

**Torres Rojas, Genara**

FOI#13713

**From:** rlawrence@lwrlawyer.com  
**Sent:** Thursday, January 17, 2013 4:01 PM  
**To:** Duffy, Daniel  
**Cc:** Torres Rojas, Genara; Van Duyne, Sheree  
**Subject:** Freedom of Information Online Request Form

Information:

First Name: Roger  
Last Name: Lawrence  
Company: LWRB  
Mailing Address 1: 225 Broad Hollow Road  
Mailing Address 2: 105  
City: Melville  
State: NY  
Zip Code: 11747  
Email Address: [rlawrence@lwrlawyer.com](mailto:rlawrence@lwrlawyer.com)  
Phone: 6316940033  
Required copies of the records: Yes

List of specific record(s):

PAICE Port Authority Insurance Captive Entity, LLC OCIP Policy issued to the Port Authority of New York and New Jersey as principal named insured for policy period 6107-6110 as extended through June 2014. All pages attachments and endorsements are sought.

**THE PORT AUTHORITY OF NY & NJ**

*FOI Administrator*

January 25, 2013

Mr. Roger Lawrence  
LWRB  
225 Broad Hollow Road 105  
Melville, NY 11747

Re: Freedom of Information Reference No. 13713

Dear Mr. Lawrence:

This is a response to your January 17, 2013 request, which has been processed under the Port Authority's Freedom of Information Code (the "Code") for copies of records related to PAICE Port Authority Insurance Entity, LLC OCIP Policy issued to the Port Authority of New York and New Jersey as principal named insured for policy period 6/1/07-6/1/10 as extended through 6/14, all pages attachments and endorsements are sought.

Material responsive to your request and available under the Code can be found on the Port Authority's website at <http://www.panynj.gov/corporate-information/foi/13713-O.pdf>.

Please refer to the above FOI reference number in any future correspondence relating to your request.

Very truly yours,



Ann L. Qureshi  
FOI Administrator

**COVER NOTE**  
**PORT AUTHORITY INSURANCE CAPTIVE ENTITY, LLC**

**PACIPGL0710**

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**RISK DETAILS:**

**TYPE:** Contractors Insurance Program – General Liability

**FORM:** Manuscript

**ASSURED:** THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY and all of its wholly-owned corporate entities, as well as all of its enrolled contractors.

**PERIOD:** Effective from: 1<sup>st</sup> June 2007 12:01 am Local Standard Time at the address of the Named Assured.  
To: 1<sup>st</sup> June 2010 12:01 am Local Standard Time at the address of the Named Assured.

**INTEREST:** Commercial General Liability in respect of the Assured's operations.

**LIMIT:** USD 500,000 per claim.

**DEDUCTIBLE:** None

**ORDER**  
**HEREON:** 100% of limits as above.

**TERRITORY:** New York and New Jersey.

**CONDITIONS:** All as per Form

**CANCELLATION:** 10 days with respect to non-payment of premium, otherwise this policy is non-cancellable by underwriters. Cancellation by Assured as per Form.

**EXPRESS**  
**WARRANTIES:** None

**CONDITIONS**  
**PRECEDENT:** None

**CHOICE OF LAW**  
**& JURISDICTION:** This insurance shall be governed by and construed in accordance with the laws of New York and the exclusive jurisdiction of New York.

**PREMIUM:** USD 74,344,500 Flat (100%) pre-paid for period.

**COVER NOTE**  
**PORT AUTHORITY INSURANCE CAPTIVE ENTITY, LLC**  
**PACIPGL0710**

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Payable in the following installments:  
7/01/07 USD 24,781,500  
7/01/08 USD 24,781,500  
7/01/09 USD 24,781,500

**PAYMENT TERMS:** 30 days from effective date of coverage.

**BROKERAGE:** None

**OTHER  
DEDUCTIONS  
FROM PREMIUM:** None

**TAXES PAYABLE  
BY THE ASSURED  
AND ADMINISTERED  
BY UNDERWRITERS:** None

Form to follow.

PORT AUTHORITY INSURANCE CAPTIVE ENTITY, LLC  
CONSTRUCTION LIABILITY POLICY 2007

Owner Controlled Insurance Program - Construction Liability

THIS IS A LIABILITY POLICY. PLEASE READ THE ENTIRE DOCUMENT CAREFULLY. SOME WORDS CONTAINED HEREIN HAVE SPECIFIC MEANING. PLEASE REFER TO THE DEFINITIONS SECTION.

**I. INSURING AGREEMENTS**

**1. COVERAGE**

In consideration of the payment of the premiums set out in Item 6 of the Declarations and in reliance upon the proposal for this policy (hereinafter Policy), statements made and any supplementary information pertaining to the proposal which are all deemed incorporated herein, Underwriters agree, subject to the Insuring Agreements, Conditions, Exclusions, Definitions and Declarations contained in this Policy, to indemnify the "Insured" in respect of its operations at each "Construction Project Site" referred to in Item 1.(b) of the Declarations, for "Ultimate Net Loss" by reason of liability:

- (a) imposed upon the "Insured" by law or
- (b) assumed by the "Insured" under an "Insured Contract",

for damages in respect of:

- (i) "Bodily Injury"
- (ii) "Personal Injury"
- (iii) "Property Damage"
- (iv) "Advertising Injury"

caused by or arising out of:-

- (1) "General Liability" "Occurrence"s which first commences during the Policy Period as set out in Item 3 of the Declarations and which comprise:
  - (i) incomplete "Construction Project Site"s "Let" during a previous Policy Period;
  - or
  - (ii) new "Construction Project Site"s "Let" in the Policy Period stated in Item 3 of the Declarations whether completed or not,
- (2) "Product Liability" and "Completed Operations Liability" "Occurrence"s which first commence during the Policy Period stated in Item 3 of the Declarations but only in respect of the following:
  - (i) the balance of a "Product Liability and Completed Operations Liability Combined Period" which commenced during a previous Policy Period;
  - or
  - (ii) the start of a "Product Liability and Completed Operations Liability Combined Period" during the Policy Period stated in Item 3 of the Declarations.

Nothing contained in this Policy shall make it subject to the terms of any other insurance.

## 2. LIMITS OF LIABILITY

Underwriters shall only be liable for "Ultimate Net Loss" up to the amount stated in Item 2.(a) of the Declarations plus "Defence Expenses" in respect of each "Occurrence" first commenced during the period stated in Item 3 of the Declarations subject always to the provisions of Condition 2.

Regardless of the number of "Occurrences" that may be covered by this Policy, Underwriters' total Limits of Liability shall not exceed the amount of "Ultimate Net Loss" set out in Item 2.(b) of the Declarations in the aggregate separately in respect of:

- (i) "Products Liability" and "Completed Operations Liability" combined,
- (ii) "Personal Injury"

plus "Defence Expenses" subject always to the provisions of Condition 2.

In respect of (i) above, the aggregate stated in Item 2.(b).(i) of the Declarations shall apply to all "Construction Project Site"s subject to the parameters stated in Insuring Agreement 1.(2).

In respect of (ii) above, the aggregate stated in Item 2.(b).(ii) of the Declarations shall apply for each "Annual Period of Construction" stated in Item 4 of the Declarations within the period stated in Item 3 of the Declarations.

The inclusion or addition hereunder of more than one "Insured" shall not increase Underwriters' Limits of Liability as set out in Item 2 of the Declarations.

Where "Defence Expenses" are paid or incurred by the "Insured", all "Defence Expenses" will be paid by Underwriters in addition to the Limits of Liability of this Policy until such Limits of Liability are exhausted subject always to the provisions of Condition 2.

## **II. CONDITIONS**

This Policy is subject to the following conditions:

### **1. APPEALS**

In the event the "Insured" elects not to appeal a judgement which may, in whole or in part, involve indemnity under this Policy, Underwriters may, following discussion with the "Insured", elect to make such appeal at their own cost and expense and shall be liable for the taxable costs, expenses and disbursements and any additional interest incidental to such appeal; but in no event shall the liability of Underwriters exceed the relevant Limits of Liability set out in Item 2 of the Declarations plus such costs, expenses, disbursements and interest.

### **2. APPORTIONMENT OF "DEFENCE EXPENSES"**

Whenever any written demand received by the "Insured" for damages is finally resolved by a payment by Underwriters which, regardless of the amount thereof, is only covered in part by this Policy, then the percentage of any "Defence Expenses" that are paid by Underwriters in addition to the "Ultimate Net Loss" shall be calculated by dividing that part of such payment which is covered by this Policy, by the total amount paid.

### **3. ASSIGNMENT**

Assignment of interest under this Policy shall not bind Underwriters unless and until their written agreement thereto is secured.

### **4. CANCELLATION OR NON-RENEWAL**

#### **(a) By the named "Insured"**

This Policy may be cancelled at an anniversary date only by the named "Insured" without the consent of other "Insureds", by mailing to Underwriters written notice stating at which anniversary date thereafter such cancellation shall be effective.

#### **(b) By Underwriters**

This Policy may be cancelled by Underwriters for non payment of premium, in which event ten (10) days notification at any time shall apply.

The Policy Period specified in Item 3. of the Declarations and the coverage of each "Construction Project Site" referred to in Item 1.(b) of the Declarations will end on the day and hour stated in the cancellation notice or on the expiry date referred to in Item 3.(b) of the Declarations whichever is the earlier.

If Underwriters cancel the Policy, final premium will be calculated by Underwriters by applying the rate stated in Endorsement No 3 to the declared values of "Construction Project Site"s during the shortened Policy Period.

Notwithstanding the foregoing, however, in the event of cancellation by the named "Insured" during the Policy Period or non-renewal of this Policy, this Policy may continue to apply to "Insured Contract"s at "Construction Project Site"s for which the named "Insured" has committed to provide insurance prior to the effective date of cancellation or the date stated in Item 3.(b) of the Declarations, whichever is the earlier, at rate and premium to be agreed by Underwriters, until all work to be performed under such "Insured Contract"s is completed plus the "Product Liability and Completed Operations Liability Combined Period"s have elapsed.

#### **5. CROSS LIABILITY**

In the event of an "Occurrence" resulting in "Bodily Injury" to an employee of one "Insured" hereunder for which another "Insured" is, or may be, liable then this Policy shall cover such "Insured" against whom a "Claim" for damages has been made or may be made in the same manner as if separate policies had been issued to each "Insured" hereunder.

In the event of an "Occurrence" resulting in "Property Damage" to property of one "Insured" hereunder for which another "Insured" is, or may be, liable then this Policy shall cover such "Insured" against whom a "Claim" for damages has been made or may be made in the same manner as if separate policies had been issued to each "Insured" hereunder.

Nothing contained herein shall operate to increase Underwriters' Limit of Liability set out in Item 2 of the Declarations.

#### **6. CURRENCY AND PAYMENTS OF PREMIUMS**

Premiums and indemnity payments due under this Policy are payable in the currency set out in Item 5 of the Declarations. Payment of premiums shall be made by the first named "Insured" set out in Item 1.(a) of the Declarations to the person or entity set out in Item 7 of the Declarations. If the first named "Insured" or its agent fails to pay the premium due to Underwriters by the due date, Underwriters may issue notice to the named "Insured" set out in Item 1.(a) of the Declarations in accordance with the provisions of Condition 4.

#### **7. DAMAGES PAYABLE**

Any amount for which Underwriters are liable under this Policy shall be due and payable solely to the agent of the "Insured" set out in Item 8 of the Declarations within thirty (30) days after it is agreed by Underwriters.

**8. DEFENCE**

As detailed in Endorsement 6 but Underwriters' right and duty to incur "Defence Expenses" in the defence of any "Occurrence" end when the Limits of Liability have been exhausted by the payment of judgements or settlements.

**9. GOVERNING LAW AND INTERPRETATION**

In view of the diverse locations of the parties purchasing insurance from Underwriters and the desirability of unified regulation, the parties agree that the Policy shall be construed and enforced in accordance with and governed by the internal law of the State of New York.

**10. INSOLVENCY**

The insolvency, bankruptcy, receivership or any refusal or inability to pay of the "Insured" and/or any Underwriter shall not operate to:

- (a) increase Underwriters' liability under this Policy;
- (b) increase any Underwriters' share of liability under this Policy;
- (c) relieve Underwriters from the payment of "Ultimate Net Loss" or "Defence Expenses" under this Policy.

**11. INSPECTION AND INVESTIGATION**

Underwriters may, after giving reasonable notice to the named "Insured", audit and examine the books and records of the "Insured" as they relate to this Policy at any time during the Policy Period and for up to three years after the expiration or termination of this Policy.

Underwriters have the right, but are not obligated, after giving reasonable notice to the named "Insured", to inspect the premises and operations of the "Insured". The inspections are not safety inspections. They relate only to the insurability of the premises and operations and the premiums to be charged. Underwriters may give the "Insured" reports on the conditions found. They may also recommend changes. Whilst they may help reduce losses, Underwriters do not undertake to perform the duty of any person or organisation to provide for the health or safety of the "Insured"'s employees or the public. Underwriters do not warrant that the premises or operations of the "Insured" are safe or healthful or that they comply with laws, regulations, codes or standards.

**12. KNOWLEDGE OF OCCURRENCE**

Other than in respect of conditions (a), (b), (c), (d) and (e) of Exclusion 18 knowledge of an "Occurrence" by the agent, servant or employee of the "Insured" shall not in itself constitute knowledge by the "Insured", unless an executive officer of the "Insured"'s Corporation shall have received such notice from its agent, servant or employee.

### 13. NOTICE OF OCCURRENCE

- (a) In the event of an "Occurrence", written notice containing the particulars sufficient to identify the "Insured" and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the injured and of available witnesses, shall be given by or for the "Insured" to the entity named in Item 10 of the Declarations as soon as practicable.
- (b) If claim is made or suit is brought against the "Insured", the "Insured" shall immediately forward to the entity named in Item 10 of the Declarations every demand, notice, summons or other process received by it or its representative.
- (c) Notwithstanding anything to the contrary in this Condition, this Policy shall not apply to any:-
  - (i) "General Liability" "Occurrence" unless notice of such "Occurrence" is given to Underwriters prior to expiry of five years from the date defined by Item 3.(b) of the Declarations; or
  - (ii) "Product Liability" and "Completed Operations Liability" "Occurrence" unless notice of such "Occurrence" is given to Underwriters prior to expiry of three years from the date stated in Item 3.(b) of the Declarations or two years from the end of the "Product Liability and Completed Operations Liability Combined Period", whichever is the earlier,

but always subject to Condition 4. Cancellation or Non-Renewal.

- (d) The "Insured" shall co-operate with Underwriters and, upon Underwriters' request, assist in making settlements, in the conduct of suits and in enforcing any right of contribution or indemnity against any person or organisation who may be liable to the "Insured" because of injury or damage with respect to which insurance is afforded under this Policy; and the "Insured" shall attend hearings and trials, and assist in securing and giving evidence and obtaining the attendance of witnesses. The "Insured" shall not, except at its own cost, voluntarily make any payment, assume any obligation or incur any expense other than for first aid to others at the time of the "Occurrence".
- (e) When the "Insured" reports any accident to the Workers' Compensation carrier insuring its Workers' Compensation Insurance which later develops into a claim for liability to which this Policy applies, coverage for which is provided by this Policy, failure to report such accident to Underwriters at the time of the "Occurrence" shall not be deemed in violation of (a), (b) or (c) of this Condition upon the distinct understanding and agreement, however, that the "Insured" just as soon as it is definitely made aware of the fact that the particular accident is a liability case rather than a Workers' Compensation case, shall give notification of the aforesaid accident to Underwriters.

#### 14. OTHER INSURANCE

The insurance afforded by this Policy is primary insurance, except when stated in writing to the contrary. Where this Policy is primary and the "Insured" has other insurance which is stated to be applicable to an "Occurrence" on an excess basis, the amount of the Underwriters' liability under this Policy shall not be reduced by the existence of such other insurance.

When both this Policy and other insurance apply to an "Occurrence" on the same basis, this Policy will only contribute its proportionate share in combination with such other insurance.

#### 15. SEPARATION OF "INSUREDS"

Except with respect to Underwriters' Limits of Liability and any rights or duties specifically assigned to the named "Insured" designated in Item 1.(a) of the Declarations, this insurance applies separately to each "Insured" against whom "Claim" is made or suit brought.

#### 16. SERVICE OF SUIT CLAUSE

(Per attached Service of Suit Clause (U.S.A.))

#### 17. SUBROGATION

Where an amount is paid by Underwriters under this Policy, the "Insured"'s rights of recovery against any other person or entity in respect of such amount shall be exclusively subrogated to Underwriters. At Underwriters' request the "Insured" will assist, co-operate and lend its name to the exercise of Underwriters' rights of subrogation. The "Insured" shall do nothing to prejudice such rights.

All recoveries shall be applied as follows:

- (a) any interests, including the "Insured", that have paid an amount in excess of Underwriters' payment under this Policy will be reimbursed first; and,
- (b) Underwriters then will be reimbursed up to the amount they have paid.

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

Notwithstanding the foregoing, Underwriters waive their rights of recovery against any "Third Party" to whom the named "Insured" has undertaken, in a written contract, to obtain a written waiver of subrogation but only if such waiver has been included in such "Insured Contract" before the "Occurrence" giving rise to such payments.

This waiver shall apply only with respect to an "Occurrence" arising from operations undertaken or obligations required under the specific "Insured Contract" between the named "Insured" and such "Third Party" and shall not be construed to be a waiver with respect to other operations of such "Third Party" in which the named "Insured" has no contractual interest or obligation.

No waiver of subrogation shall directly or indirectly apply to any employee(s) of either the named "Insured" or of such "Third Party" unless required by "Insured Contract" and Underwriters reserve their rights or lien to be reimbursed from any recovery funds obtained by any employee.

This waiver does not apply in any jurisdiction where such waiver is held to be illegal or against public policy or to any "Occurrence" wherein such "Third Party" is found to be solely negligent.

#### **18. TRANSFER OF RIGHTS AND DUTIES**

The rights and duties of the "Insured" under this Policy may not be transferred without prior written consent of Underwriters.

#### **19. WAIVER OR CHANGE**

Notice to any agent or knowledge possessed by any agent or any other person shall not effect a waiver of or change in any part of this Policy. This Policy can only be changed by a written endorsement that becomes a part of this Policy and is signed by or on behalf of Underwriters.

### **III. EXCLUSIONS**

This Policy does not apply to any actual or alleged liability:

1. arising out of breach of contract other than an "Insured Contract";
2. (a) of whatsoever nature of the "Insured", whether the "Insured" may be liable as an employer or in any other capacity whatsoever, to any of its Employees, including without limiting the generality of the foregoing any liability under any Workers' Compensation Law, Unemployment Compensation Law, Disability Benefit Law, Longshore and Harbor Workers' Compensation Act, Jones Act, Death on the High Seas Act, General Maritime Law, Federal Employers' Liability Act, Employers Liability, Employers' Liability as respects Occupational Disease or any similar laws of liabilities, and/or whether by reason of the relationship of master and servant or employer and employee or not;  
(b) which any "Insured" may have to its own employee arising out of the actions or omissions of another of its own employees;
3. arising out of "Automobile Liability" to include loading and unloading, EXCEPT for the following:  
(a) This exclusion does not apply to the operation, use, loading or unloading of an automobile at or on the premises of the project site, including the ways immediately adjoining, PROVIDED, however, the insurance afforded hereby shall be in excess over any other valid and collectible insurance (whether primary, excess, umbrella or contingent) EXCEPT other insurance written to apply specifically as excess to this policy.
4. arising out of "Aircraft Liability";

5. arising out of "Watercraft Liability";
6. for "Discrimination", "Sexual Harassment" and/or "Inappropriate Employment Conduct";
7. for "Property Damage" to property:
  - (a) owned, leased, rented, borrowed or occupied by the "Insured";
  - (b) in the care, custody or control of the "Insured".

EXCEPT, The Exclusion stated in 7(a) & 7(b) will not apply to property of the Port Authority of New York & New Jersey. In this instance, insurance afforded hereby shall have a limit of \$500,000.00 per occurrence and shall be excess over any valid and collectible property insurance (including any deductible portion thereof) available to any "Insured", such as, but not limited to Fire, Extended Coverage, Builders Risk or Installation Risks Coverage, and the Other Insurance condition of the policy is amended accordingly. Further, should coverage be afforded under this Exception to Exclusion 7(a) and 7(b), the policy limits shall first be exhausted by all other covered perils that fall outside Exclusion 7(a) and 7(b).

8. for "Property Damage" to the "Insured's Products" arising out of such products or any part of such products;
9. for "Property Damage" to property worked on by or on behalf of the "Insured" arising out of such work or any portion thereof, or out of any material, parts or equipment furnished in connection therewith;
10. for the withdrawal, recall, return, inspection, repair, replacement, or loss of use of the "Insured's Products" or work completed by or for the "Insured" or for any property of which such "Insured's Products" or work form a part;
11. for any fines or penalties;
12. for "Personal Injury" and/or "Advertising Injury" arising out of:
  - (a) failure to perform under any contract other than an "Insured Contract";
  - (b) infringement of trademark, patent, service mark or trade name, other than copyright, titles or slogans, by use thereof on or in connection with goods, products or services sold or offered for sale;
  - (c) unfair competition;
13. for "Bodily Injury", "Personal Injury", "Property Damage" and/or "Advertising Injury" arising out of: -
  - (a) the failure of the operations or work completed by or for the "Insured" to perform the function or serve the purpose intended by the "Insured";

- (b) fines or penalties imposed on the "Insured" should the operations or work completed by or for the "Insured" fail to reach the levels of performance set out in the contract
  - (c) the failure of the "Insured" to complete a contract on time or comply with any contractual obligation;
14. for any act, negligence, error or omission, malpractice or mistake arising out of "Professional Services", committed or alleged to have been committed by or on behalf of the "Insured" in the conduct of any of the "Insured"'s business activities;
  15. for "Bodily Injury", "Personal Injury", "Property Damage" and/or "Advertising Injury" directly or indirectly caused by or arising out of:- asbestos; mold; chromium copper arsenate; Exterior Insulation and Finish System (EIFS); silica, polychlorinated biphenyl (PCB) or lead; or any substance containing such material or any derivative thereof;
  16. for "Bodily Injury", "Personal Injury", "Property Damage" and/or "Advertising Injury" for claims made by or on behalf of any person or persons directly or indirectly on account of continuous, intermittent or repeated exposure to, ingestion, inhalation, or absorption of, any substance, material, product, waste, emission, radioactive substance, noise or environmental disturbance where the "Insured" is or may be liable as a result of the manufacture, production, extraction, sale, handling, utilisation, distribution, disposal or creation by or on behalf of the "Insured" of such substance, material, product, waste, emission, radioactive substance, noise or environmental disturbance;
  17. for "Bodily Injury", "Personal Injury", "Property Damage" and/or "Advertising Injury" arising out of or in any way connected with the operation of the principles of eminent domain, condemnation proceedings or inverse condemnation proceedings or inverse condemnation by whatever name called regardless of whether such claims are made directly against the "Insured" or by virtue of any agreement entered into by or on behalf of the "Insured"; or with respect to any provisions in this Policy concerning any duty of Underwriters to investigate or defend any "Claim" excluded by this exclusion;
  18. for "Bodily Injury", "Personal Injury", "Property Damage" and/or "Advertising Injury" directly or indirectly caused by or arising out of seepage, pollution or contamination however caused whenever or wherever happening;

This exclusion shall not apply where all of the following conditions are shown by the "Insured" to have been met:

- (a) the seepage, pollution or contamination was caused by an "Occurrence"; and,
- (b) the "Occurrence" first commenced on an identified specific date during the period set out in Item 3 of the Declarations; and,
- (c) the "Occurrence" was first discovered by the "Insured" within fourteen (14) days of such first commencement; and,

- (d) written notification of the "Occurrence" was first received from the "Insured" by Underwriters within ninety (90) days of the "Insured"'s first discovery of the "Occurrence"; and,
- (e) the "Occurrence" did not result from the "Insured"'s intentional violation of any statute, rule, ordinance or regulation.

Even if the above conditions (a) to (e) are satisfied, this Policy does not apply to any actual or alleged liability:

- (i) to evaluate, monitor, control, remove, nullify and/or clean-up seeping, polluting or contaminating substances to the extent such liability arises solely from any obligations imposed by or on behalf of a governmental authority;
  - (ii) to abate or investigate any threat of seepage onto or pollution or contamination of the property of a "Third Party";
  - (iii) for seepage, pollution or contamination at or from any premises, site or location on which any "Insured" or any "Contractor"'s or "Subcontractor"'s working directly or indirectly on any "Insured"'s behalf are performing operations:
    - (a) 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
    - (b) if the operations are to test for, evaluate, monitor, control, remove, nullify, clean-up or in any way respond to, or assess the effects of pollutants.
19. arising out of the handling, processing, treatment, storage, disposal or dumping of any waste materials or substances, or arising out of such waste materials or substances during transportation;
20. (a) for "Bodily Injury", "Personal Injury", "Property Damage" and/or "Advertising Injury" directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss:
- (i) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
  - (ii) any "Act of Terrorism".
- (b) for "Bodily Injury", "Personal Injury", "Property Damage" and/or "Advertising Injury" directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (a)(i) and/or (a)(ii) above.

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

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

21. for "Bodily Injury", "Property Damage", "Personal Injury" and/or "Advertising Injury" for which the "Insured" or its indemnitee may be held liable:
- (a) as a person or organisation engaged in the business of manufacturing, distributing, selling or serving alcoholic beverages; or
  - (b) if not so engaged, as an owner or lessor of premises used for such purposes, if such liability is imposed
    - (i) by, or because of the violation of any statute, ordinance or regulation pertaining to the sale, gift, distribution or use of any alcoholic beverage, or
    - (ii) by reason of the selling, serving or giving of any alcoholic beverage to a minor or to a person under the influence of alcohol or which causes or contributes to the intoxication of any person;
22. (a) arising out of an "Insured"'s capacity, duty or responsibility as an Officer, Director or Trustee of a Corporation by reason of any breach of fiduciary duty or improper conduct or conflict of interest in the performance of an "Insured"'s duties, responsibilities or accountability as an Officer, Director or Trustee, including, without limitation, any actual or alleged misstatement, misleading statement, gain of personal profit or advantage to which the Insured was or is not entitled legally, any dishonest act, or bad faith conduct, in the "Insured"'s capacity as an Officer, Director or Trustee, or with respect to the capital or assets of the Corporation, or any action taken beyond the scope of the "Insured"'s authority as an Officer, Director or Trustee;
- (b) arising out of or incident to any alleged violation(s) of any Federal or State law regulating, controlling and governing stock bonds or securities of any type or nature, including without limitation The Security Act of 1933, The Securities Exchange Act of 1934, The Trust Indenture Act of 1939, The Public Utility Holding Company Act of 1935, The Investment Company Act of 1940, The Investment Advisers Act of 1940, and the so called "Blue Sky" Laws of the various state and other jurisdictions;
- (c) arising out of or incident to any alleged violation(s) of any Federal or State law regulating, controlling and governing antitrust or the prohibition of monopolies, activities in restraint of trade, unfair methods of competition or deceptive acts and practices in trade and commerce including without limitation, the Sherman Act, the Clayton Act, the Robinson-Patman Act, the Federal Trade Commission Act and the Hart-Scott Rodino Antitrust Improvements Act;

- (d) of any Officer, Director or Trustee arising out of or asserted in a shareholder's derivative action;
  - (e) arising out of or contributed to by the dishonesty or infidelity of any "Insured";
  - (f) which would be payable under the terms of coverage of a Directors and Officers Liability Insurance Policy or a Directors and Company Reimbursement Indemnity Policy of the type issued by stock insurance companies of the United States, as if any "Insured" had obtained such coverage in an amount sufficient to pay the full amount being claimed against any "Insured", whether or not any "Insured" has obtained such coverage.
23. for "Bodily Injury", "Property Damage", "Personal Injury" and/or "Advertising Injury" arising out of the wilful violation of a penal statute or ordinance committed by or with the knowledge or consent of the "Insured";

24. directly or indirectly caused by or contributed to by or arising from:
- (a) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
  - (b) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
  - (c) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
  - (d) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored or used for commercial, agricultural, medical, scientific or other similar peaceful purposes;
  - (e) any chemical, biological, bio-chemical, or electromagnetic weapon.

**This Exclusion shall be paramount and shall override anything contained in this Policy inconsistent therewith**

25. (a) for "Personal Injury" and/or "Advertising Injury" arising out of a publication or utterance of a libel or slander, or a publication or utterance in violation of an individual's right of privacy, if the first injurious publication or utterance of the same or similar material by or on behalf of the named "Insured" was made prior to the effective date of this Policy;
- (b) for "Personal Injury" and/or "Advertising Injury" arising out of libel or slander or the publication or utterance of defamatory or disparaging material concerning any person or organisation or goods, products or services, or in

violation of an individual's right of privacy, made by or at the direction of the "Insured" with knowledge of the falsity thereof;

26. for "Advertising Injury" arising out of incorrect description or mistake in advertised price of goods, products or services sold, offered for sale or advertised.

Nothing contained in the above Exclusions shall extend this Policy to cover any liability which would not have been covered had these Exclusions not been incorporated herein.

## **DEFINITIONS**

### **1. ACT OF TERRORISM**

The words "Act of Terrorism", wherever used in this Policy, mean an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

### **2. ADVERTISING INJURY**

The words "Advertising Injury" wherever used in this Policy, shall mean injury arising out of the named "Insured"'s advertising activities, if such injury arises out of any unintended libel, slander, defamation, violation of right of privacy, piracy, unfair competition, or infringement of copyright, title or slogan.

### **3. AIRCRAFT LIABILITY**

The words "Aircraft Liability", wherever used in this Policy, shall mean liability arising out of the maintenance, operation or use of an aircraft, aeroplane or helicopter which is designed to fly in the air or atmosphere.

### **4. ANNUAL PERIODS OF CONSTRUCTION**

The words "Annual Periods of Construction" wherever used in this Policy, shall mean the periods shown in Item 4 of the Declarations.

### **5. AUTOMOBILE**

The word "Automobile," wherever used in this Policy, shall mean a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment, but the word "Automobile" shall not include "Mobile Equipment" or the contents of such vehicle, trailer or semi-trailer.

#### **6. AUTOMOBILE LIABILITY**

The words "Automobile Liability," wherever used in this Policy, shall mean liability arising out of the maintenance, operation or use of any "Automobile".

#### **7. BODILY INJURY**

The words "Bodily Injury", wherever used in this Policy, shall mean:

- (a) bodily injury, sickness, disability, or disease;
- (b) mental injury, mental anguish, humiliation, shock or death if directly resulting from bodily injury, sickness, disability or disease.

#### **8. CLAIM**

The word "Claim", wherever used in this Policy, shall mean that part of each written demand received by the "Insured" for damages, including the service of suit or institution of arbitration proceedings.

#### **9. COMPLETED OPERATIONS LIABILITY**

The words "Completed Operations Liability", wherever used in this Policy, shall mean liability for "Bodily Injury" and/or "Property Damage" arising out of the "Insured"'s operations or reliance upon a representation or warranty made at any time with respect thereto, but only if the "Bodily Injury" and/or "Property Damage" happens after such operations have been completed or abandoned and happens away from the premises owned by or rented to any "Insured" (other than those premises owned or operated by the named "Insured").

Operations include materials, parts or equipment furnished in connection therewith. Operations shall be deemed completed at the earliest of the following times:-

- (a) when all operations to be performed by or on behalf of the "Insured" under the contract have been completed; or,
- (b) when all operations to be performed by or on behalf of the "Insured" at a "Construction Project Site" have been completed; or,
- (c) when that portion of the work out of which the "Bodily Injury" and/or "Property Damage" arises has been put to its intended use by any person or entity other than another "Contractor" or "Subcontractor" engaged in performing operations for the Principal as part of the same project.

“Completed Operations Liability” does not include liability for “Bodily Injury” and/or “Property Damage” arising out of:

- (a) operations in connection with the transportation of property, unless the “Bodily Injury” and/or “Property Damage” arises out of a condition in or on an “Automobile” created by the loading or unloading thereof, or,
- (b) the existence of tools, uninstalled equipment or abandoned or unused materials.

#### 10. CONSTRUCTION PROJECT SITE

The words “Construction Project Site”, wherever used in this Policy, shall mean that area described in the construction contract documents including the area available for “Contractor” operations, access routes, rights-of-way and additional sites necessary or incidental thereto for which a work order has been issued by the named “Insured”.

Notwithstanding Condition 14 or the foregoing, in no event shall this Policy apply to any sites for which separate policies have been purchased even if the limits of such separate policies have been reduced or exhausted by any “Occurrence”s

#### 11. CONTRACTOR

The word “Contractor”, wherever used in this Policy, shall mean any individual, partnership, firm or corporation which has entered into a contract for construction with authority to perform “Contract Work” at any “Construction Project Site” unless such entity is specifically excluded from such coverage as is afforded by this Policy.

#### 12. CONTRACT WORK

The words “Contract Work”, wherever used in this Policy, shall mean the entire completed construction of the various separately identifiable parts required to be furnished under the contract documents.

#### 13. DEFENCE EXPENSES

The words “Defence Expenses”, wherever used in this Policy, shall mean investigation, adjustment, appraisal, defence and appeal costs and expenses and pre and post judgement interest, paid or incurred by or on behalf of the “Insured” and as detailed in Endorsement No. 6.

The salaries, expenses or administrative costs of the “Insured” or its employees or any insurer shall not be included within the meaning of “Defence Expenses”.

#### 14. DISCRIMINATION

The word “Discrimination”, wherever used in this Policy, shall mean termination of the employment relationship, a demotion, a failure or refusal to hire or promote, denial of an employment benefit or the taking of any adverse or differential employment action because

of race, colour, religion, age, sex, disability, pregnancy, sexual orientation, national origin, or any other basis prohibited by any national, federal, state or local law.

#### **15. EMPLOYERS' LIABILITY**

The words "Employer's Liability", wherever used in this Policy, shall mean any liability of an "Insured" to its employee arising out of the employment of that employee.

#### **16. GENERAL LIABILITY**

The words "General Liability", wherever used in this Policy, shall mean liability to which this Policy applies other than "Products Liability" and "Completed Operations Liability".

#### **17. INAPPROPRIATE EMPLOYMENT CONDUCT**

The words, "Inappropriate Employment Conduct", wherever used in this Policy, shall mean:

- (a) actual or constructive termination of an employment relationship in a manner which is alleged to have been against the law or wrongful or in breach of an implied employment contract or breach of the covenant of good faith or fair dealing in the employment contract;
- (b) allegations of wrongful demotion, or wrongful discipline;
- (c) allegations of misrepresentation or defamation made by an employee, a former employee or an applicant for employment which arise from an employment decision to hire, fire, promote or demote;
- (d) allegations of infliction of emotional distress, mental injury, mental anguish, shock, sickness, disease or disability made by an employee, a former employee or an applicant for employment which arise from an employment decision to hire, fire, promote or demote;
- (e) allegations of false imprisonment, detention or malicious prosecution made by an employee, a former employee or an applicant for employment which arise from an employment decision to hire, fire, promote or demote;
- (f) allegations of libel, slander, defamation of character or any invasion of right of privacy made by an employee, a former employee or an applicant for employment which arise from an employment decision to hire, fire, promote or demote; or,
- (g) other injury allegations made by an employee, a former employee or an applicant for employment which arise from an employment decision to hire, fire, promote or demote.

Inappropriate Employment Conduct does not include damages determined to be owing under a written or express contract of employment or obligation to make payments, including but not limited to severance payments, in the event of the termination of employment.

Inappropriate Employment Conduct shall not include any allegations other than those set forth above.

## 18. INSURED

The word "Insured", wherever used in this Policy, shall mean only the following: -

- (a) the named "Insured" set out in Item 1.(a) of the Declarations;
- (b)
  - (i) the named "Insured"'s subsidiary, owned or controlled companies that are directly involved with the named "Insured" at a "Construction Project Site" which have been declared to and accepted by Underwriters at the inception of this Policy;
  - (ii) any "Contractor" or "Subcontractor";
- (c) any person or entity to whom the "Insured" is obliged by a written "Insured Contract" relating directly to a "Construction Project Site" entered into before any relevant "Occurrence", to provide insurance such as is afforded by this Policy but only with respect to:
  - i) liability arising out of operations conducted by the named "Insured" or on its behalf; or
  - ii) facilities owned or used by the named "Insured";
  - iii) Limits of Liability that are not greater than those required under said "Insured Contract".
- (d) any officer, director, stockholder, partner or employee of the "Insured", but only in respect of an "Occurrence" covered hereunder whilst acting within their duties.

## 19. INSURED CONTRACT

The words "Insured Contract", wherever used in this Policy, shall mean any written contract or agreement entered into by the "Insured" and pertaining to business under which the "Insured" assumes the tort liability of another party to pay for "Bodily Injury", "Personal Injury", "Property Damage" and/or "Advertising Injury" to a "Third Party" or organisation. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

## 20. INSURED'S PRODUCTS

The words "Insured's Products", wherever used in this Policy, shall mean goods or products manufactured, sold, handled or distributed by the "Insured" or by others trading under the name of the "Insured", including any packaging thereof.

## 21. LET

The word "Let", wherever used in this Policy, shall mean the commissioning by the named "Insured" of a contract for construction work with "Contractors" and/or "Subcontractors" for the performance of "Contract Work" at any "Construction Project Site" scheduled under this Policy in accordance with Endorsement No 2.

## 22. MOBILE EQUIPMENT

The words "Mobile Equipment", wherever used in this Policy, shall mean a land vehicle (including any machinery or apparatus attached thereto), whether or not self propelled

- (a) not subject to motor vehicles registration, or
- (b) maintained for use exclusively on premises owned by or rented to the named "Insured", including the ways immediately adjoining, or
- (c) designed for use principally off public roads, or
- (d) designed or maintained for the sole purpose of affording mobility to equipment of the following types forming an integral part of or permanently attached to such vehicle: -
  - (i) power cranes, shovels, loaders, diggers and drills;
  - (ii) concrete mixers (other than the mix in transit type), graders, scrapers, rollers and other road construction or repair equipment;
  - (iii) air compressors; pumps and generators, including spraying, welding and building-cleaning equipment; and
  - (iv) geophysical exploration and well servicing equipment;

## 23. OCCUPATIONAL DISEASE

The words "Occupational Disease", wherever used in this Policy, shall mean any injury, including death, sickness, disease or disability, defined as occupational disease in any workers compensation or disability benefits laws, statutes or regulations of any jurisdiction in which the "Occurrence" first commences or the Occupational Disease arises.

## 24. OCCURRENCE

The word "Occurrence", wherever used in this Policy, shall mean an accident, including continuous and repeated exposure to substantially the same general harmful conditions which results in "Bodily Injury", "Personal Injury", "Property Damage" and/or "Advertising Injury", none of which was intended by any "Insured".

## 25. PERSONAL INJURY

The words "Personal Injury", wherever used in this Policy, shall mean injury other than "Bodily Injury" arising from:

- (a) false arrest, false imprisonment, wrongful eviction or wrongful detention of a "Third Party" human being;
- (b) libel, slander, defamation of character or invasion of right of privacy of such human being;
- (c) mental injury, mental anguish or shock to such human being which results from (a) or (b) above;

**26. PHASED HANDOVER**

The words "Phased Handover" wherever used in this Policy, shall mean any part of the project which is occupied or accepted by the Principal prior to the completion of the whole project whether a certificate of acceptance has been issued or not.

**27. PRODUCT LIABILITY**

The words "Product Liability", wherever used in this Policy, shall mean liability for "Bodily Injury" and/or "Property Damage" arising out of the "Insured's Products" or reliance upon a representation or warranty made at any time with respect thereto, but only if the "Bodily Injury" and/or "Property Damage" happens after physical possession of the "Insured's Products" has been relinquished to others and happens away from premises owned, leased, rented or occupied by the "Insured".

**28. PRODUCT LIABILITY AND COMPLETED OPERATIONS LIABILITY COMBINED PERIOD**

The words "Product Liability and Completed Operations Liability Combined Period", wherever used in this Policy, shall mean up to three years from completion of each "Contract Work".

**29. PROFESSIONAL SERVICES**

The words "Professional Services" wherever used in this Policy, shall mean the preparation or approval of audits, accounts, drawings, blue prints, maps, plans, opinions, reports, surveys, designs or specifications and supervisory, inspection, engineering or data processing services.

**30. PROPERTY DAMAGE**

The words "Property Damage", wherever used in this Policy, shall mean physical loss of, physical damage to or physical destruction of tangible property of a "Third Party", including loss of use of the tangible property so lost, damaged or destroyed;

**31. SEXUAL HARASSMENT**

The words "Sexual Harassment", wherever used in this Policy, shall mean unwelcome sexual advances, requests for sexual favours or other verbal or physical conduct of a sexual nature that: (1) explicitly or implicitly are made a condition of employment, (2) are used as basis for employment decisions, or (3) create a work environment that interferes with performance.

**32. SUBCONTRACTOR**

The word "Subcontractor", wherever used in this Policy, shall mean any individual, partnership, firm or corporation which has entered into a contract for construction with a "Contractor" or "Contractors" or with any tier of "Subcontractors" to perform "Contract Work" at a "Construction Project Site" unless such entity is specifically excluded from such coverage as is afforded by this Policy.

**33. THIRD PARTY**

The words "Third Party", wherever used in this Policy, shall mean any company, entity, or human being other than an "Insured" or other than a subsidiary, owned or controlled company or entity of an "Insured". An employee of an "Insured" shall be treated as a "Third Party".

**34. ULTIMATE NET LOSS**

The words "Ultimate Net Loss", wherever used in this Policy, shall mean the amount the "Insured" is obligated to pay, by judgement or settlement, as: -

- (a) damages;
- (b) expenses for necessary medical, surgical, x-ray and dental services including prosthetic devices;
- (c) necessary ambulance, hospital, professional nursing and funeral services;

resulting from an "Occurrence" covered by this Policy.

**35. UNINTENDED OMISSIONS, ERRORS OR INCORRECT DESCRIPTION**

Liability to which this Policy applies shall not be prejudiced by any unintentional and/or inadvertent omission, error or incorrect description in the declaration of "Insured Contract's" provided notice is given to Underwriters as soon as practicable upon discovery of any such omission, error or incorrect description.

**36. WATERCRAFT LIABILITY**

The words "Watercraft Liability", wherever used in this Policy, shall mean liability arising out of the maintenance, operation or use of any craft designed to float or travel on, in or under the water, including hovercraft.



## DECLARATIONS

### Item 1.

- (a) Name and Address of the named "Insured":

Port Authority of New York and New Jersey, as Principal and named "Insured".

225 Park Avenue South,  
12<sup>th</sup> Floor,  
New York, N.Y. 10003

- (b) "Construction Project Site"s:

Per Definition 10 but only those "Construction Project Site"s that are "Let" by and appear on the records of the named "Insured" as being insured under the Owner Controlled Insurance Program.

### Item 2. Limits of Liability:

- (a) "Ultimate Net Loss" in respect of each "Occurrence" which is always subject to (b) below: - USD 500,000

- (b) Aggregate "Ultimate Net Loss" separately in respect of:

- (i) "Products Liability" and "Completed Operations Liability" combined:-

USD 1,500,000 for all "Annual Periods of Construction" and all "Construction Project Site"s that have been completed before 1<sup>st</sup> June 2010, however Underwriters agree to one reinstatement of this Limit of Liability at terms to be agreed by the named "Insured" and Underwriters at time of reinstatement.

- (ii) "Personal Injury" USD 500,000

### Item 3. Policy Period in respect of all "Construction Project Site"s: -

- (a) Inception date: 1<sup>st</sup> June 2007  
(b) Expiry date: 1<sup>st</sup> June 2010

All dates at 00.01 hours local standard time at the address of the named "Insured".

Item 4. Annual Periods of Construction: -

1<sup>st</sup> June 2007 to 1<sup>st</sup> June 2008  
1<sup>st</sup> June 2008 to 1<sup>st</sup> June 2009  
1<sup>st</sup> June 2009 to 1<sup>st</sup> June 2010

All dates at 00.01 hours local standard time at the address of the named "Insured".

Item 5. Currency:-

United States Dollars (USD)

Item 6. Premium:-

(a) in accordance with Endorsement Number 3

(b) Payable on (dates):-

1<sup>st</sup> June 2007  
1<sup>st</sup> June 2008  
1<sup>st</sup> June 2009

Item 7. Payment of Premium to: -

AON limited  
300 Jericho Quadrangle,  
Suite 300  
P.O. Box 342  
Jericho N.Y. 11753

Item 8. Damages Payments to: -

Aon Limited  
8 Devonshire Square  
London EC2M 4PL

Item 9. Service of Suit

In accordance with the attached Service of Suit Clause

Wilson, Elser, Moskowitz, Edelman & Dicker  
150 East 42<sup>nd</sup> Street, New York, NY 10017

Item 10. Notice of Occurrence: -

John R. Riddle Associates, Inc.  
125 Half Mile Rd, Suite 200  
Red Bank, NJ 07701

### SERVICE OF SUIT CLAUSE (U.S.A.) (Condition 16)

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

It is further agreed that service of process in such suit may be made upon the entity named in Item 9 of the Declarations and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

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

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

24/4/86

NMA1998 (amended)

Wherever the words "(or Reinsured)" appear in this Clause they shall be deemed deleted

**ENDORSEMENT NO. 1**

**ACTIONS OVER/INDEMNITY BUYBACK**

This Policy, subject to all its Insuring Agreements, Conditions, Exclusions and Definitions, is endorsed to indemnify the "Insured" for amounts for which it shall have become liable to pay and shall have paid on account of investigation, defense and indemnity as respects its responsibilities, if any, to any "Third Party" by virtue of defense and indemnity obligations assumed under written contract or agreement and arising from "Bodily Injury" of any employee(s) of the "Insured", except insofar as same may arise from "Occupational Disease".

All other terms of this Policy remain unchanged

**ENDORSEMENT NO. 2**

**SCHEDULES OF CONSTRUCTION PROJECT SITES**

Schedules of "Construction Project Site"s will be supplied to Underwriters within 90 days of each anniversary of the date stated in Item 3.(a) of the Declarations.

These schedules will include the date each "Construction Project Site" was started and/or completed.

All other terms of this Policy remain unchanged

N.B. For the purposes of this Policy, "completed" = "put to intended use or substantial completion"

**ENDORSEMENT NO. 3**

**PREMIUM AND ADJUSTMENTS**

The premium shall be computed and adjusted as follows:-

- (1) Deposit and Maximum Guaranteed Cost Premium USD \_\_\_\_\_, payable in instalments as stated in clause (5) of this Endorsement.
- (2) Deposit and Maximum Guaranteed Cost Premium of USD \_\_\_\_\_ is subject to the following Loss Experience Rebate:

Following the date shown in Item 3.(c) of the Declarations, and the premium adjustment of this Policy and after final settlement of all incurred losses under this Policy, the "Insured" shall be allowed an experience rebate, if applicable, as follows:

Paid Losses less than	Experience Rebate
USD	USD or pro rata downwards
USD	USD or pro rata downwards
USD	USD or pro rata downwards
USD	USD or pro rata downwards
USD	USD or pro rata downwards
USD	USD or pro rata downwards
USD	USD or pro rata downwards
USD	USD or pro rata downwards
USD	USD or pro rata downwards
USD	Nil

All premiums due to Underwriters shall be paid by, and any return premiums due to the named "Insured" shall be paid to the named "Insured".

- (3) The Deposit and Maximum Guaranteed Cost Premium in (1) above is based upon applicable contractor payments during the period not exceeding an estimated USD 4,500,000,000

In the event that the actual contractor payments exceed the above estimates by more than 10%, then the Maximum Guaranteed Cost Premium shall be adjusted at \_\_\_\_\_ % on the actual payments made on contracts during the Policy Period.

(4) Incurred losses means the sum of:

- (A) All losses, including medical payments, actually paid
- (B) Reserves for unpaid losses as estimated by Underwriters and/or their Third Party Claims Administrator
- (C) Premium on bonds paid for by Underwriters in accordance with the provisions of the Policy
- (D) Interest accruing after entry of a judgement against the "Insured"
- (E) Allocated (including legal expenses and defense costs) and unallocated "Defence Expenses", paid and reserved therefor.
- (F) Third Party Claims Administration charges and all other costs including expenses in seeking recovery against a third party.

(5) Premium shall be payable as follows: -

<u>Instalment Dates:</u>	<u>Deposit Premium Instalments</u>	<u>TRIA Proportion of Premium Instalments</u>
1 <sup>st</sup> June 2007		
1 <sup>st</sup> June 2008		
1 <sup>st</sup> June 2009		

Notwithstanding that the TRIA proportion of the premium is payable in instalments, the TRIA premium referred to in Endorsement 5 of this Policy is fully earned by Underwriters at the Inception Date referred to in Item 3 of the Declarations

All other terms of this Policy remain unchanged

**ENDORSEMENT NO. 4**

**OFAC ENDORSEMENT**

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

All other terms of this Policy remain unchanged

**ENDORSEMENT NO. 5**

**U.S. Terrorism Risk Insurance Act of 2002 as amended  
New & Renewal Business Endorsement**

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

In consideration of a 1% allocation within the premium, it is hereby noted and agreed with effect from inception that the Terrorism exclusion to which this Insurance is subject, shall not apply to any "insured loss" directly resulting from any "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002" as amended ("TRIA").

The coverage afforded by this Endorsement is only in respect of any "insured loss" of the type insured by this Insurance directly resulting from an "act of terrorism" as defined in TRIA. The coverage provided by this Endorsement shall expire at 12:00 midnight December 31, 2007, the date on which the TRIA Program is scheduled to terminate or the expiry date of the policy whichever occurs first, and shall not cover any losses or events which arise after the earlier of these dates. The Terrorism exclusion, to which this Insurance is subject, applies in full force and effect to any other losses and any act or events that are not included in said definition of "act of terrorism".

This Endorsement only affects the Terrorism exclusion to which this Insurance is subject. All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

Furthermore the Underwriter(s) will not be liable for any amounts for which they are not responsible under the terms of TRIA (including subsequent action of Congress pursuant to the Act) due to the application of any clause which results in a cap on the Underwriter's liability for payment for terrorism losses.

**LMA5052 (amended)**

**22/12/05**

Form approved by Lloyd's Market Association and model agreed by the International Underwriting Association

ENDORSEMENT NO. 6

## **CLAIMS PROCEDURE**

### **Third Party Administrator**

John R. Riddle Associates, Inc., ("JRA") 125 Half Mile Rd, Suite 200  
Red Bank, NJ 07701

JRA responsibilities are:

- Maintenance of claims files
- Reserve posting and changes
- Monthly bordereaux to Underwriters
- Issuance of Claims Funds
- Transmittal of summons and complaints
- Management of trust fund account
- Reporting to Underwriters if and when required
- Issuing reservation of rights or denial letters if and when required (subject to CRC/Underwriters' approval as appropriate)
- Member of CRC
- Triangulations as at the following dates; 31st January, 28th February, 31st March, 30th June, 30th September, 31st December each policy year

JRA will charge a flat fee of USD 360 for auto property damage claims settled up to USD 15,000. Auto property damage losses in excess of USD 15,000 and "Bodily Injury" losses will be billed on an hourly basis as follows:-

June 1st, 2007 to January 1st, 2009

USD 102.00 per hour.

January 1st, 2009 to June 1st, 2010

USD 108.00 per hour.

Underwriters concur that JRA will have ground up settlement authority of up to USD 100,000 per occurrence. Where practical the CRC (and insurers if appropriate) will be kept informed of all proposed settlement agreements.

### **Claims Review Committee (CRC) and Sub-Committee (CRSC)**

The CRC will consist of the following parties:

Port Authority of New York and New Jersey, Treasury, Risk Finance, Law Departments  
Approved Defence Counsel

AON - Port Authority Service Team in New York and AON Limited, London

Underwriters at Interest

JRA

Workers Compensation Carrier

The CRC will meet on a monthly basis in New York and annually in London. The list of cases for CRC meetings and attorney case summaries will be submitted to CRC members at least ten days prior to each meeting.

As a practical matter Underwriters may not attend all CRC meetings.

The CRC and CRC sub-committee as appropriate will be responsible for establishing reserves for both indemnity and costs. The CRC will have ground up settlement authority of up to USD 500,000 per occurrence.

### **Claims Negotiation Days (Settlement Days)**

In an attempt to resolve cases in a cost effective manner these should take place every forty five days where practical. It is the responsibility of the CRC to nominate the appropriate cases which will be negotiated before retired Judge Anthony Mercorella or other appropriate party to be advised.

### **Notice to Underwriters:**

Underwriters will be immediately advised in writing of losses reserved at USD 250,000 or greater or of any losses involving the following criteria:

1. Fatality
2. Closed Head Injury/Neurological Injury
3. Spinal Cord Damage or paralysis
4. Loss of limb
5. Partial or full loss of sight
6. Permanent disability
7. Significant burns cases - in excess of 10% of body surface
8. Where three or more parties are injured arising out of one incident
9. Where New York labor law 240/241 may apply to present exposure into underwriter's layer of coverage.

### **Defence of "Insured"**

For all losses in suit where notice to underwriters is appropriate JRA will nominate defence counsel from a "to be agreed" panel.

Underwriters will review the nomination and promptly respond with instructions. Subject to terms of engagement approved defense counsel may thereafter file the appropriate pleadings and assume the defence of the Insured.

Defence counsel will operate within agreed to guidelines.

### **Payment of Fees**

- Subject to policy terms Underwriters will be responsible for payment of defence costs and related expenses incurred in defence of the "Insured". Underwriters shall not however be responsible for the fees and/or expenses of the "Insured's own staff.

**Annual Review**

This endorsement is subject to annual review commencing 1st June, 2008

All other terms of this Policy remain unchanged

**ENDORSEMENT NO. 7**

**INCIDENTAL MEDICAL MALPRACTICE ENDORSEMENT**

The definition of "Bodily Injury" is amended to include "Incidental Medical Malpractice Injury"

The words "Incidental Medical Malpractice Injury", wherever used in this Policy, shall mean injury arising out of the rendering of or failure to render, during the Policy Period, the following services: -

- (a) medical, surgical, dental, x-ray or nursing services or the furnishing of food or beverages in connection therewith, or
- (b) the furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances.

This coverage does not apply to: -

- (1) expenses incurred by the "Insured" for first aid at the time of an accident and Condition 13 is amended accordingly;
- (2) any "Insured" engaged in the business or occupation of providing any of the services described under (a) or (b) above;
- (3) injury caused by an indemnitee if such indemnitee is engaged in the business or occupation of providing any of the services described under (a) or (b) above.

Coverage under this Endorsement shall not be prejudiced by Exclusion 2 of this Policy.

All other terms of this Policy remain unchanged

## **ENDORSEMENT NO. 8**

In respect of operations of the "Insured" within an Airport perimeter, the following Clauses apply: -

### **WAR, HI-JACKING AND OTHER PERILS EXCLUSION CLAUSE (AVIATION)**

This Policy does not cover claims caused by

- (a) War, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, martial law, military or usurped power or attempts at usurpation of power.
- (b) Any hostile detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
- (c) Strikes, riots, civil commotions or labour disturbances.
- (d) Any act of one or more persons, whether or not agents of a sovereign Power, for political or terrorist purposes and whether the loss or damage resulting therefrom is accidental or intentional.
- (e) Any malicious act or act of sabotage.
- (f) Confiscation, nationalisation, seizure, restraint, detention, appropriation, requisition for title or use by or under the order of any Government (whether civil military or de facto) or public or local authority.
- (g) Hi-jacking or any unlawful seizure or wrongful exercise of control of the Aircraft or crew in Flight (including any attempt at such seizure or control) made by any person or persons on board the Aircraft acting without the consent of the Insured.

Furthermore this Policy does not cover claims arising whilst the Aircraft is outside the control of the Insured by reason of any of the above perils. The Aircraft shall be deemed to have been restored to the control of the Insured on the safe return of the Aircraft to the Insured at an airfield not excluded by the geographical limits of this Policy, and entirely suitable for the operation of the Aircraft (such safe return shall require that the Aircraft be parked with engines shut down and under no duress).

**AVN 48B 1.10.96**

### **EXTENDED COVERAGE ENDORSEMENT (AVIATION LIABILITIES)**

1. All sub-paragraphs other than (b) of Clause AVN 48B above are deleted SUBJECT TO all terms of this Endorsement.
2. EXCLUSION applicable only to any cover extended in respect of the deletion of sub-paragraph (a) of Clause AVN 48B.

Cover shall not include liability for damage to any form of property on the ground situated outside Canada and the United States of America unless caused by or arising out of the use of aircraft.

### **3. LIMITATION OF LIABILITY**

The limit of Insurers' liability in respect of the coverage provided by this Endorsement shall be a sub-limit of USD 500,000 or the applicable Policy limit whichever the lesser any one Occurrence and in the annual aggregate. This sub-limit shall apply within the full Policy limit and not in addition thereto.

Nothing in this Extended Coverage Endorsement shall operate to override the effects of Exclusion 24 of this Policy.

### **NOISE AND POLLUTION AND OTHER PERILS EXCLUSION CLAUSE**

1. This Policy does not cover claims directly or indirectly occasioned by, happening through or in consequence of:-
  - (a) noise (whether audible to the human ear or not), vibration, sonic boom and any phenomena associated therewith,
  - (b) pollution and contamination of any kind whatsoever,
  - (c) electrical and electromagnetic interference,
  - (d) interference with the use of property;unless caused by or resulting in a crash fire explosion or collision or a recorded in-flight emergency causing abnormal aircraft operation.
2. With respect to any provision in the Policy concerning any duty of Insurers to investigate or defend claims, such provision shall not apply and Insurers shall not be required to defend
  - (a) claims excluded by Paragraph 1 or
  - (b) a claim or claims covered by the Policy when combined with any claims excluded by Paragraph 1 (referred to below as "Combined Claims").
3. In respect of any Combined Claims, Insurers shall (subject to proof of loss and the limits of the Policy) reimburse the Insured for that portion of the following items which may be allocated to the claims covered by the Policy:

- (i) damages awarded against the Insured and
  - (ii) defence fees and expenses incurred by the Insured.
4. Nothing herein shall override any radioactive contamination or other exclusion clause attached to or forming part of this Policy.

**AVN 46B 1.10.96**

Wherever used in this Clause, the word "Insurers" is deemed to read "Underwriters"

All other terms of this Policy remain unchanged

## SECURITY

This insurance has been effected with the following:-

100%          Port Authority Insurance Captive Entity, LLC (PAICE)

## SEVERAL LIABILITY NOTICE

The subscribing insurers' obligations under contracts of insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations.

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# PORT AUTHORITY INSURANCE CAPTIVE ENTITY, LLC

ATTACHING TO AND FORMING AN INTEGRAL PART OF POLICY NO: PACIPGL - 0710

Notwithstanding anything contained in the Policy Wording to the contrary, it is understood and agreed that the following Endorsement applies to this Policy:

The period of coverage is added as follows:

Effective from: 1<sup>st</sup> June 2010 12:01 am Local Standard Time at the address of the Named Assured.

To: 1<sup>st</sup> June 2011 12:01 am Local Standard Time at the address of the Named Assured.

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

**PORT AUTHORITY OF NEW YORK AND NEW JERSEY**  
**CONSTRUCTION LIABILITY POLICY 2011**

**Owner Controlled Insurance Program - Construction Liability**

THIS IS A LIABILITY POLICY. PLEASE READ THE ENTIRE DOCUMENT CAREFULLY. SOME WORDS CONTAINED HEREIN HAVE SPECIFIC MEANING. PLEASE REFER TO THE DEFINITIONS SECTION.

**I. INSURING AGREEMENTS**

1. COVERAGE

In consideration of the payment of the premiums set out in Item 6 of the Declarations and in reliance upon the proposal for this policy hereinafter Policy), statements made and any supplementary information pertaining to the proposal which are all deemed incorporated herein, Underwriters agree, subject to the Insuring Agreements, Conditions, Exclusions, Definitions and Declarations contained in this Policy, to indemnify the "Insured" in respect of its operations at each Construction Project Site" referred to in Item 1.(b) of the Declarations, for "Ultimate Net Loss" by reason of liability:

(a) imposed upon the "Insured" by law or

(b) assumed by the "Insured" under an "Insured Contract",

for damages in respect of:

(i) "Bodily Injury"

(ii) "Personal Injury"

(iii) "Property Damage"

(iv) "Advertising Injury"

caused by or arising out of:

(1) "General Liability" "Occurrences" which first commences during the Policy Period as set out in Item 3 of the Declarations and which comprise:

(i) incomplete "Construction Project Sites" "Let" during a previous Policy Period;

or

(ii) new "Construction Project Sites" "Let" in the Policy Period stated in Item 3 of the Declarations whether completed or not,

(2) "Product Liability" and "Completed Operations Liability" "Occurrences" which first commence during the Policy Period stated in Item 3 of the Declarations but only in respect of the following:

(i) the balance of a "Product Liability and Completed Operations Liability Combined Period" which commenced during a previous Policy Period;

or

(ii) the start of a "Product Liability and Completed Operations Liability Combined Period" during the Policy Period stated in Item 3 of the Declarations.

Nothing contained in this Policy shall make it subject to the terms of any other insurance.

## 2. LIMITS OF LIABILITY

Underwriters shall only be liable for "Ultimate Net Loss" up to the amount stated in Item 2. (a) of the Declarations plus "Defense Expenses" in respect of each "Occurrence" first commenced during the period stated in Item 3 of the Declarations subject always to the provisions of Condition 2.

Regardless of the number of "Occurrences" that may be covered by this Policy, Underwriters' total Limits of Liability shall not exceed the amount of "Ultimate Net Loss" set out in Item 2. (b) of the Declarations in the aggregate separately in respect of:

(i) "Products Liability" and "Completed Operations Liability" combined,

(ii) "Personal Injury"

plus "Defense Expenses" subject always to the provisions of Condition 2.

In respect of (i) above, the aggregate stated in Item 2.(b).(i) of the Declarations shall apply to all "Construction Project Sites" subject to the parameters stated in Insuring Agreement 1.(2).

In respect of (ii) above, the aggregate stated in Item 2.(b).(ii) of the Declarations shall apply for each "Annual Period of Construction" stated in Item 4 of the Declarations within the period stated in Item 3 of the Declarations.

The inclusion or addition hereunder of more than one "Insured" shall not increase Underwriters' Limits of Liability as set out in Item 2 of the Declarations.

Where "Defense Expenses" are paid or incurred by the "Insured", all "Defense Expenses" will be paid by Underwriters in addition to the Limits of Liability of this Policy until such Limits of Liability are exhausted subject always to the provisions of Condition 2.

## II. CONDITIONS

This Policy is subject to the following conditions:

### 1. APPEALS

In the event the "Insured" elects not to appeal a judgment which may, in whole or in part, involve indemnity under this Policy, Underwriters may, following discussion with the "Insured", elect to make such appeal at their own cost and expense and shall be liable for the taxable costs, expenses and disbursements and any additional interest incidental to such appeal; but in no event shall the liability of Underwriters exceed the relevant Limits of Liability set out in Item 2 of the Declarations plus such costs, expenses, disbursements and interest.

## 2. APPORTIONMENT OF "DEFENSE EXPENSES"

Whenever any written demand received by the "Insured" for damages is finally resolved by a payment by Underwriters which, regardless of the amount thereof, is only covered in part by this Policy, then the percentage of any "Defense Expenses" that are paid by Underwriters in addition to the "Ultimate Net Loss" shall be calculated by dividing that part of such payment which is covered by this Policy, by the total amount paid.

## 3. ASSIGNMENT

Assignment of interest under this Policy shall not bind Underwriters unless and until their written agreement thereto is secured.

## 4. CANCELLATION OR NON-RENEWAL

(a) By the named "Insured"

This Policy may be cancelled at an anniversary date only by the named "Insured" without the consent of other "Insureds", by mailing to underwriters written notice stating at which anniversary date thereafter such cancellation shall be effective.

(b) By Underwriters

This Policy may be cancelled by Underwriters for non-payment of premium, in which event ten (10) days notification at any time shall apply.

The Policy Period specified in Item 3. of the Declarations and the coverage of each "Construction Project Site" referred to in Item 1. (b) of the Declarations will end on the day and hour stated in the cancellation notice or on the expiry date referred to in Item 3.(b) of the declarations whichever is the earlier.

If Underwriters cancel the Policy, final premium will be calculated by Underwriters by applying the rate stated in Endorsement No 3 to the declared values of "Construction Project Sites" during the shortened Policy Period.

Notwithstanding the foregoing, however, in the event of cancellation by the named "Insured" during the Policy Period or non-renewal of this Policy, this Policy may continue to apply to "Insured Contracts" at "Construction Project Sites" for which the named "Insured" has committed to provide insurance prior to the effective date of cancellation or the date stated in Item 3.(b) of the Declarations, whichever is the earlier, at rate and premium to be agreed by Underwriters, until all work to be performed under such "Insured Contracts" is completed plus the "Product Liability and Completed Operations Liability Combined Periods" have elapsed.

## 5. CROSS LIABILITY

In the event of an "Occurrence" resulting in "Bodily Injury" to an employee of one "Insured" hereunder for which another "Insured" is, or may be, liable then this Policy shall cover such "Insured" against whom a "Claim" for damages has been made or may be made in the same manner as if separate policies had been issued to each "Insured" hereunder.

In the event of an "Occurrence" resulting in "Property Damage" to property of one "Insured" hereunder for which another "Insured" is, or may be, liable then this Policy shall cover such "Insured" against whom a "Claim" for damages has been made or may be made in the same manner as if separate policies had been issued to each "Insured" hereunder.

Nothing contained herein shall operate to increase Underwriters' Limit of Liability set out in Item 2 of the Declarations.

#### 6. CURRENCY AND PAYMENTS OF PREMIUMS

Premiums and indemnity payments due under this Policy are payable in the currency set out in Item 5 of the Declarations. Payment of premiums shall be made by the first named "Insured" set out in Item 1. (a) of the Declarations to the person or entity set out in Item 7 of the Declarations. If the first named "Insured" or its agent fails to pay the premium due to Underwriters by the due date, Underwriters may issue notice to the named "Insured" set out in Item 1. (a) of the Declarations in accordance with the provisions of Condition 4.

#### 7. DAMAGES PAYABLE

Any amount for which Underwriters are liable under this Policy shall be due and payable solely to the agent of the "Insured" set out in Item 8 of the Declarations within thirty (30) days after it is agreed by Underwriters.

#### 8. DEFENSE

As detailed in Endorsement 6 but Underwriters' right and duty to incur "Defense Expenses" in the defense of any "Occurrence" end when the Limits of Liability have been exhausted by the payment of judgments or settlements.

#### 9. GOVERNING LAW AND INTERPRETATION

In view of the diverse locations of the parties purchasing insurance from Underwriters and the desirability of unified regulation, the parties agree that the Policy shall be construed and enforced in accordance with and governed by the internal law of the State of New York.

#### 10. INSOLVENCY

The insolvency, bankruptcy, receivership or any refusal or inability to pay of the "Insured" and/or any Underwriter shall not operate to:

- (a) increase Underwriters' liability under this Policy;
- (b) increase any Underwriters' share of liability under this Policy;

(c) relieve Underwriters from the payment of "Ultimate Net Loss" or "Defense Expenses" under this Policy.

#### 11. INSPECTION AND INVESTIGATION

Underwriters may, after giving reasonable notice to the named "Insured", audit and examine the books and records of the "Insured" as they relate to this Policy at any time during the Policy Period and for up to three years after the expiration or termination of this Policy.

Underwriters have the right, but are not obligated, after giving reasonable notice to the named "Insured", to inspect the premises and operations of the "Insured". The inspections are not safety inspections. They relate only to the insurability of the premises and operations and the premiums to be charged.

Underwriters may give the "Insured" reports on the conditions found. They may also recommend changes. Whilst they may help reduce losses, Underwriters do not undertake to perform the duty of any person or organization to provide for the health or safety of the "Insured's" employees or the public. Underwriters do not warrant that the premises or operations of the "Insured" are safe or healthful or that they comply with laws, regulations, codes or standards.

#### 12. KNOWLEDGE OF OCCURRENCE

Other than in respect of conditions (a), (b), (c), (d) and (e) of Exclusion 18 knowledge of an "Occurrence" by the agent, servant or employee of the "Insured" shall not in itself constitute knowledge by the "Insured", unless an executive officer of the "Insured's" Corporation shall have received such notice from its agent, servant or employee.

#### 13. NOTICE OF OCCURRENCE

(a) In the event of an "Occurrence", written notice containing the particulars sufficient to identify the "Insured" and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the injured and of available witnesses, shall be given by or for the "Insured" to the entity named in Item 10 of the Declarations as soon as practicable.

(b) If claim is made or suit is brought against the "Insured", the "Insured" shall immediately forward to the entity named in Item 10 of the Declarations every demand, notice, summons or other process received by it or its representative.

(c) Notwithstanding anything to the contrary in this Condition, this Policy shall not apply to any:-

(i) "General Liability" "Occurrence" unless notice of such "Occurrence" is given to Underwriters prior to expiry of five years from the date defined by Item 3.(b) of the Declarations; or

(ii) "Product Liability" and "Completed Operations Liability" "Occurrence" unless notice of such "Occurrence" is given to Underwriters prior to expiry of three years from the date stated in Item 3.(b) of the Declarations or two years from the end of the "Product Liability and Completed Operations Liability Combined Period", whichever is the earlier, but always subject to Condition 4. Cancellation or Non-Renewal.

(d) The "Insured" shall co-operate with Underwriters and, upon Underwriters' request, assist in making settlements, in the conduct of suits and in enforcing any right of contribution or indemnity against any

person or organization who may be liable to the "Insured" because of injury or damage with respect to which insurance is afforded under this Policy; and the "Insured" shall attend hearings and trials, and assist in securing and giving evidence and obtaining the attendance of witnesses. The "Insured" shall not, except at its own cost, voluntarily make any payment, assume any obligation or incur any expense other than for first aid to others at the time of the "Occurrence".

(e) When the "Insured" reports any accident to the Workers' Compensation carrier insuring its Workers' Compensation Insurance which later develops into a claim for liability to which this Policy applies, coverage for which is provided by this Policy, failure to report such accident to Underwriters at the time of the "Occurrence" shall not be deemed in violation of (a), (b) or (c) of this Condition upon the distinct understanding and agreement, however, that the "Insured" just as soon as it is definitely made aware of the fact that the particular accident is a liability case rather than a Workers' Compensation case, shall give notification of the aforesaid accident to Underwriters.

#### 14. OTHER INSURANCE

The insurance afforded by this Policy is primary insurance, except when stated in writing to the contrary. Where this Policy is primary and the "Insured" has other insurance which is stated to be applicable to an "Occurrence" on an excess basis, the amount of the Underwriters' liability under this Policy shall not be reduced by the existence of such other insurance.

When both this Policy and other insurance apply to an "Occurrence" on the same basis, this Policy will only contribute its proportionate share in combination with such other insurance.

#### 15. SEPARATION OF "INSUREDS"

Except with respect to Underwriters' Limits of Liability and any rights or duties specifically assigned to the named "Insured" designated in Item 1. (a) of the Declarations, this insurance applies separately to each "Insured" against whom "Claim" is made or suit brought.

#### 16. SERVICE OF SUIT CLAUSE

(Per attached Service of Suit Clause (U.S.A.))

#### 17. SUBROGATION

Where an amount is paid by Underwriters under this Policy, the "Insured's" rights of recovery against any other person or entity in respect of such amount shall be exclusively subrogated to Underwriters. At Underwriters' request the "Insured" will assist, co-operate and lend its name to the exercise of Underwriters' rights of subrogation. The "Insured" shall do nothing to prejudice such rights.

All recoveries shall be applied as follows:

(a) any interests, including the "Insured", that have paid an amount in excess of Underwriters' payment under this Policy will be reimbursed first; and,

(b) Underwriters then will be reimbursed up to the amount they have paid.

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

Notwithstanding the foregoing, Underwriters waive their rights of recovery against any "Third Party" to whom the named "Insured" has undertaken, in a written contract, to obtain a written waiver of subrogation but only if such waiver has been included in such "Insured Contract" before the "Occurrence" giving rise to such payments.

This waiver shall apply only with respect to an "Occurrence" arising from operations undertaken or obligations required under the specific "Insured Contract" between the named "Insured" and such "Third Party" and shall not be construed to be a waiver with respect to other operations of such "Third Party" in which the named "Insured" has no contractual interest or obligation.

No waiver of subrogation shall directly or indirectly apply to any employee(s) of either the named "Insured" or of such "Third Party" unless required by "Insured Contract" and Underwriters reserve their rights or lien to be reimbursed from any recovery funds obtained by any employee.

This waiver does not apply in any jurisdiction where such waiver is held to be illegal or against public policy or to any "Occurrence" wherein such "Third Party" is found to be solely negligent.

#### 18. TRANSFER OF RIGHTS AND DUTIES

The rights and duties of the "Insured" under this Policy may not be transferred without prior written consent of Underwriters.

#### 19. WAIVER OR CHANGE

Notice to any agent or knowledge possessed by any agent or any other person shall not effect a waiver of or change in any part of this Policy. This Policy can only be changed by a written endorsement that becomes a part of this Policy and is signed by or on behalf of Underwriters.

### III. EXCLUSIONS

This Policy does not apply to any actual or alleged liability:

1. arising out of breach of contract other than an "Insured Contract";
2. (a) of whatsoever nature of the "Insured", whether the "Insured" may be liable as an employer or in any other capacity whatsoever, to any of its Employees, including without limiting the generality of the foregoing any liability under any Workers' Compensation Law, Unemployment Compensation Law, Disability Benefit Law, Longshore and Harbor Workers' Compensation Act, Jones Act, Death on the High Seas Act, General Maritime Law, Federal Employers' Liability Act, Employers Liability, Employers' Liability as respects Occupational Disease or any similar laws of liabilities, and/or whether by reason of the relationship of master and servant or employer and employee or not;  
  
(b) which any "Insured" may have to its own employee arising out of the actions or omissions of another of its own employees;
3. arising out of "Automobile Liability";
4. arising out of "Aircraft Liability";

5. arising out of "Watercraft Liability";
6. for "Discrimination", "Sexual Harassment" and/or "Inappropriate Employment Conduct";
7. for "Property Damage" to property:
  - (a) owned, leased, rented, borrowed or occupied by the "Insured";
  - (b) in the care, custody or control of the "Insured";
8. for "Property Damage" to the "Insured's Products" arising out of such products or any part of such products;
9. for "Property Damage" to property worked on by or on behalf of the "Insured" arising out of such work or any portion thereof, or out of any material, parts or equipment furnished in connection therewith;
10. for the withdrawal, recall, return, inspection, repair, replacement, or loss of use of the "Insured's Products" or work completed by or for the "Insured" or for any property of which such "Insured's Products" or work form a part;
11. for any fines or penalties;
12. for "Personal Injury" and/or "Advertising Injury" arising out of:
  - (a) failure to perform under any contract other than an "Insured Contract";
  - (b) infringement of trademark, patent, service mark or trade name, other than copyright, titles or slogans, by use thereof on or in connection with goods, products or services sold or offered for sale;
  - (c) unfair competition;
13. for "Bodily Injury", "Personal Injury", "Property Damage" and/or "Advertising Injury" arising out of: -
  - (a) the failure of the operations or work completed by or for the "Insured" to perform the function or serve the purpose intended by the "Insured";
  - (b) fines or penalties imposed on the "Insured" should the operations or work completed by or for the "Insured" fail to reach the levels of performance set out in the contract
  - (c) the failure of the "Insured" to complete a contract on time or comply with any contractual obligation;
14. for any act, negligence, error or omission, malpractice or mistake arising out of "Professional Services", committed or alleged to have been committed by or on behalf of the "Insured" in the conduct of any of the "Insured's" business activities;

15. for "Bodily Injury", "Personal Injury", "Property Damage" and/or "Advertising Injury" directly or indirectly caused by or arising out of:- asbestos; mold; chromium copper arsenate; Exterior Insulation and Finish System (EIFS); silica, polychlorinated biphenyl (PCB) or lead; or any substance containing such material or any derivative thereof;

16. for "Bodily Injury", "Personal Injury", "Property Damage" and/or "Advertising Injury" for claims made by or on behalf of any person or persons directly or indirectly on account of continuous, intermittent or repeated exposure to, ingestion, inhalation, or absorption of, any substance, material, product, waste, emission, radioactive substance, noise or environmental disturbance where the "Insured" is or may be liable as a result of the manufacture, production, extraction, sale, handling, utilization, distribution, disposal or creation by or on behalf of the "Insured" of such substance, material, product, waste, emission, radioactive substance, noise or environmental disturbance;

17. for "Bodily Injury", "Personal Injury", "Property Damage" and/or "Advertising Injury" arising out of or in any way connected with the operation of the principles of eminent domain, condemnation proceedings or inverse condemnation proceedings or inverse condemnation by whatever name called regardless of whether such claims are made directly against the "Insured" or by virtue of any agreement entered into by or on behalf of the "Insured"; or with respect to any provisions in this Policy concerning any duty of Underwriters to investigate or defend any "Claim" excluded by this exclusion;

18. for "Bodily Injury", "Personal Injury", "Property Damage" and/or "Advertising Injury" directly or indirectly caused by or arising out of seepage, pollution or contamination however caused whenever or wherever happening;

This exclusion shall not apply where all of the following conditions are shown by the "Insured" to have been met:

- (a) the seepage, pollution or contamination was caused by an "Occurrence"; and,
- (b) the "Occurrence" first commenced on an identified specific date during the period set out in Item 3 of the Declarations; and,
- (c) the "Occurrence" was first discovered by the "Insured" within fourteen (14) days of such first commencement; and,
- (d) written notification of the "Occurrence" was first received from the "Insured" by Underwriters within ninety (90) days of the "Insured's" first discovery of the "Occurrence"; and,
- (e) the "Occurrence" did not result from the "Insured's" intentional violation of any statute, rule, ordinance or regulation.

Even if the above conditions (a) to (e) are satisfied, this Policy does not apply to any actual or alleged liability:

- (i) to evaluate, monitor, control, remove, nullify and/or clean-up seeping, polluting or contaminating substances to the extent such liability arises solely from any obligations imposed by or on behalf of a governmental authority;

- (ii) to abate or investigate any threat of seepage onto or pollution or contamination of the property of a "Third Party";
- (iii) for seepage, pollution or contamination 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:
  - (a) 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
  - (b) if the operations are to test for, evaluate, monitor, control, remove, nullify, clean-up or in any way respond to, or assess the effects of pollutants.

19. arising out of the handling, processing, treatment, storage, disposal or dumping of any waste materials or substances, or arising out of such waste materials or substances during transportation;

20. (a) for "Bodily Injury", "Personal Injury", "Property Damage" and/or "Advertising Injury" directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss:

- (i) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or

- (ii) any "Act of Terrorism".

(b) for "Bodily Injury", "Personal Injury", "Property Damage" and/or "Advertising Injury" directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (a)(i) and/or (a)(ii) above.

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

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

21. for "Bodily Injury", "Property Damage", "Personal Injury" and/or "Advertising Injury" for which the "Insured" or its indemnitee may be held liable:

- (a) as a person or organization engaged in the business of manufacturing, distributing, selling or serving alcoholic beverages; or

- (b) if not so engaged, as an owner or lessor of premises used for such purposes, if such liability is imposed

- (i) by, or because of the violation of any statute, ordinance or regulation pertaining to the sale, gift, distribution or use of any alcoholic beverage, or

(ii) by reason of the selling, serving or giving of any alcoholic beverage to a minor or to a person under the influence of alcohol or which causes or contributes to the intoxication of any person;

22. (a) arising out of an "Insured's" capacity, duty or responsibility as an Officer, Director or Trustee of a Corporation by reason of any breach of fiduciary duty or improper conduct or conflict of interest in the performance of an "Insured's" duties, responsibilities or accountability as an Officer, Director or Trustee, including, without limitation, any actual or alleged misstatement, misleading statement, gain of personal profit or advantage to which the Insured was or is not entitled legally, any dishonest act, or bad faith conduct, in the "Insured's" capacity as an Officer, Director or Trustee, or with respect to the capital or assets of the Corporation, or any action taken beyond the scope of the "Insured's" authority as an Officer, Director or Trustee;

(b) arising out of or incident to any alleged violation(s) of any Federal or State law regulating, controlling and governing stock bonds or securities of any type or nature, including without limitation The Security Act of 1933, The Securities Exchange Act of 1934, The Trust Indenture Act of 1939, The Public Utility Holding Company Act of 1935, The Investment Company Act of 1940, The Investment Advisers Act of 1940, and the so called "Blue Sky" Laws of the various state and other jurisdictions;

(c) arising out of or incident to any alleged violation(s) of any Federal or State law regulating, controlling and governing antitrust or the prohibition of monopolies, activities in restraint of trade, unfair methods of competition or deceptive acts and practices in trade and commerce including without limitation, the Sherman Act, the Clayton Act, the Robinson-Patman Act, the Federal Trade Commission Act and the Hart-Scott Rodino Antitrust Improvements Act;

(d) of any Officer, Director or Trustee arising out of or asserted in a shareholder's derivative action;

(e) arising out of or contributed to by the dishonesty or infidelity of any "Insured";

(f) which would be payable under the terms of coverage of a Directors and Officers Liability Insurance Policy or a Directors and Company Reimbursement Indemnity Policy of the type issued by stock insurance companies of the United States, as if any "Insured" had obtained such coverage in an amount sufficient to pay the full amount being claimed against any "Insured", whether or not any "Insured" has obtained such coverage.

23. for "Bodily Injury", "Property Damage", "Personal Injury" and/or "Advertising Injury" arising out of the willful violation of a penal statute or ordinance committed by or with the knowledge or consent of the "Insured";

24. directly or indirectly caused by or contributed to by or arising from:

(a) ionizing radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;

(b) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;

(c) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;

(d) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored or used for commercial, agricultural, medical, scientific or other similar peaceful purposes;

(e) any chemical, biological, bio-chemical, or electromagnetic weapon.

**This Exclusion shall be paramount and shall override anything contained in this Policy inconsistent therewith**

25. (a) for “Personal Injury” and/or “Advertising Injury” arising out of a publication or utterance of a libel or slander, or a publication or utterance in violation of an individual’s right of privacy, if the first injurious publication or utterance of the same or similar material by or on behalf of the named “Insured” was made prior to the effective date of this Policy;

(b) for “Personal Injury” and/or “Advertising Injury” arising out of libel or slander or the publication or utterance of defamatory or disparaging material concerning any person or organization or goods, products or services, or in violation of an individual’s right of privacy, made by or at the direction of the “Insured” with knowledge of the falsity thereof;

26. for “Advertising Injury” arising out of incorrect description or mistake in advertised price of goods, products or services sold, offered for sale or advertised.

Nothing contained in the above Exclusions shall extend this Policy to cover any liability which would not have been covered had these Exclusions not been incorporated herein.

#### **IV. DEFINITIONS**

##### **1. ACT OF TERRORISM**

The words “Act of Terrorism”, wherever used in this Policy, mean an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

##### **2. ADVERTISING INJURY**

The words “Advertising Injury” wherever used in this Policy, shall mean injury arising out of the named “Insured’s” advertising activities, if such injury arises out of any unintended libel, slander, defamation, violation of right of privacy, piracy, unfair competition, or infringement of copyright, title or slogan.

##### **3. AIRCRAFT LIABILITY**

The words “Aircraft Liability”, wherever used in this Policy, shall mean liability arising out of the maintenance, operation or use of an aircraft, airplane or helicopter which is designed to fly in the air or atmosphere.

##### **4. ANNUAL PERIODS OF CONSTRUCTION**

The words "Annual Periods of Construction" wherever used in this Policy, shall mean the periods shown in Item 4 of the Declarations.

#### 5. AUTOMOBILE

The word "Automobile," wherever used in this Policy, shall mean a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment, but the word "Automobile" shall not include "Mobile Equipment" or the contents of such vehicle, trailer or semi-trailer.

#### 6. AUTOMOBILE LIABILITY

The words "Automobile Liability," wherever used in this Policy, shall mean liability arising out of the maintenance, operation or use of any "Automobile".

#### 7. BODILY INJURY

The words "Bodily Injury", wherever used in this Policy, shall mean:

- (a) bodily injury, sickness, disability, or disease;
- (b) mental injury, mental anguish, humiliation, shock or death if directly resulting from bodily injury, sickness, disability or disease.

#### 8. CLAIM

The word "Claim", wherever used in this Policy, shall mean that part of each written demand received by the "Insured" for damages, including the service of suit or institution of arbitration proceedings.

#### 9. COMPLETED OPERATIONS LIABILITY

The words "Completed Operations Liability", wherever used in this Policy, shall mean liability for "Bodily Injury" and/or "Property Damage" arising out of the "Insured's" operations or reliance upon a representation or warranty made at any time with respect thereto, but only if the "Bodily Injury" and/or "Property Damage" happens after such operations have been completed or abandoned and happens away from the premises owned by or rented to any "Insured" (other than those premises owned or operated by the named "Insured").

Operations include materials, parts or equipment furnished in connection therewith. Operations shall be deemed completed at the earliest of the following times:-

- (a) when all operations to be performed by or on behalf of the "Insured" under the contract have been completed; or,
- (b) when all operations to be performed by or on behalf of the "Insured" at a "Construction Project Site" have been completed; or,
- (c) when that portion of the work out of which the "Bodily Injury" and/or "Property Damage" arises has been put to its intended use by any person or entity other than another "Contractor" or "Subcontractor" engaged in performing operations for the Principal as part of the same project.

“Completed Operations Liability” does not include liability for “Bodily Injury” and/or “Property Damage” arising out of:

(a) operations in connection with the transportation of property, unless the “Bodily Injury” and/or “Property Damage” arises out of a condition in or on an “Automobile” created by the loading or unloading thereof, or,

(b) the existence of tools, uninstalled equipment or abandoned or unused materials.

#### 10. CONSTRUCTION PROJECT SITE

The words “Construction Project Site”, wherever used in this Policy, shall mean that area described in the construction contract documents including the area available for “Contractor” operations, access routes, rights-of-way and additional sites necessary or incidental thereto for which a work order has been issued by the named “Insured”.

Notwithstanding Condition 14 or the foregoing, in no event shall this Policy apply to any sites for which separate policies have been purchased even if the limits of such separate policies have been reduced or exhausted by any “Occurrences”.

#### 11. CONTRACTOR

The word “Contractor”, wherever used in this Policy, shall mean any individual, partnership, firm or corporation which has entered into a contract for construction with authority to perform “Contract Work” at any “Construction Project Site” unless such entity is specifically excluded from such coverage as is afforded by this Policy.

#### 12. CONTRACT WORK

The words “Contract Work”, wherever used in this Policy, shall mean the entire completed construction of the various separately identifiable parts required to be furnished under the contract documents.

#### 13. DEFENSE EXPENSES

The words “Defense Expenses”, wherever used in this Policy, shall mean investigation, adjustment, appraisal, defense and appeal costs and expenses and pre and post judgment interest, paid or incurred by or on behalf of the “Insured” and as detailed in Endorsement No. 6.

The salaries, expenses or administrative costs of the “Insured” or its employees or any insurer shall not be included within the meaning of “Defense Expenses”.

#### 14. DISCRIMINATION

The word “Discrimination”, wherever used in this Policy, shall mean termination of the employment relationship, a demotion, a failure or refusal to hire or promote, denial of an employment benefit or the taking of any adverse or differential employment action because of race, color, religion, age, sex, disability, pregnancy, sexual orientation, national origin, or any other basis prohibited by any national, federal, state or local law.

## 15. EMPLOYERS' LIABILITY

The words "Employer's Liability", wherever used in this Policy, shall mean any liability of an "Insured" to its employee arising out of the employment of that employee.

## 16. GENERAL LIABILITY

The words "General Liability", wherever used in this Policy, shall mean liability to which this Policy applies other than "Products Liability" and "Completed Operations Liability".

## 17. INAPPROPRIATE EMPLOYMENT CONDUCT

The words, "Inappropriate Employment Conduct", wherever used in this Policy, shall mean:

(a) actual or constructive termination of an employment relationship in a manner which is alleged to have been against the law or wrongful or in breach of an implied employment contract or breach of the covenant of good faith or fair dealing in the employment contract;

(b) allegations of wrongful demotion, or wrongful discipline;

(c) allegations of misrepresentation or defamation made by an employee, a former employee or an applicant for employment which arise from an employment decision to hire, fire, promote or demote;

(d) allegations of infliction of emotional distress, mental injury, mental anguish, shock, sickness, disease or disability made by an employee, a former employee or an applicant for employment which arise from an employment decision to hire, fire, promote or demote;

(e) allegations of false imprisonment, detention or malicious prosecution made by an employee, a former employee or an applicant for employment which arise from an employment decision to hire, fire, promote or demote;

(f) allegations of libel, slander, defamation of character or any invasion of right of privacy made by an employee, a former employee or an applicant for employment which arise from an employment decision to hire, fire, promote or demote; or,

(g) other injury allegations made by an employee, a former employee or an applicant for employment which arise from an employment decision to hire, fire, promote or demote.

Inappropriate Employment Conduct does not include damages determined to be owing under a written or express contract of employment or obligation to make payments, including but not limited to severance payments, in the event of the termination of employment.

Inappropriate Employment Conduct shall not include any allegations other than those set forth above.

## 18. INSURED

The word "Insured", wherever used in this Policy, shall mean only the following: -

(a) the named "Insured" set out in Item 1. (a) of the Declarations;

- (b)
  - (i) the named "Insured's" subsidiary, owned or controlled companies that are directly involved with the named "Insured" at a "Construction Project Site" which have been declared to and accepted by Underwriters at the inception of this Policy;
  - (ii) any "Contractor" or "Subcontractor";
- (c) any person or entity to whom the "Insured" is obliged by a written "Insured Contract" relating directly to a "Construction Project Site" entered into before any relevant "Occurrence", to provide insurance such as is afforded by this Policy but only with respect to:
  - (i) liability arising out of operations conducted by the named "Insured" or on its behalf; or
  - (ii) facilities owned or used by the named "Insured";
  - (iii) Limits of Liability that are not greater than those required under said "Insured Contract".
- (d) any officer, director, stockholder, partner or employee of the "Insured", but only in respect of an "Occurrence" covered hereunder whilst acting within their duties.

#### 19. INSURED CONTRACT

The words "Insured Contract", wherever used in this Policy, shall mean any written contract or agreement entered into by the "Insured" and pertaining to business under which the "Insured" assumes the tort liability of another party to pay for "Bodily Injury", "Personal Injury", "Property Damage" and/or "Advertising Injury" to a "Third Party" or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

#### 20. INSURED'S PRODUCTS

The words "Insured's Products", wherever used in this Policy, shall mean goods or products manufactured, sold, handled or distributed by the "Insured" or by others trading under the name of the "Insured", including any packaging thereof.

#### 21. LET

The word "Let", wherever used in this Policy, shall mean the commissioning by the named "Insured" of a contract for construction work with "Contractors" and/or "Subcontractors" for the performance of "Contract Work" at any "Construction Project Site" scheduled under this Policy in accordance with Endorsement No 2.

#### 22. MOBILE EQUIPMENT

The words "Mobile Equipment", wherever used in this Policy, shall mean a land vehicle (including any machinery or apparatus attached thereto), whether or not self-propelled

- (a) not subject to motor vehicles registration, or
- (b) maintained for use exclusively on premises owned by or rented to the named "Insured", including the ways immediately adjoining, or
- (c) designed for use principally off public roads, or
- (d) designed or maintained for the sole purpose of affording mobility to equipment of the following types forming an integral part of or permanently attached to such vehicle:
  - (i) power cranes, shovels, loaders, diggers and drills;
  - (ii) concrete mixers (other than the mix in transit type), graders, scrapers, rollers and other road construction or repair equipment;
  - (iii) air compressors; pumps and generators, including spraying, welding and building-cleaning equipment; and
  - (iv) geophysical exploration and well servicing equipment;

#### 23. OCCUPATIONAL DISEASE

The words "Occupational Disease", wherever used in this Policy, shall mean any injury, including death, sickness, disease or disability, defined as occupational disease in any workers compensation or disability benefits laws, statutes or regulations of any jurisdiction in which the "Occurrence" first commences or the Occupational Disease arises.

#### 24. OCCURRENCE

The word "Occurrence", wherever used in this Policy, shall mean an accident, including continuous and repeated exposure to substantially the same general harmful conditions which results in "Bodily Injury", "Personal Injury", "Property Damage" and/or "Advertising Injury", none of which was intended by any "Insured".

#### 25. PERSONAL INJURY

The words "Personal Injury", wherever used in this Policy, shall mean injury other than "Bodily Injury" arising from:

- (a) false arrest, false imprisonment, wrongful eviction or wrongful detention of a "Third Party" human being;
- (b) libel, slander, defamation of character or invasion of right of privacy of such human being;
- (c) mental injury, mental anguish or shock to such human being which results from (a) or (b) above;

#### 26. PHASED HANDOVER

The words "Phased Handover" wherever used in this Policy, shall mean any part of the project which is occupied or accepted by the Principal prior to the completion of the whole project whether a certificate of acceptance has been issued or not.

#### 27. PRODUCT LIABILITY

The words "Product Liability", wherever used in this Policy, shall mean liability for "Bodily Injury" and/or "Property Damage" arising out of the "Insured's Products" or reliance upon a representation or warranty made at any time with respect thereto, but only if the "Bodily Injury" and/or "Property Damage" happens after physical possession of the "Insured's Products" has been relinquished to others and happens away from premises owned, leased, rented or occupied by the "Insured".

#### 28. PRODUCT LIABILITY AND COMPLETED OPERATIONS LIABILITY COMBINED PERIOD

The words "Product Liability and Completed Operations Liability Combined Period", wherever used in this Policy, shall mean up to three years from completion of each "Contract Work".

#### 29. PROFESSIONAL SERVICES

The words "Professional Services" wherever used in this Policy, shall mean the preparation or approval of audits, accounts, drawings, blue prints, maps, plans, opinions, reports, surveys, designs or specifications and supervisory, inspection, engineering or data processing services.

#### 30. PROPERTY DAMAGE

The words "Property Damage", wherever used in this Policy, shall mean physical loss of, physical damage to or physical destruction of tangible property of a "Third Party", including loss of use of the tangible property so lost, damaged or destroyed;

#### 31. SEXUAL HARASSMENT

The words "Sexual Harassment", wherever used in this Policy, shall mean unwelcome sexual advances, requests for sexual favors or other verbal or physical conduct of a sexual nature that: (1) explicitly or implicitly are made a condition of employment, (2) are used as basis for employment decisions, or (3) create a work environment that interferes with performance.

#### 32. SUBCONTRACTOR

The word "Subcontractor", wherever used in this Policy, shall mean any individual, partnership, firm or corporation which has entered into a contract for construction with a "Contractor" or "Contractors" or with any tier of "Subcontractors" to perform "Contract Work" at a "Construction Project Site" unless such entity is specifically excluded from such coverage as is afforded by this Policy.

#### 33. THIRD PARTY

The words "Third Party", wherever used in this Policy, shall mean any company, entity, or human being other than an "Insured" or other than a subsidiary, owned or controlled company or entity of an "Insured". An employee of an "Insured" shall be treated as a "Third Party".

#### 34. ULTIMATE NET LOSS

The words "Ultimate Net Loss", wherever used in this Policy, shall mean the amount the "Insured" is obligated to pay, by judgment or settlement, as:

- (a) damages;
- (b) expenses for necessary medical, surgical, x-ray and dental services including prosthetic devices;
- (c) necessary ambulance, hospital, professional nursing and funeral services;

resulting from an "Occurrence" covered by this Policy.

#### 35. UNINTENDED OMISSIONS, ERRORS OR INCORRECT DESCRIPTION

Liability to which this Policy applies shall not be prejudiced by any unintentional and/or inadvertent omission, error or incorrect description in the declaration of "Insured Contracts" provided notice is given to Underwriters as soon as practicable upon discovery of any such omission, error or incorrect description.

#### 36. WATERCRAFT LIABILITY

The words "Watercraft Liability", wherever used in this Policy, shall mean liability arising out of the maintenance, operation or use of any craft designed to float or travel on, in or under the water, including hovercraft.

## DECLARATIONS

### Item 1.

(a) Name and Address of the named "Insured":

Port Authority of New York and New Jersey, as Principal and named "Insured".

225 Park Avenue South, 12th Floor  
New York, N.Y. 10003

(b) "Construction Project Sites":

Per Definition 10 but only those "Construction Project Sites" that are "Let" by and appear on the records of the named "Insured" as being insured under the Owner Controlled Insurance Program.

### Item 2. Limits of Liability:

(a) "Ultimate Net Loss" in respect of each "Occurrence" which is always subject to (b) below: USD 500,000

(b) Aggregate "Ultimate Net Loss" separately in respect of:

(i) "Products Liability" and "Completed Operations Liability" combined: USD 1,500,000 for all "Annual Periods of Construction" and all "Construction Project Sites" that have been completed before 1st June 2014, however Underwriters agree to one reinstatement of this Limit of Liability at terms to be agreed by the named "Insured" and Underwriters at time of reinstatement.

(ii) "Personal Injury" USD 500,000

### Item 3. Policy Period in respect of all "Construction Project Sites": -

(a) Inception date: 1st June 2011

(b) Expiry date: 1st June 2014

All dates at 00.01 hours local standard time at the address of the named "Insured".

### Item 4. Annual Periods of Construction:

1st June 2011 to 1st June 2012

1st June 2012 to 1st June 2013

1st June 2013 to 1st June 2014

All dates at 00.01 hours local standard time at the address of the named "Insured".

Item 5 Currency:-

United States Dollars (USD)

Item 6. Premium:-

(a) in accordance with Endorsement Number 3

(b) Payable on (dates):

30th June 2011

1st June 2012

1st June 2013

Item 7. Payment of Premium to:

PAICE, LLC  
c/o Kane USA  
84 Pine Street, 4th Floor  
Burlington, VT 05401

Item 8. Damages Payments to:

Kane USA  
84 Pine Street, 4th Floor  
Burlington, VT 05401

Item 9. Service of Suit:

In accordance with the attached Service of Suit Clause

Mendes & Mount, LLP  
750 7th Ave # 24  
New York, NY 10019-9399

Item 10. Notice of Occurrence:

John Riddle Associates  
7804 Third Avenue  
Brooklyn, NY 11209

SERVICE OF SUIT CLAUSE (U.S.A.) (Condition 16)

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

It is further agreed that service of process in such suit may be made upon the entity named in Item 9 of the Declarations and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

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

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

24/4/86

NMA1998 (amended)

Wherever the words "(or Reinsured)" appear in this Clause they shall be deemed deleted

ENDORSEMENT NO. 1

ACTIONS OVER/INDEMNITY BUYBACK

This Policy, subject to all its Insuring Agreements, Conditions, Exclusions and Definitions, is endorsed to indemnify the "Insured" for amounts for which it shall have become liable to pay and shall have paid on account of investigation, defense and indemnity as respects its responsibilities, if any, to any "Third Party" by virtue of defense and indemnity obligations assumed under written contract or agreement and arising from "Bodily Injury" of any employee(s) of the "Insured", except insofar as same may arise from "Occupational Disease".

All other terms of this Policy remain unchanged

ENDORSEMENT NO. 2

SCHEDULES OF CONSTRUCTION PROJECT SITES

Schedules of "Construction Project Sites" will be supplied to Underwriters within 90 days of each anniversary of the date stated in Item 3. (a) of the Declarations.

These schedules will include the date each "Construction Project Site" was started and/or completed.

All other terms of this Policy remain unchanged

N.B. For the purposes of this Policy, "completed" = "put to intended use or substantial completion"

## ENDORSEMENT NO. 3

### PREMIUM AND ADJUSTMENTS

The premium shall be computed and adjusted as follows:

(1) Deposit and Maximum Guaranteed Cost Premium USD, payable in installments as stated in clause (5) of this Endorsement.

(2) Deposit and Maximum Guaranteed Cost Premium of USD is subject to the following Loss Experience Rebate:

Following the date shown in Item 3.(c) of the Declarations, and the premium adjustment of this Policy and after final settlement of all incurred losses under this Policy, the "Insured" shall be allowed an experience rebate, if applicable, as follows:

Paid Losses less than Experience Rebate

All premiums due to Underwriters shall be paid by, and any return premiums due to the named "Insured" shall be paid to the named "Insured".

(3) The Deposit and Maximum Guaranteed Cost Premium in (1) above is based upon applicable contractor payments during the period not exceeding an estimated

USD 1,800,000,000

In the event that the actual contractor payments exceed the above estimates by more than 10%, then the Maximum Guaranteed Cost Premium shall be adjusted at % on the actual payments made on contracts during the Policy Period.

(4) Incurred losses means the sum of:

(A) All losses, including medical payments, actually paid

(B) Reserves for unpaid losses as estimated by Underwriters and/or their Third Party Claims Administrator

(C) Premium on bonds paid for by Underwriters in accordance with the provisions of the Policy

(D) Interest accruing after entry of a judgment against the "Insured"

(E) Allocated (including legal expenses and defense costs) and unallocated "Defense Expenses", paid and reserved therefor.

(F) Third Party Claims Administration charges and all other costs including expenses in seeking recovery against a third party.

(5) Premium shall be payable as follows:

Installment Dates: Deposit Premium TRIA Proportion of Premium

1st June 2011

1st June 2012

1st June 2013

Notwithstanding that the TRIA proportion of the premium is payable in installments, the TRIA premium referred to in Endorsement 5 of this Policy is fully earned by Underwriters at the Inception Date referred to in Item 3 of the Declarations

All other terms of this Policy remain unchanged

ENDORSEMENT NO. 4

OFAC ENDORSEMENT

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

All other terms of this Policy remain unchanged

ENDORSEMENT NO. 5

U.S. Terrorism Risk Insurance Act of 2002 as amended New & Renewal Business Endorsement

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

In consideration of a 1% allocation within the premium, it is hereby noted and agreed with effect from inception that the Terrorism exclusion to which this Insurance is subject, shall not apply to any "insured loss" directly resulting from any "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002" as amended ("TRIA").

The coverage afforded by this Endorsement is only in respect of any "insured loss" of the type insured by this Insurance directly resulting from an "act of terrorism" as defined in TRIA. The coverage provided by this Endorsement shall expire at 12:00 midnight December 31, 2007, the date on which the TRIA Program is scheduled to terminate or the expiry date of the policy whichever occurs first, and shall not cover any losses or events which arise after the earlier of these dates. The Terrorism exclusion, to which this Insurance is subject, applies in full force and effect to any other losses and any act or events that are not included in said definition of "act of terrorism".

This Endorsement only affects the Terrorism exclusion to which this Insurance is subject. All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

Furthermore the Underwriter(s) will not be liable for any amounts for which they are not responsible under the terms of TRIA (including subsequent action of Congress pursuant to the Act) due to the application of any clause which results in a cap on the Underwriter's liability for payment for terrorism losses.

LMA5052 (amended)

22/12/05

Form approved by Lloyd's Market Association and model agreed by the International Underwriting Association

## ENDORSEMENT NO. 6

### CLAIMS PROCEDURE

#### Notice to Excess Underwriters:

Excess Underwriters will be immediately advised in writing of losses reserved at USD 250,000 or greater or of any losses involving the following criteria:

1. Fatality
2. Closed Head Injury/Neurological Injury
3. Spinal Cord Damage or paralysis
4. Loss of limb
5. Partial or full loss of sight
6. Permanent disability
7. Significant burns cases - in excess of 10% of body surface
8. Where three or more parties are injured arising out of one incident
9. Where New York labor law 240/241 may apply to present exposure into underwriter's layer of coverage.

#### Defense of "Insured"

For all losses in suit where notice to underwriters is appropriate JRCC will nominate defense counsel from a "to be agreed" panel.

Underwriters will review the nomination and promptly respond with instructions. Subject to terms of engagement approved defense counsel may thereafter file the appropriate pleadings and assume the defense of the Insured.

Defense counsel will operate within agreed to guidelines.

#### Payment of Fees

Subject to policy terms Underwriters will be responsible for payment of defense costs and related expenses incurred in defense of the "Insured". Underwriters shall not however be responsible for the fees and/or expenses of the "Insured's own staff.

#### Annual Review

This endorsement is subject to annual review commencing 1st June, 2012

All other terms of this Policy remain unchanged

ENDORSEMENT NO. 7

INCIDENTAL MEDICAL MALPRACTICE ENDORSEMENT

The definition of "Bodily Injury" is amended to include "Incidental Medical Malpractice Injury"

The words "Incidental Medical Malpractice Injury", wherever used in this Policy, shall mean injury arising out of the rendering of or failure to render, during the Policy Period, the following services: -

(a) medical, surgical, dental, x-ray or nursing services or the furnishing of food or beverages in connection therewith, or

(b) the furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances.

This coverage does not apply to: -

(1) expenses incurred by the "Insured" for first aid at the time of an accident and Condition 13 is amended accordingly;

(2) any "Insured" engaged in the business or occupation of providing any of the services described under (a) or (b) above;

(3) injury caused by an indemnitee if such indemnitee is engaged in the business or occupation of providing any of the services described under (a) or (b) above.

Coverage under this Endorsement shall not be prejudiced by Exclusion 2 of this Policy.

All other terms of this Policy remain unchanged

ENDORSEMENT NO. 8

In respect of operations of the "Insured" within an Airport perimeter, the following Clauses apply:

WAR, HI-JACKING AND OTHER PERILS EXCLUSION CLAUSE

(AVIATION)

This Policy does not cover claims caused by

- (a) War, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, martial law, military or usurped power or attempts at usurpation of power.
- (b) Any hostile detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
- (c) Strikes, riots, civil commotions or labor disturbances.
- (d) Any act of one or more persons, whether or not agents of a sovereign Power, for political or terrorist purposes and whether the loss or damage resulting therefrom is accidental or intentional.
- (e) Any malicious act or act of sabotage.
- (f) Confiscation, nationalization, seizure, restraint, detention, appropriation, requisition for title or use by or under the order of any Government (whether civil military or de facto) or public or local authority.
- (g) Hi-jacking or any unlawful seizure or wrongful exercise of control of the Aircraft or crew in Flight (including any attempt at such seizure or control) made by any person or persons on board the Aircraft acting without the consent of the Insured.

Furthermore this Policy does not cover claims arising whilst the Aircraft is outside the control of the Insured by reason of any of the above perils. The Aircraft shall be deemed to have been restored to the control of the Insured on the safe return of the Aircraft to the Insured at an airfield not excluded by the geographical limits of this Policy, and entirely suitable for the operation of the Aircraft (such safe return shall require that the Aircraft be parked with engines shut down and under no duress).

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## EXTENDED COVERAGE ENDORSEMENT (AVIATION LIABILITIES)

1. All sub-paragraphs other than (b) of Clause AVN 48B above are deleted SUBJECT TO all terms of this Endorsement.

2. EXCLUSION applicable only to any cover extended in respect of the deletion of sub-paragraph (a) of Clause AVN 48B.

Cover shall not include liability for damage to any form of property on the ground situated outside Canada and the United States of America unless caused by or arising out of the use of aircraft.

### 3. LIMITATION OF LIABILITY

The limit of Insurers' liability in respect of the coverage provided by this Endorsement shall be a sub-limit of USD 500,000 or the applicable Policy limit whichever the lesser any one Occurrence and in the annual aggregate. This sub-limit shall apply within the full Policy limit and not in addition thereto.

Nothing in this Extended Coverage Endorsement shall operate to override the effects of Exclusion 24 of this Policy.

## NOISE AND POLLUTION AND OTHER PERILS EXCLUSION CLAUSE

1. This Policy does not cover claims directly or indirectly occasioned by, happening through or in consequence of:-

(a) noise (whether audible to the human ear or not), vibration, sonic boom and any phenomena associated therewith,

(b) pollution and contamination of any kind whatsoever,

(c) electrical and electromagnetic interference,

(d) interference with the use of property;

unless caused by or resulting in a crash fire explosion or collision or a recorded in-flight emergency causing abnormal aircraft operation.

2. With respect to any provision in the Policy concerning any duty of Insurers to investigate or defend claims, such provision shall not apply and Insurers shall not be required to defend

(a) claims excluded by Paragraph 1 or

(b) a claim or claims covered by the Policy when combined with any claims excluded by Paragraph 1 (referred to below as "Combined Claims").

3. In respect of any Combined Claims, Insurers shall (subject to proof of loss and the limits of the Policy) reimburse the Insured for that portion of the following items which may be allocated to the claims covered by the Policy:

(i) damages awarded against the Insured and

(ii) defense fees and expenses incurred by the Insured.

4. Nothing herein shall override any radioactive contamination or other exclusion clause attached to or forming part of this Policy.

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Wherever used in this Clause, the word "Insurers" is deemed to read "Underwriters"

All other terms of this Policy remain unchanged

## SECURITY

This insurance has been effected with the following:

100% Port Authority Insurance Captive Entity, LLC (PAICE)

## SEVERAL LIABILITY NOTICE

The subscribing insurers' obligations under contracts of insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligation.