

CLAIMS WARRANTY AND COVERAGE STATEMENT

PAP-99-07

Coverage provided under the Policy/Certificate is contingent on the following warranty, requirements, and acknowledgements as evidenced by the Applicant's signature.

WARRANTY STATEMENT

The "Applicant" is the party to be named as the "Insured"/"Assured" in any insuring contract if issued. By signing this Application, the Applicant for insurance hereby represents and warrants that the information provided in the Application, together with all supplemental information and documents provided in conjunction with the Application, is true, correct, inclusive of all relevant and material information necessary for the Insurer to accurately and completely assess the Application, and is not misleading in any way. The Applicant further represents that the Applicant understands and agrees as follows: (i) the Insurer can and will rely upon the Application and supplemental information provided by the Applicant, and any other relevant information, to assess the Applicant's request for insurance coverage and to quote and potentially bind, price, and provide coverage; (ii) the Application and all supplemental information and documents provided in conjunction with the Application are warranties that will become a part of any coverage contract that may be issued; (iii) the submission of an Application or the payment of any premium does not obligate the Insurer to quote, bind, or provide insurance coverage; and (iv) in the event the Applicant has or does provide any false, misleading, or incomplete information in conjunction with the Application, any coverage provided will be deemed void from initial issuance.

FUTURE CLAIM INCIDENT/REPORTING REQUIREMENT

As an express condition precedent to coverage under this Policy, you must give us immediate written notice no later than 14 days after any incident, event, occurrence, loss, or Accident which might give rise to a Claim covered by this Policy. Written notice must be given to: Claims Direct Access, P.O. Box 4439, Sandy, Utah 84091-4439, U.S.A. Phone: (877) 585-2849 or (801) 304-5530; Fax: (877) 452-6909 or (801) 304-5536.

ACKNOWLEDGEMENT OF RESTRICTIVE SURPLUS LINES COVERAGES

The Policy/Certificate to be issued differs significantly from claims made or occurrence-type general liability policies offered by other insurance companies. It is a manuscript policy with very strict reporting requirements. The "application" and "warranty-prior claims" forms are a part of the Policy/Certificate and constitute warranties. Coverage is provided only for otherwise covered Claims:

- (1) Which are first made by or against an Insured/Assured during the Policy Period, and
- (2) Which result from an Accident occurring during the Policy Period, and
- (3) For which written notice is given to the Insurer/Underwriter during the Policy Period.

In addition, coverage is strictly limited to those activities and operations and at those locations listed, described, and defined in the Policy/Certificate. Various other provisions of this Policy/Certificate restrict and limit the coverage provided. Please read the Policy/Certificate and all Endorsements carefully to determine your rights and duties and what is and is not covered.

Claim Expenses reduce the available Limits of Liability stated on the Declarations Page. In the event of any Claim, the total amount of any premium charged shall be 100% earned and not subject to short-rate or pro-rata adjustment.

The Applicant also expressly understands, acknowledges, and agrees that (i) any and all policy fees are fully earned at inception; accordingly, no refund of any policy fees will be made regardless of whether the Policy is cancelled by the covered party or the Insurer/Underwriter for any reason, (ii) the Insurer has the right to charge the Applicant a \$50 service fee for any Endorsements made to the Policy at the request of the Applicant in addition to any additional premium associated with such Endorsement, and (iii) the Insurer/Underwriter has the right to collect additional premium equal to 25% of the total premium due for the Policy/Certificate if the Applicant fails to comply with any premium audit request made by the Insurer/Underwriter at anytime.

Accept Decline

Limited Terrorism Coverage (20% increase in premium, if accepted)

Retroactive Coverage (additional premium required; for renewal coverage only)

All other terms and conditions of this Policy/Certificate remain unchanged.

Applicant's Signature/Date

Signature of Broker/Agent of Applicant

Print Applicant's Name

Date