

SECTION X. GENERAL POLICY CONDITIONS

Applicable To All Sections Of The Policy

I. ABANDONMENT

There can be no abandonment of any property to Underwriters unless specifically provided herein to the contrary.

II. ACCESS TO RECORDS AND EXAMINATION UNDER OATH

Underwriters or their authorized representatives shall have access to all accounts, contracts, invoices and records of the Insured relating to any insured production(s) at all times during the term of this policy or while a claim is pending, at such reasonable time and place as may be designated by Underwriters or their representatives. The Insured as often as may be reasonably required shall submit, and so far as within their power cause all other persons interested in any such insured production(s) and their employees submit, to examination under oath by Underwriters or their representatives. No such examination under oath or examination of books or documents, nor any other act of Underwriters or their representatives in connection with the investigation of any claim hereunder, shall be deemed a waiver of any defense which Underwriters might otherwise have with respect to any claim, but all such examinations and acts shall be deemed to have been made or done without prejudice to Underwriters liability.

III. APPRAISAL

If the Insured and Underwriters do not agree on the amount of the loss, either may make a written demand for an appraisal of the loss. When this occurs, each will select and pay a competent and impartial appraiser. The two appraisers will select an umpire. If the appraisers cannot agree on an umpire, either may request that a judge of a court having jurisdiction make the selection. Each appraiser will then appraise the loss, stating separately the value at the time of the loss and the amount of the loss. If the appraisers do not agree, they will submit their statements to the umpire. Agreement by the umpire and either of the appraisers will be binding. The Insured and Underwriters will equally share any other appraisal expenses and the expense of the umpire. Even though Underwriters may submit to an appraisal, Underwriters will retain their right to deny the claim.

IV. CANCELLATION

A. APPLICABLE TO SECTION I.B. CAST INSURANCE ONLY

Cast insurance may be cancelled at any time, in accordance with B. below, in which case no further production(s) shall come within the scope of this coverage. Cancellation shall not prejudice any insured production(s) on which cast insurance has attached prior to the time cancellation becomes effective except when coverage is cancelled for non-payment of premium.

B. APPLICABLE TO ALL SECTIONS OF THE POLICY

The policy may be cancelled by the Insured mailing to Underwriters written notice stating when thereafter such cancellation shall be effective. The policy may be cancelled by Underwriters by mailing to the Insured at the address shown in this policy as a last known address written notice stating when not less than ten (10) days thereafter such cancellation shall be effective, except that five (5) days written notice will be given by Underwriters when cancellation is for non-payment of premium. The Mailing of such notice shall be sufficient proof of notice and the effective date of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the Insured or by Underwriters shall be equivalent to mailing.

In the event the policy or a specific coverage is cancelled by either party, the deposit premium for the policy or the specific coverage shall be deemed fully earned unless and until the Insured submits a financial statement certified by an independent auditor approved by Underwriters and indicating

the exact figure for incurred expenses on all budget items used to determine the earned premium at the time cancellation has become effective.

Underwriters using the rate indicated in the policy shall return the difference between the deposit premium and the adjusted earned premium or the minimum premium indicated in the policy or specific coverage should this minimum premium be greater than the adjusted earned premium.

However, should the cancellation be effective prior to Principal Photography, the earned premium shall amount to twenty-five percent of the minimum premiums indicated in the policy.

V. MODIFICATIONS

This policy can only be changed by a written amendment that becomes part of the policy. The amendment must be signed by an authorized representative of Underwriters.

VI. CONCEALMENT OR MISREPRESENTATION

Coverage for any insured production(s) is void if the Insured intentionally conceals or misrepresents any material fact or circumstance relating to this insurance at any time.

VII. CONFORMITY TO STATUTE

Terms of this policy which are in conflict with the statutes of the state, province or country wherein this policy is issued are hereby amended to conform to such statutes.

VIII. CONSEQUENTIAL LOSS EXCLUSION

Any consequential loss or damage which the Insured may suffer by reason of claims by third parties for failure of the Insured to fulfil any contract is hereby excluded.

IX. CONTRACT TERMS REQUIREMENT

All of the coverages afforded under this policy are subject to the provision that all contract terms for performance services, use of facilities, property, equipment and supplies are sufficiently longer than the Insured's original scheduled time for completion of the insured production(s) so as to allow a reasonable margin of time to cover possible delay in completing an insured production(s).

X. DECLARATION

The Insured agrees to declare to Underwriters the particulars of each and every production(s) (which shall include written notification and written approval by Underwriters of any increase in the number of episodes of a series of television production(s) above the number originally insured) undertaken by the Insured during the term of the policy.

XI. DEFINITION OF INSURED

The unqualified word "Insured" wherever used in this policy includes the Named Insured and any officer, stockholder, director or employee thereof while acting within the scope of their duties as such and if the Named Insured is a partnership the unqualified word "Insured" also includes any partner therein but only with respect to his liability as such.

XII. DEFINITION OF PRODUCTION

Production as used in this policy shall mean any insured Motion Picture or Television Production, a Series of Television Episodes, and/or any other insured production(s) on film or tape.

XIII. DEFINITION OF PRODUCTION COST

- a. The term "Production Cost" as used in this policy shall mean all costs chargeable directly to a insured production(s), including such amount of overhead as may be insured by the Insured at the time of the declaration of the production(s). It shall also include any loss paid under Sections I.B. (Cast), II (Negative/Faulty), or III. D. (Extra Expense). The costs of the underlying rights and materials including story, scenario, music rights, sound rights, royalties, permanent sets, owned wardrobe, owned props, owned equipment, premiums paid for this insurance policy, interest paid on loans, and personal property taxes shall not be included. However, the Insured may at the time of declaration specifically request that any of the above costs be included, except that the insurance premium for any given Section of the policy may not be included in the Production(s) Cost for that Section.
- b. As respects Cast Insurance and Extra Expense only, the term "Production(s) Cost" does not include any costs incurred after completion of Principal Photography of each production.
- c. In determining costs chargeable directly to the production, any compensation for services rendered which the Insured may owe or has paid to any partner, officer, or corporate director shall not be included except as part of overhead, unless services rendered by such individuals are in the capacity of producer, director, writer, actor, or of a similar nature, the cost of which is specifically and directly related to the production.

XIV. DUE DILIGENCE

The Insured shall use due diligence and do and concur in doing all things reasonably practicable to avoid or diminish any loss or any circumstance likely to give rise to a claim insured under this policy.

XV. INFIDELITY EXCLUSION

This policy does not insure against loss or damage caused by or resulting from any fraudulent, dishonest, or criminal act(s) committed alone or in collusion with others by:

- a. any employee, officer, director, partner, trustee or any other authorized representative of the Insured, whether or not such act(s) be committed during regular business hours; or
- b. others to whom the property covered hereunder may be entrusted (carriers for hire excepted).

XVI. INSPECTION AND AUDIT

Underwriters shall be permitted but not obligated to inspect the Named Insured's property and operations at any time. Neither Underwriters right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking on behalf of or for the benefit of the Named Insured or others, and shall not commit or obligate Underwriters in any manner whatsoever.

XVII. JOINT INSURED

If more than one Insured is named in this policy, the Insured first named shall act for every Insured for all purposes of this policy. Knowledge possessed or discovery made by any Insured shall constitute knowledge possessed or discovery made by every Insured.

XVIII. NO BENEFIT TO CARRIER OR BAILEE

No person or organization having custody of insured property will benefit from this insurance, other than the Insured.

XIX. NOTICE OF LOSS

The Insured shall immediately report in writing to Underwriters or its agent every loss, damage or occurrence which may give rise to a claim under this policy and shall also file with Underwriters or its agent within ninety (90) days from date of discovery of such loss, damage or occurrence, detailed sworn proof of loss.

XX. NUCLEAR EXCLUSION

Underwriters shall not be liable for any loss or damage caused by or resulting from nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in this policy; however, subject to the foregoing and all provisions of this policy, direct loss by fire resulting from nuclear reaction or nuclear radiation or radioactive contamination is insured against by this policy.

XXI. OTHER INSURANCE

In the event of a loss hereunder, this policy shall pro-rate any loss or expense with any other insurance covering the same loss (other than life insurance), except as provided under Section III.C. (Third Party Property Damage Liability).

XXII. PAIR, SET OR PARTS

In the event of loss or damage to:

- a. any article which are a part of a pair or set, the measure of loss or damage to such article or articles shall be a reasonable and fair proportion of the total value of the pair or set, giving consideration to the importance of said article or articles, but in no event shall such loss or damage be construed to mean total loss of the pair or set or;
- b. any part of property covered consisting, when completed for use, of several parts, Underwriters shall only be liable for the value of the part lost or damaged.

XXIII. PAYMENT OF LOSS

All adjusted claims shall be paid or made good to the Insured within sixty (60) days after presentation and acceptance of satisfactory proof of interest and loss at the office of Underwriters. No loss shall be paid or made good if the Insured has collected the same from others.

XXIV. POLLUTION EXCLUSION

"Pollutants" means any solid, liquid, gaseous or thermal irritants, or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed. There is no coverage for the release, discharge, dispersal of "pollutants."

XXV. PROPERTY OF OTHERS

Underwriters may adjust losses with the owners of lost or damaged property, if other than the Insured. If Underwriters pays the owners, such payments will satisfy the Insured's claims against Underwriters for the owners' property. Underwriters will not pay the owners more than their financial interest in the insured property. Underwriters, at their own expense and within the applicable limits of liability, may also elect to defend the Insured against suits arising from claims of owners of property.

XXVI. PROTECTION OF PROPERTY

In case of loss, it shall be lawful and necessary for the Insured or their employees, independent contractors, factors, servants and assigns, to sue, labor, and travel for, in and about the defense,

safeguard and recovery of the property insured hereunder, or any part thereof, without prejudice to this insurance, nor shall the acts of the Insured or Underwriters in recovering, saving and preserving the property insured, in case of loss, be considered a waiver or an acceptance of abandonment. The expenses so incurred shall be born by the Insured and Underwriters proportionately to the extent of their respective interests.

XXVII. STOP DATE LOSS

If as a result of delay in completing the original shooting schedule of an insured production(s) the Insured has the obligation of a termination date contained in a performance contract between the Insured and any person designated for insurance under this policy, such loss (referred to as a stop date loss) is not covered, except to the extent that it is directly related to a loss insured under this policy, as further defined below.

Underwriters' participation in a stop date loss will be governed by consideration of the following:

- a. if the need to incur the stop date loss is solely the result of an insured loss, the stop date loss will be recoverable in full;
- b. if the need to incur the stop date loss arises in part by reason of an insured loss and also arises in part by an uninsured occurrence so that it can reasonably be said that each contributed to the stop date loss, then the extent that each contributed shall be determined and an apportionment of the stop date loss shall be made;
- c. if the need to incur the stop date loss is in no way connected with an insured loss, no part of the stop date loss will be recoverable;
- d. all of the coverage considerations afforded by this paragraph are subject to the proviso that the performance contract term is sufficiently longer than the Insured's original scheduled time for completing Principal Photography so as to allow a reasonable margin of safety (your performance contract must allow you to extend the original termination date by at least 25% of the contracted period, subject to a minimum period of not less than seven (7) shooting days) to cover possible delays in completing Principal Photography.

XXVIII. SUBROGATION

If in the event of loss, damage, expense or liability the Insured shall acquire any rights of action against any individual, firm or corporation for loss, damage, expense or liability covered hereunder, the Insured will, if requested by Underwriters, assign and transfer such claim or right of action to Underwriters or, at Underwriters option, execute and deliver to Underwriters the customary form of loan receipt upon receiving an advance of funds in respect of such loss, damage, expense or liability; and will subrogate Underwriters to, or will hold in trust for Underwriters, all such rights of action to the extent of the amount paid or advanced, and will permit suit to be brought in the Insured's name under the direction of and the expense of Underwriters.

XXIX. TERRITORIAL LIMITS

This policy applies to production(s) filmed or taped anywhere in the world.

XXX. TIME LIMITATIONS – SUIT

No suit, action or proceeding for the recovery of any claim under this policy shall be sustainable in any court of law or equity unless the Insured has fully complied with all the requirements of this policy, and unless the same be commenced within twelve (12) months next after discovery by the Insured of the occurrence which gives rise to the claim, provided however, that if by the laws of the state, province or country within which this policy is issued such limitations is invalid then any such claims shall be void unless such action, suit or proceeding be commenced within the shortest limit of time permitted by the laws of such state, province or country.

XXXI. UNINSURED EVENT EXCLUSION

If any uninsured event occurs before, concurrently with or after the happening of an insured event and directly or indirectly causes or in any way contributes to cause a loss as defined herein under the terms of this policy, then the portion of any such loss so contributed to by the uninsured event shall not be a loss recoverable hereunder.

XXXII. WAR RISK & GOVERNMENTAL AUTHORITY & CIVIL COMMOTION EXCLUSION

Underwriters shall not be liable for any loss arising out of, caused directly or indirectly by:

- a. Hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack,
 - (i) by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or
 - (ii) by military, naval or air forces; or
 - (iii) by an agent of any such government, power, authority or forces;
- b. Any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
- c. Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against any such occurrence;
- d. Seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade; or
- e. Civil Commotion assuming the proportions of or amounting to a popular rising, riot, martial law or the act of any lawfully constituted authority.

XXXIII. TERRORISM EXCLUSION

Notwithstanding any provision to the contrary within this insurance or any exclusion thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of or threat of or fear of terrorism (whether actual or perceived) regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

For the purpose of this exclusion an act of terrorism means an unlawful 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.

This exclusion also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism or fear thereof.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense 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.

XXXIV. BIOLOGICAL/CHEMICAL EXCLUSION

This Insurance does not cover any loss directly or indirectly arising out of, contributed to by, or resulting from actual, threatened, feared or perceived use of any biological, chemical, radioactive or nuclear agent, material, device or weapon.

XXXV. DEFERMENTS/GOODS AND SERVICES FREE OF CHARGE

It is hereby understood and agreed that cover in respect of the Insured Production excludes any loss in respect of deferments and/or goods and services provided free of charge which do not form part of the insurable budget unless agreed by Underwriters to the contrary.

XXXVI. PREMIUM PAYMENT CLAUSE (11/01 LSW3000)

The (Re)Insured undertakes that premium will be paid in full to Underwriters within 30 days of inception of this policy (or, in respect of instalment premiums, when due).

If the premium due under this policy has not been so paid to Underwriters by the 30th day from the inception of this policy (and, in respect of instalment premiums, by the date they are due) Underwriters shall have the right to cancel this policy by notifying the (Re)Insured via the broker in writing. In the event of cancellation, premium is due to Underwriters on a pro rata basis for the period that Underwriters are on risk but the full policy premium shall be payable to Underwriters in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Underwriters shall give not less than 15 days prior notice of cancellation to the (Re)Insured via the broker. If premium due is paid in full to Underwriters before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorised to exercise rights under this clause on their own behalf and on behalf of all Underwriters participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Underwriters will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

XXXVII. PREMIUMS PAID

It is hereby understood and agreed that cover in respect of the Insured Production excludes any premiums paid in respect of this Policy.

XXXVIII. STUNTS/SPECIAL EFFECTS

It is hereby understood and agreed that coverage in respect of the Insured Production excludes any loss or losses arising out of directly or indirectly in respect of stunts/special effects unless prior advised to and agreed by Underwriters in writing.

XXXIX. SEVERAL LIABILITY NOTICE LSW 1001

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.

XXXX. COMMUNICABLE DISEASE EXCLUSION (13/06/03)

This insurance excludes any loss directly or indirectly arising out of, contributed to by, or resulting from any communicable disease which leads to:

- (i) The imposition of quarantine or restriction in movement of people or animals by any national or international body or agency; and/or
- (ii) Any travel advisory or warning being issued by a national or international body or agency and in respect of (i) or (ii) any fear or threat thereof (whether actual or perceived).

If the Underwriters allege that by reason of this exclusion, any loss is not covered by this insurance the burden of proving the contrary shall be upon the Insured.

XXXXI. DUPLICATE RECORDS

The Insured shall:

- 1. Back up computer data records and update the records no less frequently than once every forty eight hours.
- 2. Where possible maintain up to date duplicate copies of software programs
- 3. Store back up data records and up to date duplicate software programs away from the building where the original software programs and data is held
- 4. Observe the manufacturer's and/or supplier's recommendations for the storage verification and security of Computer Media.

It is further warranted that wherever possible, the Insured must maintain up to date duplicate copies of software programs & store back up data records and up to date duplicate software programs away from the building where the original software programs and data is held.

XXXXII. CLAIMS PROCEDURE

- 1. It is a condition precedent to the liability of the Underwriters that in the event of any happening or circumstance which could give rise to a claim under this Insurance, the Insured shall:
 - a) As a matter of urgency give notice by the most expeditious means of the happening of any circumstance, to New Empire Entertainment Insurance Services
 - b) Confirm the facts in writing as soon as possible, with as much information as available;
 - c) Make no admission of liability to a third party without the prior written consent of the Underwriters;
 - d) Take all steps to minimize or avoid any loss hereunder;
 - e) At their own expense produce and furnish to Underwriters such book of accounts and other documents, proofs, information, explanation and other evidence as may be reasonably required by Underwriters for the purpose of investigating or verifying the claim to the satisfaction of Underwriters along with a statutory declaration of the claim if required by Underwriters.
 - f) Forward immediately to the Underwriters or their representatives any letter, writ or other document received in connection with any claim made under this Insurance.

2. As often as may be reasonably required submit to examination under oath on all matters connected with a claim, by any person named by the Underwriters at such reasonable time and place as may be designated by the Underwriters or their representatives.
3. So far as is in their power the Insured shall cause their employees and all other persons interested in the Insured Performance(s) or Event(s), to comply with the foregoing.
4. No such examination under oath or examination of books or documents, nor any other act of the Underwriters or their representatives in connection with any investigation hereunder, shall be deemed a waiver of any defense which the Underwriters might otherwise have. All such examinations and acts shall be deemed to have been made or done without prejudice to the Underwriters' liability.
5. As soon as is practicable render a signed and sworn proof of loss to the Underwriters or their representative to substantiate the occurrence, nature, cause and amount of loss claimed under this Insurance.
6. Underwriters have the right but not the obligation to:
 - a) Take such steps as they deem necessary to prevent, mitigate or minimize a loss.
 - b) Take over and conduct the defense or settlement of claims made against the Insured that are covered by this Insurance.
 - c) Pursue all rights or remedies available to the Insured whether or not payment has been made hereunder.
 - d) Require independent medical examination of any Insured Person who gives rise to a claim hereunder.