 4:30 PM EST.

AXIS INSURANCE
11680 Great Oaks Way
Suite 500
Alpharetta, GA 30022
Phone: (678) 746-9400

After business hours, please contact GAB Robins at 1-800-621-5410.

