

CONVEX INSURANCE UK LIMITED
OCCUPATIONAL ACCIDENT AND
LIMITED EMPLOYERS LIABILITY INSURANCE POLICY
POLICY RENEWAL AMENDMENT

It is hereby agreed and understood that, in consideration of timely payment of the premium indicated below, the Policy issued to the Named Insured is hereby renewed in accordance with authorization granted under Contract No. B1177210709378 to the undersigned by Convex Insurance UK Limited. The Declarations is amended to read as follows:

This amendment, effective on January 27, 2022 at 12:01 A.M. standard time, forms a part of:

Named Insured and Mailing Address: Thrift Stores, Inc.
4640 Second Ave
Dallas, TX 75210

Policy Number: CXEL10148

Policy Period: Effective Date: January 27, 2022 (12:01 a.m. at the Named Insured's Address)
Expiration Date: January 27, 2023 (12:01 a.m. at the Named Insured's Address)

Business Type: Second Hand Thrift Store

Combined Benefit Period		110 weeks
Policy Aggregate Limit	Max	\$25,000,000.00
Combined Single Limit	per covered employee	\$1,000,000.00
	per occurrence	\$10,000,000.00
Deductible	per covered employee, per occurrence	\$25,000.00
Weekly Indemnity		
Maximum Weekly Indemnity	per covered employee	\$600.00
Benefit Amount	percentage of weekly wage up to Maximum Weekly Indemnity	75%
Elimination Period	per covered employee, per occurrence	7 business days
Maximum Benefit Duration	per covered employee, per occurrence	110 weeks
Accidental Death, Dismemberment, and loss of Use Limit	per covered employee, per occurrence	\$100,000.00

FORMS AND ENDORSEMENTS MADE PART OF THE POLICY AT INCEPTION

CNVX2000-DED, CNVX2001-DED, TXINFO, CNVX1002, CNVX1006, CNVX1007

THIS IS NOT A POLICY OF WORKERS' COMPENSATION INSURANCE. THE EMPLOYER DOES NOT BECOME A SUBSCRIBER TO THE WORKERS' COMPENSATION SYSTEM BY PURCHASING THIS POLICY, AND IF THE EMPLOYER IS A NON-SUBSCRIBER, THE EMPLOYER LOSES THOSE BENEFITS, WHICH WOULD OTHERWISE ACCRUE UNDER THE WORKERS' COMPENSATION LAWS. THE EMPLOYER MUST COMPLY WITH THE WORKERS' COMPENSATION LAW AS IT PERTAINS TO NON-SUBSCRIBERS AND THE REQUIRED NOTIFICATIONS THAT MUST BE FILED AND POSTED.

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PAYROLL AND RATE

Class Code	Class Code Description	Number of Employees	Estimated Monthly Payroll	Rate per Payroll	Monthly Premium*
7380	Chauffeurs, Drivers & Their Helpers NOC – Commercial	18	\$ 22,260.00	0.01890	\$ 420.71
8808	Store: Clothing or Wearing Apparel – Retail	109	110,297.89	0.00765	843.78
8810	Clerical Office Employees NOC	1	2,046.95	0.00135	2.76
Totals		128	\$ 134,604.84		\$ 1,267.26

*Minimum Premium of \$200.00 due Monthly plus all fees and taxes.

PREMIUM, SURPLUS LINES TAX AND OTHER CHARGES

Terrorism Coverage (2.5% of Premium)	\$	31.68
Annual Policy Fee (fully earned)	\$	100.00
Monthly Administration Fee (fully earned) (per month)	\$	60.00
Subtotal: (Premium, Terrorism Coverage, Annual Fee & Monthly Admin Fee)	\$	1,458.94
Surplus Lines Tax @ 4.85% (of subtotal above)	\$	70.76
Stamping Office Fee @ .075% (of subtotal above)	\$	1.09
Total Binding Premium	\$	1,530.79

AUTHORIZED SURPLUS LINES AGENT:

AccuRisk Solutions LLC
10 South LaSalle Street, Suite 2350
Chicago, IL 60603

CLAIMS ADMINISTRATOR:

AccuRisk Solutions LLC
P.O. Box 638
Marshfield, MA 02050

This Policy Amendment expires concurrently with the Policy and is subject to all of the provisions, limitations and conditions of the Policy except as they are specifically modified by this Policy Amendment.

This insurance contract is with an insurer not licensed to transact insurance in this state and is issued and delivered as surplus line coverage under the Texas insurance statutes. The Texas Department of Insurance does not audit the finances or review the solvency of the surplus lines insurer providing this coverage, and the insurer is not a member of the property and casualty insurance guaranty association created under Chapter 462, Insurance Code. Chapter 225, Insurance Code, requires payment of a 4.85 percent tax on gross premium.

The preceding page, this page, and the pages that follow are part of this Policy at the time of issue. In Witness Whereof, the Company has caused this policy to be executed and attested.



Daniel G. Boisvert
As Authorized Representative of Convex Insurance UK Limited
President
AccuRisk Solutions LLC

WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance Policy containing any false, incomplete, or misleading information may be guilty of a felony.

Have a complaint or need help?

If you have a problem with a claim or your premium, call your insurance company or HMO first. If you cannot work out the issue, the Texas Department of Insurance may be able to help.

Even if you file a complaint with the Texas Department of Insurance, you should also file a complaint or appeal through your insurance company or HMO. If you do not, you may lose your right to appeal.

AccuRisk Solutions LLC

To get information or file a complaint with your insurance company or HMO:

Call Toll-free: 1-800-786-0500 Ext. 455

Email: OccAccClaims@accurisksolutions.com

Mail: 506 Plain Street, Suite 201, Marshfield, MA 02050

The Texas Department of Insurance

To get help with an insurance question or file a complaint with the state:

Call with a question: 1-800-252-3439

File a complaint: www.tdi.texas.gov

Email: ConsumerProtection@tdi.texas.gov

Mail: MC 111-1A, P.O. Box 149091, Austin, TX 78714-9091

¿Tiene una queja o necesita ayuda?

Si tiene un problema con una reclamación o con su prima de seguro, llame primero a su compañía de seguros o HMO. Si no puede resolver el problema, es posible que el Departamento de Seguros de Texas (Texas Department of Insurance, por su nombre en inglés) pueda ayudar.

Aun si usted presenta una queja ante el Departamento de Seguros de Texas, también debe presentar una queja a través del proceso de quejas o de apelaciones de su compañía de seguros o HMO. Si no lo hace, podría perder su derecho para apelar.

AccuRisk Solutions LLC

Para obtener información o para presentar una queja ante su compañía de seguros o para o HMO:

Teléfono gratuito: 1-800-786-0500 Ext. 455

Correo electrónico: OccAccClaims@accurisksolutions.com

Dirección postal: 506 Plain Street, Suite 201, Marshfield, MA 02050

El Departamento de Seguros de Texas

Para obtener ayuda con una pregunta relacionada con los seguros o para presentar una queja ante el estado:

Llame con sus preguntas al: 1-800-252-3439

Presente una queja en: www.tdi.texas.gov

Correo electrónico: ConsumerProtection@tdi.texas.gov

Dirección postal: MC 111-1A, P.O. Box 149091, Austin, TX 78714-9091

CONVEX INSURANCE UK LIMITED

52 Lime Street
London EC3M 7AF
United Kingdom

NAMED INSUREDS ENDORSEMENT

This endorsement, effective at 12:01 a.m. on the date shown below, forms a part of:

Policy No.: **CXEL10148**

Issued To: **Thrift Stores, Inc.**

Endorsement Effective Date: **January 27, 2021**

NAMED INSUREDS SCHEDULE

It is hereby understood and agreed that the following entities are added as Named Insureds on the Policy Declarations:

Garland Road Thrift Store
10030 Garland Road
Dallas, TX 75218

Alamo Thrift Stores
2215 Spencer Highway
Pasadena, TX 77504

Community Thrift Stores of Texas, Inc.
1047 S.E. Military Drive
San Antonio, TX 78214

In Witness Whereof, the Company has caused this endorsement to be signed by:



Daniel G. Boisvert

As Authorized Representative of Convex Insurance UK Limited
President, AccuRisk Solutions LLC

CONVEX INSURANCE UK LIMITED

52 Lime Street
London EC3M 7AF
United Kingdom

COVERED LOCATIONS ENDORSEMENT

This endorsement, effective at 12:01 a.m. on the date shown below, forms a part of:

Policy No.: **CXEL10148**

Issued To: **Thrift Stores, Inc.**

Endorsement Effective Date: **January 27, 2021**

In consideration of the premium charged, it is hereby understood and agreed that the following covered locations of the Named Insured are added to the Policy:

**4640 Second Avenue
Dallas, TX 75210**

**10030 Garland Road
Dallas, TX 75218**

**2215 Spencer Highway
Pasadena, TX 77504**

**1047 S.E. Military Drive
San Antonio, TX 78214**

Covered locations shall mean the covered location of any of your work locations shown above. All other terms and conditions remain the same.

In Witness Whereof, the Company has caused this endorsement to be signed by:



Daniel G. Boisvert

As Authorized Representative of Convex Insurance UK Limited
President, AccuRisk Solutions LLC

CONVEX INSURANCE UK LIMITED

52 Lime Street
London EC3M 7AF
United Kingdom

PARTNERS, OFFICERS AND OTHERS EXCLUSION ENDORSEMENT

This endorsement, effective at 12:01 a.m. on the date shown below, forms a part of:

Policy No.: **CXEL10148**

Issued To: **Thrift Stores, Inc.**

Endorsement Effective Date: **January 27, 2021**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The Policy does not cover **bodily injury** to any person described in in the Schedule below. The premium for the Policy does not include the **payroll** for such persons.

SCHEDULE

Marcena Cain
Daivd Cain
Kenneth Cain
Bruce Cohn

In Witness Whereof, the Company has caused this endorsement to be signed by:



Daniel G. Boisvert

As Authorized Representative of Convex Insurance UK Limited
President, AccuRisk Solutions LLC

CONVEX INSURANCE UK LIMITED

52 LIME STREET
LONDON EC3M 7AF
UNITED KINGDOM

OCCUPATIONAL ACCIDENT AND LIMITED EMPLOYERS LIABILITY INSURANCE POLICY

THE PERIOD OF TIME TO MAKE A COVERED CLAIM UNDER THIS POLICY IS LIMITED. PLEASE
READ THE ENTIRE POLICY CAREFULLY.

THIS IS NOT A POLICY OF WORKERS' COMPENSATION INSURANCE. THE EMPLOYER DOES NOT BECOME A SUBSCRIBER TO THE WORKERS' COMPENSATION SYSTEM BY PURCHASING THIS POLICY, AND IF THE EMPLOYER IS A NON-SUBSCRIBER, THE EMPLOYER LOSES THOSE BENEFITS, WHICH WOULD OTHERWISE ACCRUE UNDER THE WORKERS' COMPENSATION LAWS. THE EMPLOYER MUST COMPLY WITH THE WORKERS' COMPENSATION LAW AS IT PERTAINS TO NON-SUBSCRIBERS AND THE REQUIRED NOTIFICATIONS THAT MUST BE FILED AND POSTED.

Various provisions in this Policy restrict coverage. Read the entire Policy carefully to determine rights, duties and what is and is not covered.

Throughout this Policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance. The words "he", "his", "him", and "himself" shall include "she", "hers", "her" and "herself" respectively when referring to a female.

Other words and phrases that appear in bold print have special meaning. Refer to Section VI. DEFINITIONS.

In consideration of the payment of premium, in reliance upon the statements in the Policy Application and Declarations which are made a part of this Policy, and subject to the terms, conditions and exclusions of this Policy that are based upon the terms, conditions and exclusions of your Occupational Injury Benefit Plan, we agree with you as follows:

I. GENERAL SECTION

A. THE POLICY

This Policy includes the Policy application, the request for proposal, the Declarations, endorsements, and schedules of insurance to the Policy. It is a contract of insurance between you and us. The only agreements relating to this insurance are stated in this Policy. The terms of this Policy may not be changed or waived except by written endorsement issued by us to be a part of this Policy.

B. POLICY PERIOD

The Policy Period is shown on the Declarations. If this Policy is canceled for any reason, the Policy Period will end at 12:01 a.m. on the cancellation date whether or not you have received any premium refund.

II. INSURING AGREEMENT

A. We will indemnify you for plan benefits and employer's liability bodily injury damages paid by you because of bodily injury to which this insurance applies.

B. This insurance applies to bodily injury only if:

1. The bodily injury is caused by an occurrence that takes place while the covered employee is acting in the scope of employment;
2. The bodily injury is caused by an occurrence that takes place during the Policy Period;

- C. The total amount we will indemnify you under this Policy for covered plan benefits and employer's liability bodily injury damages is the amount of covered plan benefits and employer's liability bodily injury damages that are in excess of your Deductible, subject to our Limits of Insurance as described in Section IV.B.
- D. We have no other obligation or liability to pay sums or perform acts or services under this Policy other than to reimburse you for covered plan benefits and employers liability bodily injury damages.
- E. We have the right and the duty to defend any legal action against the you for claims based on a claim for a Covered Loss. We have the right to investigate any incident that is the basis of such claim. You shall cooperate fully with us and use diligence, prudence, and good faith in assisting the investigation and settlement of all legal actions. Your failure to exercise diligence, prudence and good faith or failure to cooperate with us in the defense of any legal action may result in the disclaimer of coverage for the legal action and withdrawal of our duty to defend. No investigator, adjuster or counsel shall be employed to represent our interest without our prior written approval. We reserve the right to obtain professional services as deemed necessary by us, at our own expense subject to the Limits on Defense Costs. Should insurance coverage for a legal action under this Policy exist, you shall make no payment nor incur any obligation to pay any sum regarding any Covered Loss in excess of the deductible, except after our prior written approval.

We shall select legal counsel to represent you. Any legal defense costs incurred by us through counsel retained by us to defend a particular claim shall be paid by us only after the you have satisfied the deductible.

We are entitled to settle such lawsuits which we value in an amount exceeding the Deductible shown in the Declarations. If such lawsuit is settled, you shall pay the remainder of the Deductible, if any, within 30 days and shall cooperate with us in such settlement, including the execution and delivery of all settlement documents we consider appropriate.

Our duty to defend ends on the earliest of the following dates:

- 1. On the date the employee accepts a settlement offer made by us; or
- 2. On the date judgment is rendered and we, at our sole discretion, decide not to appeal the judgment; or
- 3. When we have incurred the Limit on Defense Costs, and thereafter, when the payment or reimbursement under this Policy reaches the Combined Single Limit Per Scheduled Employee Per Occurrence shown in the Declarations.

We have no duty to defend any suit or arbitration that is not based on a claim for a Covered Loss, or if you fail to pay the Deductible. We have no duty to defend or indemnify you against any suit or arbitration seeking damages for non-occupational injury, emotional distress, pain and suffering, economic change, loss of consortium, property damage, contribution, indemnity or any other known or unknown claim to which this policy does not apply.

- F. The legal defense and defense-related costs, paid at our expense, are not subject to and will not erode the Limits of Insurance.
- G. You must cooperate with us in the investigation, settlement and defense of the claim or legal action brought against you. You must immediately send us copies of any demands, notices, summonses, or legal papers received in connection with such claim, proceeding or legal action; and cooperate with us with respect to coordinating with other applicable insurance available to you.

III. WHO IS AN INSURED

In addition to the person(s) or organization(s) named on the Declarations, each of the following is also a Named Insured:

- A. If the Named Insured on the Declarations is an individual, then his spouse, but only with respect to the conduct of a business of which the Named Insured is the sole owner.
- B. If the Named Insured on the Declarations is a partnership or joint venture, then your members, partners, joint ventures, and their spouses, but only with respect to the conduct of your business.
- C. If the Named Insured on the Declarations is a limited liability company (LLC), your members, but only with respect to the conduct of your business.
- D. If the Named Insured on the Declarations is a corporation, then your directors, officers, and shareholders of the corporation, but only with respect to the conduct of the corporation's business.
- E. Your managers, supervisors, and superintendents, but only with respect to the conduct of your business and only for acts within the scope of employment.

IV. DEDUCTIBLE AND LIMITS OF INSURANCE

A. DEDUCTIBLE

- 1. Deductible, as shown on the Declarations, means the sum of the plan benefits and employers liability bodily injury damages paid by you, less recovered that will not be reimbursed under the policy. Your Deductible shall apply per covered employee per occurrence to all losses resulting from bodily injury covered under this Policy.
- 2. Naming more than one Named Insured on the Declarations does not increase the amount of your Deductible.
- 3. Amounts for weekly indemnity will not begin accruing towards the applicable Deductible until after the expiration of the elimination period shown on the Declarations.
- 4. You must report to us all plan benefits and employer's liability bodily injury damages paid by you to satisfy your Deductible obligations.
- 5. No payment shall be made by you in excess of your Deductible without our prior written agreement. If payment is made without our prior written agreement, you undertake such actions voluntarily and at your own cost.

B. LIMITS OF INSURANCE

- 1. The Policy Aggregate Limit, if any, as shown on the Declarations is the most, we will indemnify you for the sum of all covered losses under this Policy.
- 2. Subject to the Policy Aggregate Limit, if any, the Combined Single Limit Per Covered Employee shown on the Declarations is the most we will indemnify you for the sum of all covered losses under this Policy per any one covered employee per any one occurrence that have been paid by you.
- 3. Subject to the Policy Aggregate Limit, if any, the Combined Single Limit Per Occurrence shown on the Declarations is the most we will indemnify you for the sum of all covered losses under this Policy per any one occurrence that have been paid by you.
- 4. Subject to the Policy Aggregate Limit, if any, and the Combined Single Limit, the following Limits of Insurance shall apply for covered losses that have been paid by you:

a. Medical Expense

For covered medical expenses, we will indemnify you for the smaller of the Combined Single Limit for any one covered employee for any one occurrence shown on the Declarations or the actual amounts of covered medical expenses paid under your Occupational Injury Benefit Plan by you for any one covered employee for any one occurrence.

b. Weekly Indemnity

If a covered employee suffers a disability, we will indemnify you, subject to the elimination period, for the smaller of the maximum weekly indemnity limit per covered employee shown on the Declarations times the maximum weeks duration per covered employee per occurrence shown on the Declarations or the actual amounts of covered weekly indemnity losses paid under your Occupational Injury Benefit Plan by you for any one covered employee.

The disability must commence within:

- 1) 90 days after the date of the occurrence that caused the disability; or
- 2) 365 days after the date of the occurrence that caused the disability, provided:
 - a) the covered employee received medical treatment within thirty (30) days from the date of the occurrence that caused the disability; and
 - b) the covered employee has remained under the continuous care of a physician.

If an otherwise disabled covered employee returns to work for the Named Insured while in rehabilitative status, he or she will be deemed continually disabled. We will continue to indemnify you for amounts paid under your Occupational Injury Benefit Plan for weekly indemnity losses less any wages earned. Such payment shall not exceed 100% of the disabled covered employee's average weekly wage.

We will indemnify you up to a maximum of twelve (12) months in any one period of disability while rehabilitative status continues provided the covered employee is not working more than twenty (20) hours per week.

We may require you to submit proof of continued disability and of continuous care of a covered employee. This may be done as often as we consider necessary and reasonable. Failure to submit the requested proof will cause us to suspend indemnification until such proof is received.

c. Accidental Death, Dismemberment and Loss of Use

The Accidental Death, Dismemberment (AD&D) and Loss of Use Limit is shown on the Declarations. If a covered employee suffers an Accidental Death, Dismemberment or Loss of Use we will indemnify you for the smaller of the actual amounts of the Accidental Death, Dismemberment or Loss of Use benefit paid under your Occupational Injury Benefit Plan or the percentage of the Accidental Death, Dismemberment (AD&D) and Loss of Use Limit shown in the schedule below plus up to an additional \$5,000 for burial costs in the event of death.

We will indemnify you either for a covered death loss or a covered dismemberment loss, but not for both a death loss and dismemberment loss. In the event of multiple dismemberment losses, we will pay for only the covered dismemberment loss per covered employee with the largest benefit as specified in the schedule contained in the Occupational Injury Benefit Plan.

If a bodily injury is covered as an Accidental Death or Dismemberment under this Policy, such bodily injury shall only be covered as an Accidental Death or Dismemberment and any other payments made by us under this Policy for the same bodily injury shall be used to reduce our liability for a covered Accidental Death, Dismemberment, or Loss of Use. The only exception is Accidental Death is guaranteed to be no less than fifteen percent (15%) of the Accidental Death, Dismemberment and Loss of Use benefit amount shown on the Declaration page regardless of the total amounts paid for any other benefits under this Policy.

d. Employers Liability Bodily Injury Damages

For covered employer's liability bodily injury damages, we will indemnify you for amounts paid by you for claims or demands asserted by a covered employee, or a deceased covered employee's estate, as a result of a covered occurrence.

If an occurrence is covered as an employer's liability bodily injury damages loss under this Policy and payments have been made by us for the same occurrence to indemnify you for Medical expenses, Accidental Death, Dismemberment or Loss of Use, or Weekly Indemnity, such payments made by us shall be applied to reduce our liability for a covered employers liability bodily injury damages loss.

5. The Limits of Insurance apply separately to each consecutive annual period and to any remaining period of less than twelve (12) months, starting with the beginning of the Policy Period shown in the Declarations, unless the Policy Period is extended after issuance for an additional period of less than twelve (12) months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.
6. Naming more than one Named Insured on the Declarations does not increase our Limits of Insurance.

V. EXCLUSIONS

This insurance does not apply to any bodily injury, occupational disease, cumulative trauma, or loss arising out of:

- A. liability assumed by you under any contract or agreement, including representations, warranties, or indemnities of any kind. This exclusion does not apply to payments you are obligated to make under your Occupational Injury Benefit Plan which are specifically insured under Section II of this Policy.
- B. liability arising out of employment relationships including, without limitation, claims for any type of discrimination, discharge, coercion, criticism, demotion, reassignment, discipline, defamation, harassment, humiliation, sexual harassment, claims arising under the U.S. Americans with Disabilities Act, claims arising out of the Texas Labor Code, and all other claims affecting or arising out of the employment relationship whether arising out of state or federal statutes or regulations or the common law. This exclusion does not apply to non-subscriber negligence claims under Texas common law, or as payments you are obligated to make as plan benefits under your Occupational Injury Benefit Plan, which are otherwise covered by Section II of this Policy.
- C. the following laws of the United States: the Federal Employers Liability Act, the Longshore & Harbor Workers Compensation Act, the Jones Act, the Non-Appropriated Instrumentalities Act, the Defense Base Act, the Outer Continental Shelf Lands Act, the Federal Coal Mine Health and Safety Act of 1969, the Migrant and Seasonal Agricultural Worker Protection Act, the Employee Retirement Income Security Act of 1974 or any other federal workers or workmen's compensation law or other federal occupational disease law or any other federal laws obligating an employer to pay damages to a covered employee due to bodily injury arising out of or in the scope of employment or any other federal regulations or amendments to those laws. This exclusion does not apply to payments you are obligated to make under your Occupational Injury Benefit Plan which are specifically insured under Section II of this Policy.
- D. fines, assessments, penalties, or interest, other than interest included in the definition of employer's liability bodily injury damages, pursuant to federal, state, local, or other statute.
- E. any workers' compensation law, unemployment compensation law, disabilities benefits law or other similar law.
- F. an intentionally self-inflicted bodily injury, occupational disease, or cumulative trauma, while either sane or insane, of bodily injury, occupational disease or cumulative trauma intentionally caused or intentionally aggravated by you.

- G. a covered employee's participation in:
 - 1. An assault or a felony, except an assault committed in defense of your persons, business, or property;
 - 2. Any illegal act; or
 - 3. Service in the military of any country or any civilian non-combatant unit serving with such forces.
- H. directly or indirectly, contributed to, caused by, resulting from, or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss:
 - 1. war, invasion, acts of foreign enemies, hostilities, or warlike operations (whether war be declared or not), civil war, mutiny, revolution, rebellion, insurrection, uprising, military or usurped power, confiscation by order of any public authority or government de jure or de facto, martial law; or
 - 2. riots, strikes, or civil disturbance.

This exclusion also excludes from coverage all actual or alleged losses, liabilities, damages, injuries, defense costs, costs or expenses directly or indirectly arising out of, contributed to, caused by, resulting from, or in connection with any action taken in controlling, preventing, suppressing, retaliating against, or responding to 1. or 2. above.

- I. any diagnostic procedure, treatment, service, or supply which is not medically necessary.
- J. that part of any medical expense that is in excess of the usual and customary charge for that good, product, or service.
- K. medical expense for routine physical examinations or tests not connected with the actual bodily injury.
- L. charges and expenses for vocational rehabilitation.
- M. plan benefits for any mental, emotional, or psychological condition not directly attributable to an organic brain syndrome that results from a bodily injury, independent of disease, bodily infirmity, or other cause.
- N. or occurring while the covered employee was under the influence of alcohol.
- O. or occurring while the covered employee was under the influence of any chemical substance that was obtained or consumed in violation of the U.S. Controlled Substances Act in force at the time and location of the occurrence.
- P. or occurring while employed in violation of law with your actual knowledge or the actual knowledge of any of your executive officers.
- Q. exposure to the following:
 - 1. asbestos, asbestos fibers or asbestos containing products;
 - 2. silicon or silica;
 - 3. mold, microbes, or fungus; or
 - 4. the hazardous properties, including radioactive, toxic, or explosive properties, of nuclear material except nuclear or radiological medicine which is:
 - a. used for patient care and diagnosis;
 - b. approved by OSHA, JCAHO, or the American Hospital Accreditation Association; and
 - c. not used for research purposes or clinical tests.
- R. all statutory causes of action, including, without limitation, Title VII of the U.S. Civil Rights Act of 1964, the U.S. Civil Rights Act of 1991, the U.S. Civil Rights Act of 1866, the U.S. Age Discrimination in Employment Act, the Employee Retirement Income Security Act, the U.S. Fair Labor Standards Act, the U.S. Bankruptcy Code, the Texas Commission on Human Rights Act, the Texas Workers' Compensation Act, the U.S. Railway Labor Act and the U.S. National Labor Relations Act. This exclusion does not apply to payments you are obligated to make under your

Occupational Injury Benefit Plan which are specifically insured under Section II of this Policy.

- S. the following common law causes of action by a covered employee against you:
 - 1. breach of any contract of employment, whether written, oral, or implied.
 - 2. breach of duty of good faith and fair dealing.
 - 3. breach of any non-competition agreement.
 - 4. tortious interference with contractual relations.
 - 5. negligent or intentional infliction of emotional distress.
 - 6. negligent hiring, negligent promotion, or negligent retention (unless resulting in a bodily injury).
 - 7. claims against you based on assault and battery by you or at your direction, defamation, invasion of privacy, false light publicity, negligent invasion of privacy, misrepresentation, fraud, false imprisonment, false arrest, malicious prosecution, unreasonable search or retaliatory discharge.
- T. fees associated with missed or cancelled physician appointments.
- U. plan benefits incurred for any and all types of Herpes, Simplex Type 2 Genital Herpes, Syphilis, Gonorrhea, psychiatric and/or emotional disease, emotional distress or disorder and pollution related sickness, disease, or death.
- V. a heart attack, unless the heart attack was proximately caused by and arose out of an accident.
- W. medical expense incurred outside the United States if the covered employee traveled to such destination for the sole purpose of obtaining medical service, drugs, or supplies; or for services or supplies not considered legal in the United States.
- X. errors and omissions by you or your claims administrator under your Occupational Injury Benefit Plan arising out of claim handling or the failure to pay or the delay in payment of benefits by you or your designated agent under any voluntary Occupational Injury Benefit Plan, whether or not filed in conformance with ERISA.
- Y. violations of ERISA by you or any other party, including outside counsel, involved in preparing, designing, or administering your Occupational Injury Benefit Plan.
- Z. charges for:
 - 1. biofeedback and other forms of self-care or self-help training or any related diagnostic testing;
 - 2. hypnosis, acupuncture, or chiropractic treatment unless referred by a physician;
 - 3. the purchase, rental, or repair of environmental control devices, including but not limited to, air conditioners, humidifiers, or air purifiers; or
 - 4. services performed by a person who normally lives with an injured covered employee, the spouse of an injured covered employee, a parent of an injured covered employee or the injured covered employee's spouse, a child of the injured covered employee or the injured covered employee's spouse or a brother or sister of the injured covered employee or of the injured covered employee's spouse.
- AA. a covered employee's participation in any recreational, social, or athletic activity not constituting part of the covered employee's scope of employment, whether or not such participation occurs on your premises or during your normal business hours.
- BB. claims for employer's liability bodily injury damages if you arbitrarily and capriciously withheld payment of plan benefits for a covered occurrence.
- CC. any pre-existing condition but this exclusion does not apply after a covered employee has been free from treatment, including prescriptions, for six (6) consecutive months or has been a covered employee for twelve (12) consecutive months.
- DD. with regard to aircraft:
 - 1. boarding, alighting from, riding or being struck by any aircraft owned, operated, or leased by you;

2. riding as a pilot, operator, or crew member in any aircraft;
3. flying in any aircraft that is rocket propelled;
4. flying in any aircraft which is being used for aerobatics, racing or an endurance contest;
5. crop dusting, seeding, fertilizing, spraying, fighting a fire, exploring, patrolling, pursuing animals or birds, aerial photography, banner towing, skywriting or any test or experimental flight; or
6. flying when the flight requires a special permit or waiver from a governmental authority.

VI. DEFINITIONS

The following terms shall have the following meaning when used in this Policy, whether capitalized or in bold font or not:

- A. Accident or Accidental means an event which:
 1. was sudden, unforeseen, unplanned, or unexpected;
 2. occurred at a specifically identifiable time and place; and
 3. occurred during the Policy Period.
- B. Application means the form(s) you filled out, or which were filled out on your behalf, to request coverage under the Policy, including but not limited to the application for coverage, the loss verification form and the request for proposal.
- C. Bodily injury means an identifiable physical injury to a covered employee, including resulting death, caused by an accident that occurs within the scope of employment during the Policy Period. Bodily injury includes occupational disease or cumulative trauma that arises from an accident.
- D. Combined benefit period means the number of weeks shown on the Declarations. Each occurrence shall have a separate combined benefit period that begins with the date of occurrence.
- E. Covered employee means a person who is employed in your regular business at one of your covered locations, or at a location outside of Texas for a period of less than ninety (90) consecutive days during the Policy Period, is under your direction and control, and receives pay by means of a salary, wage, or commission directly from you as reported to the Internal Revenue Service. A covered employee must be acting within his or her scope of employment at the time and place of the occurrence causing the bodily injury. Provided, however, the term covered employee specifically includes executive officers unless excluded by endorsement. Provided further that under no circumstances shall the term covered employee include a leased employee, an independent contractor, or a third-party agent.
- F. Covered locations shall mean your work locations in the State of Texas that are reported by you to us as shown in your application or in a schedule of insurance attached to this Policy. Upon our discovery of a new work location not reported to us at the time of your application, additional premium may become due for any such new office location.
- G. Cumulative trauma means damage to the physical structure of the body of a covered employee occurring as a result of repetitious, physically traumatic activities that occur within the scope of employment during the Policy Period. Cumulative trauma does not include bodily injury or occupational disease.
- H. Disease means a condition marked by a pronounced deviation from the normal healthy state or normal pregnancy of a covered employee.
- I. Disability or disabled means bodily injury, cumulative trauma or occupational disease resulting from an occurrence which causes the covered employee to be unable to perform the material duties of the occupation, business or employment which the covered employee held at the time of the bodily injury. The covered employee must be under the continuous care of a physician during the period of disability.

- J. Effective date means the date stated in the Declarations.
- K. Elimination period means the number of consecutive working days after accidental bodily injury occurs during which the injured covered employee must be disabled, but for which no indemnity is payable or reimbursable under this Policy. A working day is considered any day on which the covered employee would normally be at work.
- L. Employers liability bodily injury damages means all reasonable and necessary amounts paid by you to obtain a release of liability, to settle a claim, to pay a judgment, and to defend, mediate or arbitrate in a workplace negligence action brought by a covered employee because of bodily injury, occupational disease or cumulative trauma occurring during the Policy Period. Employers liability bodily injury damages includes settlements, court costs, prejudgment interest, post-judgment interest, investigations, adjustment expenses, mediation, arbitration and legal expenses to defend the claim of a covered employee and amounts awarded by a court for pain and suffering and punitive or exemplary damages, unless indemnity for such damages is prohibited by law. Employer's liability bodily injury damages do not include your office expenses or salaries of your covered employees. Damages incurred or paid by you or your designated agent for claim handling, or the failure to pay, or the delay in payment of plan benefits under your Occupational Injury Benefit Plan are specifically excluded under this Policy. We have the sole discretion whether amounts sought to be reimbursed under this coverage are reasonable.
- M. ERISA means the federal Employee Retirement Income Security Act of 1974, as amended, ("ERISA").
- N. Hospital means a lawful institution that:
1. is licensed and operated according to the law of the jurisdiction in which it is located pertaining to hospitals for the care and treatment of sick and injured persons;
 2. is open at all times;
 3. functions chiefly for the care and treatment of sick and injured persons as admitted inpatients;
 4. is supervised by one or more licensed physicians at all times;
 5. provides 24-hour services of nurses; and
 6. has on its premises or available on a prearranged basis, organized facilities for diagnosis and major surgery.

An institution which provides for the care and treatment of mentally ill, emotionally ill or retarded persons, or persons confined for alcoholism or substance abuse may be considered a hospital, whether or not it has organized facilities on the premises for major surgery, so long as it meets the rest of the requirements listed above.

- O. Hourly wage, for purposes of calculating a weekly indemnity, means the payroll paid to a covered employee for the most recent six (6) week period, or shorter period if employed less than six (6) weeks, prior to the occurrence giving rise to the bodily injury, cumulative trauma, or occupational disease. For salaried covered employees, the hourly wage shall be the payroll paid to the covered employee during the most recent six (6) week period, or shorter period if employed less than six (6) weeks, prior to the occurrence, divided by the number of work hours applicable to that salary if known, or by forty (40) hours per week, if not known. For covered employees paid on commission, the covered employee's hourly wage shall be his or her payroll divided by fifty-two (52) to arrive at an average weekly wage. That average weekly wage will then be divided by forty (40) to determine the covered employee's hourly wage for purposes of calculating a weekly indemnity.
- P. Medical expense means a covered employee's expense for medical or dental services, procedures, or supplies, provided the expense is medically necessary, usual and customary and prescribed by a physician or dentist acting within the scope of his license. Medical expense includes confinement within a hospital or skilled nursing facility and the cost of medically necessary supplies and ambulance hire and those expenses incurred for rehabilitation.
- Q. Medically necessary means medical services, procedures or supplies that are:
1. required, recognized, and professionally accepted nationally by physicians or dentists as the usual, customary and effective means of diagnosing or treating the condition;

2. the most economical supplies or levels of service that are appropriate and available for the safe and effective treatment of the covered employee; and
3. not primarily for the convenience of the covered employee, the covered employee's family or the covered employee's physician or other provider of medical services, supplies or procedures.

Even if the service, supply, or procedure is medically necessary, this Policy will not cover services, procedures or supplies excluded under this Policy.

- R. Nuclear material means "source material", "special nuclear material" or "by-product material", as these terms have been given meaning in the U.S. Atomic Energy Act of 1954 or in any law amendatory thereof.
- S. Nurse means a Registered Nurse (RN), Licensed Practical Nurse (LPN), Licensed Vocational Nurse (LVN) or person currently licensed as a nurse in the state in which the service was performed, practicing within the scope of such license.
- T. Occupational disease means a disease arising out of a covered employee's assigned duties in his/her scope of employment during the Policy Period that causes damage or harm to the physical structure of the body. Occupational disease does not include bodily injury or cumulative trauma.

Occupational disease does not include ordinary diseases of life to which the general public is exposed outside of a covered employee's assigned duties in his scope of employment or a disease resulting directly from an accident.

- U. Occupational Injury Benefit Plan or plan means your welfare benefit plan, in a form satisfactory to us, complying with the Employee Retirement Income Security Act of 1974 (ERISA) that provides occupational injury benefits to your covered employees.
- V. Occurrence means an accident or series of related accidents resulting in bodily injury to a covered employee that arises out of the covered employee's scope of employment and occurs while the Policy is in force. As respects occupational disease or cumulative trauma, occurrence means the date during the Policy Period on which symptoms of such occupational disease or cumulative trauma first manifest themselves.
- W. Payroll means the amount of compensation paid by you to a covered employee, including overtime and commission as reported to the Internal Revenue Service. For covered employees receiving payment by commission, payroll shall mean the average annual earnings paid by you over the three-year period immediately preceding the date of loss. For covered employees receiving payment by commission that have less than a three-year employment history with you, average monthly earnings will be multiplied by 12 to calculate the payroll.

The maximum annual payroll that we will recognize per covered employee for coverage under this Policy is \$60,000.00 regardless of whether a covered employee has annual earnings in excess of this sum.

- X. Physician means a duly qualified Doctor of Medicine or Osteopathy who is legally licensed to practice medicine in the state where the service is performed.
- Y. Plan benefits means those benefits actually paid by you to or on behalf of a covered employee under the terms and conditions of your Occupational Injury Benefit Plan for claims and expenses that arise out of an occurrence during the Policy Period.

Plan benefits covered under this Policy only include your payments under your Occupational Injury Benefit Plan for Medical expenses, Weekly indemnity, and Accidental Death, Dismemberment and Loss of Use losses arising out of bodily injury, occupational disease, or cumulative trauma. This Policy is an indemnification Policy between you and us, and it does not provide for payment of any benefits directly to your covered employees.

Plan benefits do not include any administration fees, office expenses or salaries of your employees or any third party in the administration of a claim.

- Z. Pre-existing condition means a condition or injury(ies) for which diagnosis, treatment, or care, including prescription, or medical advice was recommended or received within the six (6) month period immediately prior to a covered employee's date of hire by you.
- AA. Rehabilitation means only those procedures that are performed for the purpose of restoring the function of motion, speech or vision lost as a result of bodily injury, occupational disease, or cumulative trauma.
- BB. Scope of employment means an activity of any kind or character that involves the furtherance of your business, trade, or profession at your regular workplace(s) or while temporarily away from your regular workplace in furtherance of your business, trade or profession.

Scope of employment does not include a covered employee's transportation to and from your regular workplace, unless:

1. the transportation is furnished as a part of the contract of employment, or is paid for by you, or the means of such transportation are under your control; or
 2. the covered employee is directed in his scope of employment by you to proceed from one place to another place.
- CC. Skilled nursing facility means a section, ward or wing of a hospital or a freestanding healthcare facility that:
 1. provides room and board;
 2. provides nursing care by or under the supervision of a nurse;
 3. provides physical, occupational and speech therapy furnished by the facility or by others under arrangements made by the facility;
 4. provides medical social services;
 5. provides drugs, biologicals, supplies, appliances and equipment ordinarily furnished for use in such a facility;
 6. provides medical services by staff physicians;
 7. has an agreement with a hospital for diagnostic and therapeutic services, the transfer of patients and exchange of clinical records;
 8. provides other services necessary to the health and care of patients that are generally provided by such facilities; and
 9. is licensed or registered in accordance with local and state laws and regulations.
 - DD. Usual and customary means the expense is:
 1. usual when it is the fee regularly charged that the patient is responsible to pay, in the absence of insurance or other third-party reimbursement, to a health care provider or physician for a given treatment, service or supply; and
 2. customary in relation to what other physicians and health care providers in the same geographic area charge for the same and similar treatment, service, or supply.
 - EE. Weekly indemnity means the benefit payments paid to your covered employee by you under the terms and conditions of your Occupational Injury Benefit Plan (as a percentage of hourly wage) as a result of a bodily injury, cumulative trauma, or occupational disease.

VII. PREMIUM

- A. All premium for this Policy will be determined by our rules and rates. The premium may change to reflect changes in coverage, payroll, or the number of covered employees.

The premium is due on or before the effective date. For policies that are paid on a monthly basis, the first Monthly Premium as shown in the Declarations is due on or before the effective date. All installment premiums must be paid on or before the premium due date. The premium due date is the monthly anniversary of the effective date.

The Annual Policy Fee and Monthly Administration Fees shown in the Declarations are fully earned at inception and are non-refundable in the event of Policy cancellation.

Premium for this Policy is calculated by multiplying the rates shown in the Declarations by

payroll(s) (per \$1.00) in each respective classification. The Policy may be subject to an annual audit to develop the final premium; however, in no case will the premium be less than the minimum premium shown in the Declarations, if any.

- B. Grace Period. For policies that are paid on a monthly payroll reporting basis where you report the number of covered employees and the payroll to us on a monthly basis and remit premium due us based upon that information, there is a thirty (30) day Grace Period. You may pay the premium during the Grace Period without interruption of coverage. If, at the end of the Grace Period, we have not received the due and unpaid premium, the insurance under this Policy shall terminate without notice on the last day premium was paid through.
- C. Reporting of Changes. The premium charged for this Policy is based on the workplaces and operations identified in the underwriting information submitted to us on behalf of the Insured at the time of Policy inception. The Insured shall report promptly to us any changes in premises or operations as described in "D" below, and we shall have the right to adjust the premium and/or the Deductible for such changes, based solely on our assessment of the additional exposures presented.
- D. Changes to report:
 - 1. Any acquisition of additional manufacturing or servicing premises;
 - 2. Any changes in operations which are likely to result in an annual increase in payrolls of 25% or more;
 - 3. Any change in operations which is not accurately described by the classifications as shown in the Declarations.
- E. Incorrect premium payment. Premiums paid in error for a person who is not covered will be refunded. Such refunds are without interest and must be requested by you in writing. Except for fraud, premium adjustments or refunds, changes will be made only for:
 - 1. the current Policy year; and
 - 2. the previous Policy year.
- F. If the Policy is cancelled for any reason, the final premium will be calculated pro-rata for the time this Policy was in force.

Final premium will not be less than the Minimum Premium.

- G. Minimum Premium. We may require that you pay the Minimum Premium to keep the Policy in force.

VIII. CLAIMS

A. CLAIM HANDLING

The Claims Administrator shown in the Declarations, subject to the conditions contained herein, has been approved to handle any claim made by you, or any legal action brought, or other proceedings instituted against you to which this insurance applies. You shall cooperate fully with the Claims Administrator and shall, upon the Claims Administrator's request, supply such information as the Claims Administrator may require in order to complete our claim file under this Policy. Your failure to exercise diligence, prudence and good faith, or your willful mishandling of any claim may result in the forfeiture of coverage for the claim.

We reserve the right to employ certain professionals including investigators, adjusters, or counsel at our expense as we deem necessary.

You shall not make any settlement or payment nor incur any obligation to pay any sum in excess of your Deductible without our prior written approval.

B. CLAIM REPORTING

You shall notify the Claims Administrator immediately of a bodily injury sustained by a covered employee.

You must give us written notice as soon as practicable but no later than thirty (30) days after you become aware that a claim exceeds or will likely exceed 50% of your Deductible, or immediately for:

1. any claim involving:
 - a. plan benefits denied to a covered employee;
 - b. a fatality;
 - c. spinal cord injury;
 - d. multiple fractures;
 - e. nerve damage causing paralysis or loss of sensation;
 - f. massive internal injuries affecting body organs;
 - g. any claim which you reasonably anticipate may give rise to a legal action or other proceeding seeking employer's liability bodily injury damages, including but not limited to any claim in connection with which you become aware any covered employee has retained an attorney;
 - h. an amputation of a major extremity;
 - i. serious head injury (including skull fracture, loss of sight of either or both eyes or loss of hearing);
 - j. severe burn; or
 - k. motor vehicle accident
2. any legal action or other proceedings against you arising out of bodily injury, occupational disease, or cumulative trauma.

Your failure to notify us of a claim as outlined above may result in a disclaimer of coverage for that particular claim.

Notice given to the Claims Administrator, with information sufficient to identify you and the covered employee(s), or contained on forms supplied by us, shall be deemed notice to us.

C. CLAIM INFORMATION

For any claim outlined in paragraph VIII. B., you agree to promptly send the following information required to:

1. fully completed Claim Forms provided by the Claims Administrator;
2. copies of all notices and legal papers related to the claim, proceeding or any legal action;
3. copies of investigative reports made by you or any other person or organization working on your behalf;
4. copies of all bills and invoices relating to the claim, proceeding or any legal action; and
5. any other information we may request.

D. PAYMENT OF CLAIMS

Indemnification for any loss is due and payable within thirty (30) days after the date we receive due written proof of loss. If a covered employee incurs a loss on or before the date the Policy terminates, payment for that loss will be made on the same basis as it would have been had the Policy not been terminated.

E. SUNSET CLAUSE

We will cover the losses described in the Policy occurring during the Policy Period provided that such losses are reported to us within thirty-six (36) months from the Expiration Date or the date the Policy is canceled, whichever is earlier. Losses reported after such date, even if you only become aware of the loss after such date, are not eligible for indemnification under this Policy.

F. COMMUTATION CLAUSE

All claims under this Policy, if any, may at our option, be commuted thirty-six (36) months after the end of the Policy Period. You will submit a list of all claims under the Policy thirty (30) days prior to the commutation date. The claim listing you provide must include all pertinent information necessary to arrive at a valuation of all claims. The claim listing you provide will be submitted to an actuary or appraiser mutually acceptable to both you and us to determine the discounted net worth of all claims. We will pay you the discounted net worth of each claim that is in excess of your Deductible, subject to the Policy's Limits of Insurance, within thirty (30) days of receipt from the actuary or appraiser.

If the actuary or appraiser cannot be agreed upon by both you and us, each will appoint its own actuary or appraiser who will, in turn, appoint an independent actuary or appraiser who will establish the discounted net worth of each claim. We will pay you the discounted net worth of each claim that is in excess of your Deductible, subject to the Policy's Limits of Insurance, within thirty (30) days of receipt from the independent actuary or appraiser.

Payment by us to you in accordance with this provision will constitute a complete and final release of all present or future, known or unknown claims under the Policy.

G. SUBROGATION RECOVERY FROM OTHERS

We have the right to recover any payment we made to you or to seek payment from anyone liable for a loss covered by this insurance. You will do everything necessary to protect those rights for us and help us enforce them. Any amounts recovered by you or us will first be used to reduce our payment. Then, we will pay the remaining balance, if any, to you.

All expenses to recover from anyone liable for a loss covered by this insurance will be allocated between us and you in the same proportions as the recovery received. If there is no recovery as a result of proceedings instituted solely at our request, we will bear all expenses of such proceeding.

IX OTHER CONDITIONS

A. AGREEMENT UPON TERMS

Your acceptance of this Policy means that you agree with us that the statements in the Declarations and application are your representations, that this Policy is issued in reliance upon such representations and your Occupational Injury Benefit Plan provided by you to us, that this Policy contains all agreements between you and us, and any of our authorized representatives, relating to this insurance, and that your full compliance with all terms of this Policy is a condition precedent to our payment hereunder.

If any changes or amendments are made by you that increase benefits to your covered employees under your Occupational Injury Benefit Plan, subsequent to the effective date of this Policy, you agree that any such losses incurred by you under your changed or amended Occupational Injury Benefit Plan that are in excess of the benefits described under the original Occupational Injury Benefit Plan provided to us will not be covered by us under this Policy, unless we have agreed in writing to such changes under this Policy and have collected any additional resulting premium. If any changes or amendments are made by you that decrease benefits to your covered employees under your Occupational Injury Benefit Plan subsequent to the effective date of this Policy, you agree that such decreases in benefits under your Occupational Injury Benefit Plan shall be automatically applied under this Policy without any decrease in premium.

B. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Policy is void in any case of fraud by you at any time as it relates to this Policy. It is also void, if you or any other Named Insured, at any time, intentionally conceal or misrepresent a material fact concerning this Policy or your obligations to your covered employees under your Occupational Injury Benefit Plan.

C. ASSIGNMENT

Your rights or duties under this Policy may not be transferred or assigned without our written consent.

D. AUDIT

You agree to keep records of information needed by us to compute your premium. You agree to provide us with copies of those records, as we request, while this Policy is in force and within the later of three (3) years after the expiration of the Policy or three (3) years after the final settlement of all claims or indemnity payments made under this Policy. You agree to provide us with the information we request by mail, by other form of transmission or by letting us or our representative examine and audit all your payroll records, including ledgers, journals, registers, vouchers, contracts, tax reports, disbursement records and programs for storing or retrieving data. We have the right to conduct audits during regular business hours. You agree to cooperate fully with us during any such audits. If it is determined that premiums have been underpaid, we shall be entitled to recover such underpayments. If the final settlement of all premiums and claims under the Policy takes more than three (3) years, the right to inspect, audit, or review extends to the date of such settlement.

E. BANKRUPTCY OR INSOLVENCY

Your bankruptcy or insolvency will not relieve us from payment under this Policy. However, our payment will be the same as it would have been had your bankruptcy or insolvency not occurred.

F. BINDING ARBITRATION

In the event of any dispute, controversy or claim between the parties to this Policy, including their officers, directors, owners, heirs, assigns, affiliates, reinsurers, or agents, related to or arising out of the matters covered by this Policy or its breach, such dispute, controversy, or claim may be settled by binding arbitration. The parties agree that Arbitration includes all rights, obligations, and duties of the parties under this Policy including questions of interpretation of any article, clause, or other provision of this Policy or the formation of the Policy, any claim for breach of the duty of good faith and fair dealing, breach of contract, or any claim for violation of any state, federal or governmental law. The parties agree that the Federal Arbitration Act and related federal rules of civil procedure will govern arbitration as set forth in this provision to the fullest extent possible, and state arbitration law will not apply. Either party may make written demand for arbitration setting forth the nature of the dispute and naming an arbitrator with at least ten years' experience from the insurance industry.

When a demand is made, the remaining party shall have thirty (30) days to respond and name a second arbitrator from within the insurance industry with at least ten (10) years' experience. If the remaining party does not respond by naming a second arbitrator within thirty (30) days, the arbitrator named by the demanding party will be the sole arbitrator to hear the dispute. If the noticed party responds within the thirty (30) days by naming a second arbitrator, the two arbitrators will select within thirty (30) days a third arbitrator with a minimum of ten (10) years' experience in the insurance industry. If the two arbitrators cannot agree upon a third arbitrator within thirty (30) days, either may request that the selection of the third arbitrator be made by a judge of a court having competent jurisdiction. Each party will pay the expenses it incurs and bear the expenses of the third-party arbitrator equally. A decision agreed to by two arbitrators will be final and binding and not appealable. Unless both parties agree otherwise, arbitration will take place in Dallas, Texas.

This arbitration clause will survive the expiration or other termination of the Policy.

G. CANCELLATION

You may cancel this Policy at any time by giving us at least thirty (30) days written notice by mail stating the cancellation date. If you request cancellation, we will return any unearned premium paid on a short- rate basis. If you have agreed to pay the premium on some basis other than monthly payroll reporting, we may cancel this Policy for non-payment of premium by giving you

ten (10) days advance written notice by registered or certified mail or first-class mail. We may cancel this Policy by giving you at least thirty (30) days advance written notice by registered or certified mail if we elect to cancel the Policy for any reason other than non-payment of premium. If we cancel this Policy; any unearned premium will be returned on a pro-rata basis to the first Named Insured in accordance with Section VII. Premium.

Our notice of cancellation to the first Named Insured at the address shown on the Declarations will be considered as notice to all Named Insureds and will be sufficient proof that we canceled the Policy.

We have no obligation to reinstate or renew this Policy.

H. TERMINATION OF COVERED EMPLOYEE'S COVERAGE

Coverage on behalf of a covered employee will cease on the earliest of the following dates:

1. the date this Policy terminates;
2. the last day of this Policy Period for which premiums have been paid;
3. the date he or she no longer meets the eligibility requirements as stated in this Policy; or
4. the first day he or she no longer meets our definition of a covered employee.

I. CAPTIONS

The headings or captions used in this Policy are for the purposes of reference only and do not otherwise affect the meaning of this Policy.

J. CONFORMITY

If any terms of this Policy are in conflict with any law applicable to this Policy, the Policy is hereby amended to conform to such law.

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

K. INSPECTION

We have the right, but not the duty, to request inspection of your operations and covered locations. In the event of a requested inspection, you agree to secure, at your sole expense, a loss control inspection by a mutually acceptable inspection company, within ninety (90) days of such request. Such inspections are not safety inspections. They relate only to the insurability of your operations and covered locations and the premium to be charged. We do not undertake any responsibility or obligation to provide for the health or safety of your employees or the public. We do not warrant that your covered locations are safe or healthful or that they comply with any law, regulation, code or standard. We are not responsible for any penalties or fines incurred as the result of any violation of such laws, regulations, codes or standards.

L. OTHER INSURANCE

If any other insurance, indemnity, reimbursement agreement or self-insurance exists protecting you against loss, or has paid for any loss that may otherwise be covered by this insurance, this insurance shall apply in excess of the other insurance, indemnity, reimbursement agreement, or self-insurance.

This does not apply to any excess insurance, indemnity, reimbursement agreement or self-insurance specifically purchased or structured by you to apply above our Limits of Insurance.

M. SERVICE OF SUIT

Pursuant to any statute of any state, territory or district of the United States which makes provision therefore, we hereby designate the Superintendent, Commissioner, or Director of Insurance or other officer specified for that purpose in the statute or his/her successor or successors in office as our true and lawful attorney upon whom may be served any lawful process in any action, suit,

or proceeding instituted in any court of competent jurisdiction by or on behalf of the Named Insured or any beneficiary hereunder arising out of this contract of insurance to which this provision is attached, provided a copy of any process, suit, complaint or summons is sent by certified (return receipt requested) or registered mail to the attention of the Claims Administrator.

N. SOLE REPRESENTATIVE

If more than one entity is named in the Declarations as the Named Insured, or if additional Named Insureds are added under this Policy by endorsement, the Named Insured first named in the Declarations will act on behalf of all insured entities to change this Policy, receive return premium or reimbursement, and give or receive notice of cancellation.

Privacy Policy Disclosure Notice

The Gramm-Leach-Bliley Act (GLBA) and various other federal and state privacy regulations generally prohibit any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with a non-affiliated third party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of persons or entities to whom it may be disclosed.

Convex Insurance UK Limited, provides insurance products and services and is firmly committed to its affirmative and continuing obligation to respect the privacy of its current, former and prospective policyholders and to protect the security and confidentiality of their nonpublic personal information. Therefore, proper handling of your personal information is one of our highest priorities. We collect and utilize information we believe is necessary to efficiently administer our business, to advise you about our products, and provide you with outstanding customer service. We want you to know why we collect personal information about you, what we do with that information and explain to you our commitment to protect the information collected.

In order to provide you with quality insurance products and the service you deserve, it is necessary for us to collect nonpublic personal information about you and, in certain situations, to share that information with others. The following notice describes our policies and practices with regard to your nonpublic personal information.

PROTECTION OF YOUR PERSONAL INFORMATION

Not only is the protection of nonpublic personal information a legal requirement, it is also a good business practice. We maintain appropriate physical, electronic and procedural safeguards to maintain the confidentiality and security of your nonpublic personal information. We restrict access to nonpublic personal information about you to those employees who need access to that information to provide products or services to you. When information is shared with companies performing work on your behalf, we protect your personal information where required by law with contractual confidentiality agreements that obligate those companies to keep confidential any information about you furnished to them.

We provide training to our employees on the importance of maintaining the confidentiality and security of your nonpublic personal information. Employees who violate our privacy policies are appropriately disciplined.

CATEGORIES OF INFORMATION THAT WE COLLECT

We collect and use only that nonpublic personal information required for us to provide services and products requested by you and to administer your business with us such as underwriting and processing your policies and the administration and handling of claims.

We may collect nonpublic personal information about you from the following sources:

- Information that we receive from you on applications and other related forms such as your name, address, telephone number, and social security number;
- Information about your transactions with us, our affiliates or others such as your underwriting information, driving record, claim history, policy number, premium, payment history, and claim information;
- Information that we receive from consumer credit reporting agencies such as your credit history.

The nonpublic personal information collected may come from persons such as independent insurance

agents, brokers, policyholders, or persons involved in the claim adjustment process such as claimants, witnesses to an accident, repair facilities, hospitals, doctors, and attorneys.

If you visit our corporate website at accurisksolutions.com, or any website of an affiliate or subsidiary company to which we provide a link, we may automatically track and collect information regarding your visit including your IP address; domain server, type of computer, type of web browser and the pages you viewed on our, or an affiliate's, website. This information (Traffic Data) is information that unless you have specifically entered identifying information somewhere in the site, does not personally identify you, but rather is helpful for marketing purposes or for improving your experience on the site. We currently do not collect nonpublic personal information through your use of our corporate or an affiliate's websites. You may also view the "Privacy Statement" or "Conditions of Use" sections of these sites.

CATEGORIES OF INFORMATION THAT WE DISCLOSE AND PARTIES TO WHOM WE MAY DISCLOSE INFORMATION

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as required or permitted by law. AccuRisk Solutions LLC does not sell or distribute for sale any nonpublic personal information. Nor do we disclose your personal information to any person, company or organization not affiliated with us for its own marketing purposes.

However, we may disclose nonpublic personal information about our policyholders (current, former, and prospective) with affiliated and non-affiliated third parties as necessary to service an insurance policy or claim or as permitted or required by law. We may disclose nonpublic personal information we collect about you to third parties with whom we contract to perform business functions such as record keeping, policy administration, claim administration, billing, computer related services, distribution of materials, and joint marketing of our products and services.

We understand the importance and seriousness of protecting the confidentiality and security of your nonpublic personal information. We respect and appreciate the trust that you, as a valued policyholder, have placed with us and we continuously strive to earn and maintain that trust.

ACCESS TO AND CORRECTION OF YOUR INFORMATION

You have a right to know the nature and substance of the recorded personal information contained in our files about you. You may review and/or for a reasonable fee, receive a copy of the information upon written request at the address shown below. You must properly identify yourself and reasonably describe the information you seek. Your request should contain your name, address, all policy and claim numbers issued to you by us and a copy of your driver's license or other personal identification. Upon receipt of your request, we will furnish to you within thirty (30) business days the nature and substance of locatable, retrievable, and available recorded personal information. We will also furnish you with a list of all persons or organizations to whom the information has been disclosed within the past two years. If the source of information about you was a consumer credit reporting agency or other institution, we will identify those sources, so you can contact them if you so desire. You may also request that we correct, amend, or delete any recorded personal information. If we do not make the requested change(s), you have the right to provide, for insertion in our file, a concise written statement setting forth what you think is the correct, relevant or fair information and a concise statement of the reasons why you disagree with our decision not to correct, amend or delete recorded personal information. Your statement will become a part of our file and included with any future disclosures.

CHANGES TO OUR NOTICE OF PRIVACY POLICY AND INSURANCE INFORMATION PRACTICES

We reserve the right to change our privacy policies and insurance information practices. If we make any material changes to our policies or practices, we will provide you with a copy of a revised notice.

OPT OUT STATEMENT

If you prefer, we do not disclose personal identifying information or personal financial information about you to nonaffiliated third parties, you may opt out of those disclosures (other than disclosures allowed by law). You may do so by sending us a letter informing us of your election to opt out at the address shown below. Your letter should include the name of your insurance company and your policy number.

If you have any questions regarding the content of this notice, you may call us at 1-800-786-0500 by phone or you may write to us at: AccuRisk Solutions LLC, P.O. Box 638, Marshfield, MA 02050