

Item 6. Rate: Flat

THESE DECLARATIONS, TOGETHER WITH EXCESS THIRD PARTY LIABILITY POLICY, SCHEDULE A – SCHEDULE OF UNDERLYING INSURANCE AND ENDORSEMENTS, IF ANY, ARE ISSUED AS PART OF, AND IN COMPLETION OF, THE ABOVE NUMBERED POLICY.



ARCH INSURANCE COMPANY
(A Missouri Corporation)

EXCESS THIRD PARTY LIABILITY POLICY
SCHEDULE A – SCHEDULE OF UNDERLYING INSURANCE

NAMED INSURED: City of Austin
POLICY NUMBER: UFP0055516-00
POLICY PERIOD: EFFECTIVE DATE: July 15, 2013 EXPIRATION DATE: July 15, 2018

3.a. CONTROLLING UNDERLYING INSURANCE

1. FIRST EXCESS LIABILITY

Insurer: Allied World National Assurance Company
Policy Number: 0308-5229
Term: July 15, 2013 to July 15, 2018

Applicable Limits of Liability

\$25,000,000 Each Occurrence
\$25,000,000 General Aggregate
\$25,000,000 Products - Completed Operations Aggregate

3.b. OTHER UNDERLYING INSURANCE

1. COMMERCIAL GENERAL LIABILITY

Insurer: Liberty Mutual Insurance Company
Policy Number: WA7-66D-066489-023
Term: July 15, 2013 to July 15, 2018

Applicable Limits of Liability

\$2,000,000 Each Occurrence
\$4,000,000 General Aggregate
\$4,000,000 Products - Completed Operations Aggregate

The General Aggregate applies Per Location Per Project



Home Office Address:
 3100 Broadway
 Suite 511
 Kansas City, MO 64111

Administrative Address:
 Northeast Region - One Liberty Plaza
 29th Floor
 New York, NY 10006
 (212) 651-6500

**EXCESS THIRD PARTY LIABILITY POLICY
 SCHEDULE OF ENDORSEMENTS**

NAMED INSURED: City of Austin
POLICY NUMBER: UFP0055516-00
POLICY TERM: July 15, 2013 TO July 15, 2018

ENDORSEMENTS ATTACHED TO AND FORMING A PART OF THIS POLICY:

END'T NO.	FORM NUMBER	TITLE
	05 ML0014 00 03 03 00 ML0065 00 06 07	CLAIMS HANDLING PROCEDURES (Arch Ins. Co.) U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC")
1	05 ML0002 00 01 13 00 EXT0014 00 09 11	SIGNATURE PAGE (ARCH INSURANCE) LEAD HAZARD EXCLUSION
2	00 EXT0128 00 09 11	SILICA EXCLUSION
3	00 EXT0151 00 09 11 00 ML0042 44 07 09	FUNGI AND BACTERIA HAZARD EXCLUSION IMPORTANT NOTICE TO ALL TEXAS POLICYHOLDERS
4	00 EXT0166 44 11 11	TEXAS AMENDATORY ENDORSEMENT
5	00 EXT0119 00 09 11	CRISIS MANAGEMENT LOSS AND EXPENSE INSURANCE EXCLUSION
6	00 EXT0207 00 02 10	VIOLATION OF COMMUNICATION OR INFORMATION LAWS EXCLUSION ENDORSEMENT
7	00 EXT0212 00 09 11	MULTI-YEAR CONSTRUCTION PROJECT ENDORSEMENT
8	00 ML0207 00 11 03	AMENDMENT OF LIMITS OF INSURANCE - TOTAL POLICY AGGREGATE
9	00 EXT0219 00 03 08 00 MLT0031 00 01 08	EXCLUSION OF TERRORISM OTHER THAN A CERTIFIED ACT OF TERRORISM TERRORISM COVERAGE DISCLOSURE NOTICE

EXCESS THIRD PARTY LIABILITY POLICY

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, and any other person or organization qualifying as a Named Insured under this policy or under **controlling underlying insurance**. The words "we", "us" and "our" refer to the company stated in the Declarations providing this insurance.

This is excess insurance and only applies to those coverages for which **underlying insurance** is shown in Items 3.a. and 3.b. of Schedule A – Schedule of Underlying Insurance of this policy.

If any provision of the **controlling underlying insurance** conflicts with any provision of our insurance, then the provision of our insurance will apply. However, if our provision would result in broader coverage than is provided by **controlling underlying insurance**, then the provision of the **controlling underlying insurance** will apply. This insurance will not provide broader coverage than that provided by the **controlling underlying insurance**. This policy will not recognize reduction or exhaustion of the underlying limit of liability, retained limit, or self-insured retention by any claim, suit, demand or any payment of **loss**, cost or expense excluded by this policy or any endorsements to this policy.

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

IN RETURN FOR THE PAYMENT OF THE PREMIUM, IN RELIANCE UPON THE STATEMENTS IN THE DECLARATIONS MADE A PART HEREOF AND SUBJECT TO ALL OF THE TERMS OF THIS POLICY, WE AGREE WITH YOU AS FOLLOWS:

I. **INSURING AGREEMENTS**

We will pay on behalf of the **insured**, except as otherwise stated in this policy, those amounts of **loss** for which coverage is provided under the definitions, terms, conditions, limitations and exclusions of the **controlling underlying insurance** in effect at the inception of this policy and which exceeds the total Limits of Liability of **underlying insurance** as stated in Items 3.a. and 3.b. of Schedule A – Schedule of Underlying Insurance of this policy. The amount we will pay for **loss** is limited as provided under Section II. **LIMITS OF INSURANCE**.

If any policy of **underlying insurance** grants any coverage subject to a sub-limit of liability, this policy shall not offer such coverage. However, this policy shall recognize any reduction or exhaustion of limits by any payment under such coverage for **loss** covered by the **underlying insurance**.

II. **LIMITS OF INSURANCE**

- a. The Limits of Insurance shown in Item 2. of the Declarations and the rules below determine the most we will pay for all **loss** regardless of the number of:
 1. **Insureds**;
 2. Claims made or suits brought; or
 3. Persons or organizations making claims or bringing suits.
- b. Subject to Paragraphs II.a., II.c. and II.d., the Each Occurrence Limit stated in Item 2.(a) of the Declarations is the most we will pay for the sum of all **loss** arising out of any one **occurrence**.

If the applicable aggregate limit of insurance has been reduced by payment of **loss** to an

amount that is less than the limit for Each Occurrence stated in Item 2.(a) of the Declarations, the remaining aggregate limit of insurance is the most that will be available for payment of **loss** arising out of any other **occurrence**.

- c. Subject to Paragraphs **II.a.** and **II.b.** above, the Products-Completed Operations Aggregate Limit stated in Item 2.(b) of the Declarations is the most we will pay for all **loss** within the **products-completed operations hazard**, regardless of whether the aggregate limit for each coverage provided by the **controlling underlying insurance** applies separately.
- d. Subject to Paragraphs **II.a.** and **II.b.** above, the limit stated in Item 2.(c) of the Declarations for the General Aggregate Limit is the most we will pay for all **loss**, except for **loss** within the **products-completed operations hazard**, that are subject to an aggregate limit provided by **controlling underlying insurance**. The General Aggregate Limit applies to all **loss**, regardless of whether the aggregate limit for each coverage provided by the **controlling underlying insurance** applies separately. However, the General Aggregate Limit does not apply to **loss** within the **products-completed operations hazard** and **loss** that is not subject to an aggregate limit in the **controlling underlying insurance**.
- e. If any **underlying insurance** does not provide separate aggregate limits for **loss** within the **products-completed operations hazard** and **loss** not within the **products-completed operations hazard**, the limit stated in Item 2.(c) of the Declarations for the General Aggregate Limit is the most we will pay for all **loss**, including **loss** within the **products-completed operations hazard**. Under such circumstances, any limit appearing in Item 2.(b) of the Declarations does not apply.
- f. Subject to Paragraphs **II.a.**, **II.b.**, **II.c.**, **II.d.** and **II.e.** above, if the Limits of Liability of Underlying Insurance stated in Item 3. of the Declarations are reduced or exhausted solely by payment of **loss** (including any defense expenses that reduce the limit of liability of the **underlying insurance**) to which this policy applies, such insurance provided by this policy will apply in excess of the reduced **underlying insurance** or, if all **underlying insurance** is exhausted, will apply as **underlying insurance** subject to the same definitions, terms, conditions, limitations and exclusions of the **controlling underlying insurance**, except as otherwise limited by the definitions, terms, conditions, limitations and exclusions of this policy.
- g. The Limits of Insurance of this policy apply separately to each consecutive annual period and to any remaining period of less than 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 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.
- h. If defense expenses are included within the limit of liability of any **underlying insurance**, then any such defense expense we incur, in accordance with Section **III. DEFENSE**, shall reduce the Limit of Insurance of this policy.

If defense expenses of none of the **underlying insurance** reduce the limit of liability provided by those policies, then any such defense expense we incur, in accordance with Section **III. DEFENSE**, shall not reduce the Limit of Insurance of this policy.

III. DEFENSE

- a. We will not be required to assume charge of the investigation or defense of any claim or any suit against an **insured**.
- b. We will have the right, but not the duty, to be associated with the **insured** or the underlying insurers or both in the investigation of any claim or defense of any suit which in our opinion may create liability on us for payment under this policy.

- c. If the total Limits of Liability of **underlying insurance** as stated in Items 3.a. and 3.b. of Schedule A – Schedule of Underlying Insurance of this policy are exhausted solely by payment of **loss** (including any defense expenses that reduce the limit of liability of the **underlying insurance**), we shall have the right but not the duty to investigate and settle any claim or assume the defense of any suit which in our opinion may give rise to payment under this policy. We may, however, withdraw from the defense of any suit or tender the continued defense to you if our applicable Limits of Insurance stated in Item 2 of the Declarations is exhausted by payment of **loss** (including any defense expenses that reduce the Limit of Insurance in accordance with Section II. **LIMITS OF INSURANCE**, Paragraph h. above).

If we exercise our rights under Paragraphs III.b. or III.c. above, we will do so at our own expense, subject to Section II. **LIMITS OF INSURANCE**, Paragraph h. above.

IV. EXCLUSIONS

It is agreed that this policy will not recognize reduction or exhaustion of the **underlying insurance** by any claim, suit, demand or any payment of **loss**, cost or expense excluded by this policy. The exclusions contained herein and any exclusions contained in endorsements to this policy apply regardless of whether any cause, event, material or product contributed concurrently or in any sequence to the injury or damage.

It is further agreed that regardless of whether or not coverage is afforded by the **controlling underlying insurance**, this policy does not apply to any:

a. Pollution

1. Claim, suit, demand or **loss** that alleges injury or damage that, in any way, in whole or in part, arises out of, relates to or results from the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **pollutants** at any time.
2. Claim, suit, demand, **loss**, cost or expense that, in any way, in whole or in part, arises out of, relates to or results from any:
 - (a) Request, demand, order or statutory or regulatory requirement, or any other action authorized or required by law, that any **insured** or others investigate, abate, test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, remediate or dispose of, or in any way respond to, or assess the effects of **pollutants** as well as any **loss**, costs, fees, expenses, penalties, judgments, fines, or sanctions arising out of, relating thereto or resulting therefrom; or
 - (b) Claim or suit by or on behalf of a governmental authority for damages arising out of, relating to or resulting from the investigation of, abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of **pollutants**.

As used in this exclusion, "**pollutants**" means any solid, liquid, gaseous, or thermal irritant or contaminant including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes material to be recycled, reconditioned or reclaimed.

b. Asbestos

Claim, suit, demand or **loss** that alleges injury or damage that, in any way, in whole or in part, arises out of, relates to or results from the **asbestos hazard**.

This exclusion includes, but is not limited to, compliance with any request, demand, order, or statutory or regulatory requirement, or any other action authorized or required by law, or any

other claim, suit, demand, **loss**, cost, or expense arising out of, relating to or resulting from the investigation of, abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of **asbestos**, as well as any loss, costs, fees, expenses, penalties, judgments, fines, or sanctions arising out of, relating thereto or resulting therefrom;

As used in this exclusion, "**asbestos hazard**" means:

1. Actual, alleged or threatened exposure to, consumption of, ingestion of, inhalation of, absorption of, existence of or presence of, **asbestos** in any manner or form whatsoever, either directly or indirectly; or
2. The actual or alleged failure to warn, advise or instruct related to **asbestos** in any manner or form whatsoever; or
3. The actual or alleged failure to prevent exposure to **asbestos** in any manner or form whatsoever; or
4. The actual or alleged presence of **asbestos** in any manner or form whatsoever, in any place whatsoever, whether or not within a building or structure, including its contents.

As used in this exclusion, "**asbestos**" means any substance, regardless of its form or state, containing asbestos.

c. Nuclear

1. Claim, suit, demand or **loss** with respect to which an **insured** under the policy is also an insured under a nuclear energy liability policy issued by the Nuclear Energy Liability Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability.
2. Claim, suit, demand or **loss** that, in any way, in whole or in part, arises out of, relates to, or results from the **hazardous properties of nuclear material** and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the **insured** is or, had this policy not been issued, would be entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
3. Medical Coverage, or under any Supplementary Payments provision relating to first aid, to expenses incurred with respect to bodily injury resulting from the **hazardous properties of nuclear material**, and arising out of the operation of a **nuclear facility** by any person or organization.
4. To any bodily injury or **property damage** resulting from the **hazardous properties of nuclear material**, if:
 - (a) the **nuclear material (1)** is at any **nuclear facility** owned by, or operated by, or on behalf of, an **insured** or (2) has been discharged or dispersed therefrom;
 - (b) the **nuclear material** is contained in **spent fuel** or **waste** at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an **insured**; or
 - (c) the bodily injury or **property damage** that, in any way, in whole or in part, arises out of, relates to, or results from the furnishing by an **insured** of services,

materials, parts, or equipment in connection with the planning, construction, maintenance, operation or use of any **nuclear facility**, but if such facility is located within the United States of America, its territories or possessions or Canada, this Exclusion (c) applies only to **property damage** to such **nuclear facility** and any property thereat.

As used in this exclusion:

"hazardous properties" includes radioactive, toxic or explosive properties;

"nuclear material" means **"source material"**, **"special nuclear material"** or **"by-product material"**;

"source material", **"special nuclear material"**, and **"by-product material"** have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a **nuclear reactor**;

"waste" means any waste material (a) containing **by-product material** and (b) resulting from the operation by any person or organization of any **nuclear facility** included within the definition of **nuclear facility** under paragraph 1 or 2 thereof;

"nuclear facility" means:

1. any **nuclear reactor**;
2. any equipment or device designed or used for (a) separating the isotopes of uranium or plutonium, (b) processing or utilizing **spent fuel**, or (c) handling, processing or packaging **waste**;
3. any equipment or device designed or used for the processing, fabricating or alloying of **special nuclear material** if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235; or
4. any structure, basin, excavation, premises or place prepared or used for the storage or disposal of **waste**;

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

"nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

"property damage" includes all forms of radioactive contamination of property.

V. DEFINITIONS

Except as otherwise defined in this policy or in any endorsement to this policy, the definition of terms and phrases contained in this policy and any endorsements to this policy will be the same as those terms and phrases are defined in the **controlling underlying insurance**.

- a. **"Controlling underlying insurance"** means the policy or policies listed in Item 3.a. of Schedule A – Schedule of Underlying Insurance of this policy.
- b. **"Insured"** means:

1. you; and
2. any person or organization qualifying as an **insured under controlling underlying insurance**, but only to the extent that:
 - (a) coverage is provided by this policy; and
 - (b) coverage is provided by **controlling underlying insurance**, or would have been provided but for the exhaustion of such policy's limit of liability.
- c. **"Loss"** means amounts paid to settle a claim or suit, or satisfy a judgment, for which the **insured** is legally liable. The amounts that are payable by us are subject to deductions for subrogation, salvages, and any other recoveries made or that are available to an **insured**.
- d. **"Occurrence"** has the same meaning as defined in the **controlling underlying insurance**.
- e. **"Policy period"** means the period beginning with the Effective Date shown in the Declarations and ending on the Expiration Date shown in the Declarations, unless canceled as provided in Condition **g.** of this policy.
- f. **"Products-completed operations hazard"** has the same meaning as defined in the **controlling underlying insurance**.
- g. **"Underlying insurance"** means all policies and the Limits of Liability listed in Items 3.a. and 3.b. of Schedule A – Schedule of Underlying Insurance of this policy.

VI. CONDITIONS

a. Notice of Occurrence or Claim

Whenever you have information from which you may reasonably conclude that an **occurrence** or claim appears likely to involve this policy, written notice shall be given to us or any of our authorized agents as soon as practicable.

b. Notice of Suit

If suit is brought which appears likely to involve this policy or seeks damages in an amount that would exceed 50% of the limits of the **underlying insurance**, immediate written notice shall be given to us along with copies of the suit papers.

c. Duties After Notice of Occurrence, Claim or Suit Is Given

You and any other involved **insured** must:

1. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the **occurrence**, claim or suit;
2. Authorize us to obtain records and other information;
3. Cooperate with us in the investigation or settlement of the claim, and, if applicable, defense against the suit;
4. Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the **insured** because of injury or damage to which this insurance may also apply; and
5. No **insured** will, except at the **insured's** own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our

consent.

d. Maintenance of Underlying Insurance

The **underlying insurance** shall remain in full force and effect throughout the **policy period** except for reduction or exhaustion of the aggregate limit due to payment of claims, settlements, or judgments (including any defense expenses that reduce the limit of liability of the **underlying insurance**). This insurance will not take the place of any **underlying insurance** in the event of denial or rejection of a claim, or if any **underlying insurance** is cancelled or not renewed, or for any other reason except for reduction or exhaustion due to payment of claims, settlements, or judgments.

Failure to maintain any **underlying insurance** will not invalidate this insurance. However, this insurance will apply as if the **underlying insurance** were in full force and effect.

Renewals or replacements of any **underlying insurance** will not be materially changed without our agreement.

e. Bankruptcy, Insolvency or Other Financial Impairment

In the event of the bankruptcy, insolvency or other financial impairment of any underlying insurer, or of the **insured** if the **underlying insurance** is comprised in whole or in part of self-insurance, we shall be liable only to the same extent we would have been had such bankruptcy, insolvency or other financial impairment not occurred. This insurance will not take the place of any **underlying insurance** in the event of bankruptcy, insolvency or other financial impairment of any underlying insurer or **insured**. This insurance will apply as if the **underlying insurance** were in full force and effect.

f. Other Insurance

If other insurance applies to **loss** that is also covered by this policy, this policy shall apply excess of the other insurance. Nothing herein will be construed to make this policy subject to the terms, conditions and limitations of such other insurance. However, this provision will not apply if such other insurance is written to be excess of this policy.

Other insurance includes any type of self-insurance or other mechanism by which an **insured** arranges for the funding of legal liabilities.

If our Limits of Insurance stated in Item 2. of the Declarations are part of the total Limits of Insurance stated in Item 2., then the limits of our liability shall be that proportion of all **loss** which our Limits of Insurance bear to the total Limits of Insurance in Item 2. and which is in excess of the total Limits of Liability of **underlying insurance** as stated in Items 3.a. and 3.b. of Schedule A – Schedule of Underlying Insurance of this policy.

g. Cancellation

This policy may be canceled by you either by mailing or delivering advance written notice to us stating when cancellation shall be effective. This policy may be canceled by us by mailing to you at the address shown in Item 1. of the Declarations, written notice stating when, not less than thirty (30) days thereafter, ten (10) days thereafter if cancellation is for nonpayment of the premium, such cancellation shall be effective. The mailing of notice is sufficient notice and the effective date of cancellation stated in the notice will become the end of the policy period. Delivery of written notice either by you or by us shall be equivalent to mailing. If you cancel, earned premium will be computed in accordance with the customary short-rate table and procedure, but we will always be entitled to receive or keep the Minimum Premium amount stated in Item 5. of the Declarations. If we cancel, earned premium will be computed pro rata.

Premium adjustment may be made at the time cancellation is effected or as soon afterwards as is practicable. Our check or our representative's check mailed or delivered will be sufficient tender of any refund due you.

Cancellation will be effective on the date stated in the notice even though we have not made the refund of the unearned premium.

h. First Named Insured

The person or organization first named in Item 1. of the Declarations is authorized to act for all **insureds**.

If this policy insures more than one person or organization, cancellation must be effected by the first Named Insured and notice of cancellation by us will be made to the first Named Insured and shall be considered as notice to all. Payment of any unearned premium to the first Named Insured shall be for the account of all.

The first Named Insured is responsible for the premium. If the first Named Insured cannot or refuses to pay any or all of the premium, all of you are jointly and severally responsible to pay us the premium due.

i. Appeals

In the event that you or any underlying insurer elects not to appeal a judgment in excess of the limits of liability of **underlying insurance**, we may elect to appeal at our expense. Our Limit of Insurance shall not be increased because of the appeal.

j. Legal Action Against Us

No person or organization has a right under this policy to:

1. Join us as a party or otherwise bring us into a suit asking damages from an **insured**;
2. Sue us, unless all the terms of this policy have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an **insured**; but we will not be liable for **loss** that is not payable under the terms of this policy or that is in excess of the Limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, the **insured** and the claimant or the claimant's legal representative.

k. Loss Payable

Liability under this policy shall not apply unless and until the underlying insurer(s) has paid or has been held liable to pay for the full amount of their Limits of Liability as shown on Schedule A – Schedule of Underlying Insurance. In the event of a settlement for less than the full amount of the limits of liability of the **underlying insurance**, the **insured** shall be responsible for any difference between the Limits of Liability as shown on Schedule A – Schedule of Underlying Insurance and the limits of liability available in the **underlying insurance** before this insurance becomes applicable with respect to any claim, suit, demand or **loss** covered by this policy. However, this provision does not apply to any payment for liability by the underlying insurer(s) that is less than the Limits of Liability as shown on Schedule A – Schedule of Underlying Insurance as a result of the reduction or exhaustion of the aggregate limits of the **underlying insurance**.

Claims Handling Procedures

An important value of your insurance coverage is the ability of the insurance company to respond when you have a claim. Arch Insurance Company is committed to providing its insureds with effective claim services.

Notices of each incident, claim or suit must be sent immediately to:

Arch Insurance Company
E&S Casualty Claims
10909 Mill Valley Road, Suite 210
P.O. Box 542033
Omaha, NE 68154
Phone: 877 688-ARCH (2724)
Fax: 866 266-3630
E-mail: Claims@ArchInsurance.com

You will be contacted by a representative of the company's Claim Department. This representative will confirm receipt of the loss notice directly to you, provide a company claim number for all future correspondence, refer to legal counsel if necessary, and discuss further handling of the claim.

U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.



Signature Page

IN WITNESS WHEREOF, Arch Insurance Company has caused this policy to be executed and attested.

A handwritten signature in black ink, appearing to read "Michael R. Murphy".

Michael R. Murphy
President

A handwritten signature in black ink, appearing to read "Patrick K. Nails".

Patrick K. Nails
Secretary

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LEAD HAZARD EXCLUSION

This endorsement modifies insurance provided under the **EXCESS THIRD PARTY LIABILITY POLICY**.

It is agreed that regardless of whether or not coverage is afforded in the **controlling underlying insurance**, this policy does not apply to any claim, suit, demand or **loss** that alleges injury or damage that, in any way, in whole or in part, arises out of, relates to or results from the "lead hazard".

This exclusion includes, but is not limited to, compliance with any request, demand, order, or statutory or regulatory requirement, or any other action authorized or required by law, or any other claim, suit, demand, **loss**, cost, or expense arising out of, relating to or resulting from the investigation of, abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of lead, as well as any **loss**, costs, fees, expenses, penalties, judgments, fines, or sanctions arising out of, relating thereto or resulting therefrom.

As used in this exclusion, "lead hazard" means:

1. Actual, alleged or threatened exposure to, consumption of, ingestion of, inhalation of, absorption of, existence of or presence of, lead in any manner or form whatsoever, either directly or indirectly;
2. The actual or alleged failure to warn, advise or instruct related to lead in any manner or form whatsoever;
3. The actual or alleged failure to prevent exposure to lead in any manner or form whatsoever; or
4. The actual or alleged presence of lead in any manner or form whatsoever, in any place whatsoever, whether or not within a building or structure, including its contents.

This policy will not recognize reduction or exhaustion of the **underlying insurance** by any claim, suit, demand or payment of **loss**, cost or expense excluded by this endorsement.

All other terms and conditions of this policy remain unchanged.

Endorsement Number: 1

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: UFP0055516-00

Named Insured: City of Austin

Endorsement Effective Date: July 15, 2013

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SILICA EXCLUSION

This endorsement modifies insurance provided under the **EXCESS THIRD PARTY LIABILITY POLICY**.

It is agreed that regardless of whether or not coverage is afforded in the **controlling underlying insurance**, this policy does not apply to any claim, suit, demand or **loss** that alleges injury or damage that, in any way, in whole or in part, arises out of, relates to or results from:

1. the actual, alleged or threatened exposure to, consumption of, ingestion of, inhalation of, or absorption of "silica", either directly or indirectly;
2. the actual, alleged or threatened exposure to, consumption of, ingestion of, inhalation of, absorption of, existence of or presence of, "silica dust" either directly or indirectly;
3. the actual or alleged failure to warn, advise or instruct related to "silica" in any manner or form whatsoever; or
4. the actual or alleged failure to prevent exposure to "silica".

This exclusion includes, but is not limited to, compliance with any request, demand, order, or statutory or regulatory requirement, or any other action authorized or required by law, or any other claim, suit, demand, **loss**, cost, or expense arising out of, relating to or resulting from the investigation of, abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of "silica", as well as any **loss**, costs, fees, expenses, penalties, judgments, fines, or sanctions arising out of, relating thereto or resulting therefrom.

As used in this exclusion:

1. "silica" means any substance containing silicon dioxide (SiO₂), including, but not limited to, crystalline or non-crystalline silica, silica particles, silica compounds, "silica dust" or synthetic silica, including but not limited to precipitated silica, silica gel, fumed silica or silica-flour.
2. "silica dust" means dust containing "silica" alone or mixed with any other dust or fiber(s).

This policy will not recognize reduction or exhaustion of the **underlying insurance** by any claim, suit, demand or payment of **loss**, cost or expense excluded by this endorsement.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 2

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: UFP0055516-00

Named Insured: City of Austin

Endorsement Effective Date: July 15, 2013

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FUNGI AND BACTERIA HAZARD EXCLUSION

This endorsement modifies insurance provided under the **EXCESS THIRD PARTY LIABILITY POLICY**.

It is agreed that regardless of whether or not coverage is afforded in the **controlling underlying insurance**, this policy does not apply to any claim, suit, demand or **loss** that alleges injury or damage that, in any way, in whole or in part, arises out of, relates to or results from the "fungi or bacteria hazard".

This exclusion includes, but is not limited to, compliance with any request, demand, order, or statutory or regulatory requirement, or any other action authorized or required by law, or any other claim, suit, demand, **loss**, cost, or expense arising out of, relating to or resulting from the investigation of, abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of "fungi or bacteria", as well as any **loss**, costs, fees, expenses, penalties, judgments, fines, or sanctions arising out of, relating thereto or resulting therefrom.

This exclusion does not apply to any "fungi or bacteria" that are on or are contained in food or beverages.

As used in this exclusion, "fungi or bacteria hazard" means:

1. Actual, alleged or threatened exposure to, consumption of, ingestion of, inhalation of, absorption of, existence of or presence of, "fungi or bacteria" in any manner or form whatsoever;
2. The actual or alleged failure to warn, advise or instruct related to "fungi or bacteria" in any manner or form whatsoever;
3. The actual or alleged failure to prevent exposure to "fungi or bacteria" in any manner or form whatsoever; or
4. The actual or alleged presence of "fungi or bacteria" in any manner or form whatsoever, in any place whatsoever, whether or not within a building or structure, including its contents.

As used in this exclusion, "fungi or bacteria" include, without limitation, mold, mildew, yeast, spores, mycotoxins, endotoxins, or other pathogens, as well as any particulates or byproducts of any of the foregoing, either directly or indirectly.

This policy will not recognize reduction or exhaustion of the **underlying insurance** by any claim, suit, demand or payment of **loss**, cost or expense excluded by this endorsement.

All other terms and conditions of this policy remain unchanged.

Endorsement Number: 3

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: UFP0055516-00

Named Insured: City of Austin

Endorsement Effective Date: July 15, 2013

IMPORTANT NOTICE TO ALL TEXAS POLICYHOLDERS

IMPORTANT NOTICE

To obtain information or make a complaint:

You may call Arch Insurance Group's toll-free telephone number for information or to make a complaint at:

1-866-413-5550

You may also write to Arch Insurance Group at:

**Arch Insurance Group
300 Plaza Three
Jersey City, NJ 07311-1107**

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

1-800-252-3439

You may write the Texas Department of Insurance:

P.O. Box 149104
Austin, TX 78714-9104
Fax: (512) 475-1771
Web: <http://www.tdi.state.tx.us>
E-mail: ConsumerProtection@tdi.state.tx.us

PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim you should contact the Arch Insurance Group first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR POLICY:

This notice is for information only and does not become a part or condition of the attached document.

AVISO IMPORTANTE

Para obtener informacion o para someter una queja:

Usted puede llamar al numero de telefono gratis de Arch Insurance Group para informacion o para someter una queja al:

1-866-413-5550

Usted también puede escribir a Arch Insurance Group:

**Arch Insurance Group
300 Plaza Three
Jersey City, NJ 07311-1107**

Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al:

1-800-252-3439

Puede escribir al Departamento de Seguros de Texas:

P.O. Box 149104
Austin, TX 78714-9104
Fax: (512) 475-1771
Web: <http://www.tdi.state.tx.us>
E-mail: ConsumerProtection@tdi.state.tx.us

DISPUTAS SOBRE PRIMAS O RECLAMOS:

Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el Arch Insurance Group primero. Si no se resuelve la disputa, puede entonces comunicarse con el departamento (TDI).

UNA ESTE AVISO A SU POLIZA:

Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the **Excess Third Party Liability Policy**.

Paragraph **g. Cancellation** of Section **VI. CONDITIONS** is hereby deleted in its entirety and replaced by the following:

Cancellation and Nonrenewal

Cancellation

This policy may be cancelled by you either by mailing or delivering advance written notice to us stating when cancellation shall be effective.

If this policy has been in effect for sixty (60) days or less, we may cancel this policy for any reason except, that under the provisions of the Texas Insurance Code, we may not cancel this policy based solely on the fact that you are an elected official.

After this policy has been in effect for more than sixty (60) days or after the effective date of renewal, this policy may only be cancelled by or on behalf of us for one of the following reasons:

- 1) nonpayment of premium;
- 2) fraud in obtaining coverage under this policy;
- 3) an increase in hazard within your control which would produce an increase in the rate;
- 4) loss of our reinsurance covering all or part of the risk covered by this policy; or
- 5) we are placed in supervision, conservatorship, or receivership, if the cancellation or nonrenewal is approved or directed by the supervisor, conservator, or receiver.

We shall mail or deliver written notice to you at your last mailing address known to us at least ten (10) days prior to the effective date of cancellation. The mailing of such notice shall be sufficient notice and the effective date of cancellation shall become the end of the **policy period**. Delivery of notice of cancellation shall be equivalent to mailing. The notice of cancellation shall state the reason for cancellation.

If this policy is cancelled, we will send you any premium refund due. If we cancel, the refund will be pro-rata. If you cancel, the refund will be computed in accordance with the customary short-rate table and procedure, but we will always be entitled to receive or keep the Minimum Premium amount stated in Item 5 of the Declarations.

Premium adjustment may be made at the time cancellation is effected or as soon afterwards as is practicable. Our check or our representative's check mailed or delivered will be sufficient tender of any refund due you.

Cancellation will be effective on the date stated in the notice even though we have not made the refund of the unearned premium.

Nonrenewal

Should we decide to nonrenew this policy, we shall mail or deliver written notice of nonrenewal to you at your last mailing address known to us at least sixty (60) days prior to the expiration date of the policy. The notice shall state the reason for nonrenewal. If notice of nonrenewal is delivered or mailed less than the sixtieth (60th) day before the date this policy expires, this policy's coverage will remain in effect until the sixty-first (61st) day after the date on which the notice is mailed or delivered.

Earned premium for any period of coverage that extends beyond this policy's expiration date shall be computed pro rata based on this policy's current rate. We may not refuse to renew this policy based solely on the fact that you are an elected official.

All other terms and conditions of this policy remain unchanged.

Endorsement Number: 4

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: UFP0055516-00

Named Insured: City of Austin

Endorsement Effective Date: July 15, 2013

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CRISIS MANAGEMENT LOSS AND EXPENSE INSURANCE EXCLUSION

This endorsement modifies insurance provided under the **EXCESS THIRD PARTY LIABILITY POLICY**.

It is agreed that regardless of whether or not coverage is afforded in the **controlling underlying insurance**, this policy does not apply to and shall not be subject to the "crisis management loss or expense" coverage afforded by Policy Number 0308-5229, issued by Allied World National Assurance Company, however defined in such policy. It is further agreed that this policy does not apply to any claim, suit, demand or **loss** that alleges "crisis management loss or expense" that, in any way, in whole or in part, arises out of, relates to or results from any coverage afforded by the policy designated above.

This policy will not recognize reduction or exhaustion of the underlying limit of insurance or self-insured retention by payment of **loss**, costs, expenses, fees, settlements or judgments because of "crisis management loss or expense" when such payment of **loss**, costs, expenses, fees, settlements or judgments are as a result of any coverage afforded by the policy designated above.

As used in this exclusion, the definition of "crisis management loss or expense" means fees, expenses, and amounts paid by an **insured** or another party on behalf of the **insured** to maintain or restore public confidence in the **insured** and which are covered in the policy designated above regardless of the actual term used in such policy.

All other terms and conditions of this policy remain unchanged.

Endorsement Number: 5

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: UFP0055516-00

Named Insured: City of Austin

Endorsement Effective Date: July 15, 2013

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**VIOLATION OF COMMUNICATION OR INFORMATION LAWS
EXCLUSION ENDORSEMENT**

It is agreed that regardless of whether or not coverage is afforded in the **controlling underlying insurance**, this policy does not apply to any claim, suit, demand or **loss** that alleges "bodily injury", "property damage" or "personal and advertising injury" that, in any way, in whole or in part, arises out of, relates to or results from the violation or alleged violation of:

- (1) The Telephone Consumer Protection Act (TCPA), the Controlling the Assault of Non-Solicited Pornography and Marketing Act (CAN-SPAM), or the Drivers Privacy Protection Act, including any amendments or additions to the foregoing;
- (2) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or
- (3) Any other federal, state or local statute, regulation or ordinance that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

As used in this exclusion, the definitions of "bodily injury", "property damage" and "personal and advertising injury" are as defined in the **controlling underlying insurance**.

This policy will not recognize reduction or exhaustion of the **underlying insurance** by any claim or suit or payment of **loss**, cost or expense excluded by this endorsement.

All other terms and conditions of this policy remain unchanged.

Endorsement Number: 6

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: UFP0055516-00

Named Insured: City of Austin

Endorsement Effective Date: July 15, 2013

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MULTI-YEAR CONSTRUCTION PROJECT ENDORSEMENT

This endorsement modifies insurance provided under the **EXCESS THIRD PARTY LIABILITY POLICY**.

It is agreed that the policy is amended as follows:

Project Schedule

1. Name of Project:	ROCIP VI - City of Austin
2. Term of Project:	7/15/2013 to 7/15/2018
3. Description of Project:	ROCIP VI - Construction Projects conducted for The City of Austin.
4. Sponsor or Organizer of Project:	City of Austin
5. Location of Project:	City of Austin

A. This insurance applies only to "bodily injury", "property damage" or "personal and advertising injury" arising out of construction operations at the project shown in the above Project Schedule, hereafter referred to as the Project, subject to the terms and conditions of this endorsement and the policy to which it is attached.

B. Section **IV. EXCLUSIONS** is amended to include the following additional exclusions:

This insurance does not apply to:

1. "Property damage" to the Project or any part of the Project that occurs within the course of construction. The Project or any part of the Project will be deemed to be within the course of construction until the Project is deemed completed in accordance with paragraph C. of this endorsement;
2. "Bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering or failure to render any "professional services"; or
3. "Bodily injury" or "property damage" arising out of "repair work".

C. Under Section **V. DEFINITIONS**, Definition **f. "Products-completed operations hazard"** is deleted in its entirety and replaced by the following definition:

f. Products-completed operations hazard includes all "bodily injury" and "property damage" arising out of "your product" or "your work" except:

- a. Products that are still in your physical possession; or
- b. Work that has not yet been completed or abandoned. However "your work" will be deemed completed at the earliest of the following times:
 - i) Completion and acceptance of the entire Project by all parties designated in its construction agreement;
 - ii) When all of the work to be done at a location shown in the Project Schedule has been completed if the Project calls for work at more than one location;

- iii) When that part of the work done at the Project has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

- D. Insurance for "bodily injury" and "property damage" is subject to extensions for limited additional periods of time (coverage extension periods) as follows:

This insurance is extended for an additional period of time with respect to liability for "bodily injury" or "property damage" included in the **products-completed operations hazard**. This coverage extension period will commence at the earlier of:

- a. The time that "your work" is deemed completed, as described in paragraph C. above of this endorsement; or
- b. The Expiration Date shown in the Declarations of this policy.

This coverage extension period will be equal to the lesser of:

- a.) The coverage extension period provided in the **controlling underlying insurance**;
- b.) Ten (10) years;
- c.) The applicable statute of limitations in effect at the commencement of the coverage extension period; or
- d.) The applicable statute of limitations in effect when any claim or suit for such "bodily injury" or "property damage" as provided by the controlling law of the jurisdiction where the claim or suit is brought or filed.

The Limits of Insurance for the **policy period** continue to apply and are not separate or different from, increased with respect to, or reinstated for, the coverage extension periods referred to in this paragraph D. above.

If this policy is cancelled by you for any reason, or by us for non-payment of premium, material change in risk or material misrepresentation, prior to the Expiration Date shown in the Declarations of this policy, then the **products-completed operations hazard** coverage extension period described in this paragraph D. will not apply.

Coverage provided by this paragraph D. will follow the provisions, exclusions and limitations of the **controlling underlying insurance** unless otherwise modified or excluded by the terms of this policy or endorsements attached thereto. However, the insurance provided by this policy will be no broader than the coverage provided by the **controlling underlying insurance**.

As used in this endorsement, "Professional services" means:

The rendering or failure to render any professional services including, but not limited to:

- a. The preparation or approval or failing to prepare or approve maps, plans, shop drawings, opinions, reports, surveys, designs, field orders, change orders or drawings and specifications; or
- b. Architectural or engineering services including related supervisory or inspection services.

As used in this endorsement, the definitions of "bodily injury", "property damage" and "personal and advertising injury", "your product", "your work" and "repair work" are as defined in the **controlling underlying insurance**.

This policy will not recognize reduction or exhaustion of the **underlying insurance** by any claim, suit, demand or payment of **loss**, cost or expense excluded by this endorsement.

All other terms and conditions of this policy remain unchanged.

Endorsement Number: 7

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: UFP0055516-00

Named Insured: City of Austin

Endorsement Effective Date: July 15, 2013

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF LIMITS OF INSURANCE - TOTAL POLICY AGGREGATE

This endorsement modifies insurance provided under the **EXCESS THIRD PARTY LIABILITY POLICY**.

It is agreed that:

1. Under Section **II. LIMITS OF INSURANCE**, Paragraph **d.** is deleted and replaced by the following:
 - d.** Subject to Paragraphs **II.a.** and **II.b.** above, the limit stated in Item 2.(c) of the Declarations for the General Aggregate Limit is the most we will pay for all **loss**, except for **loss** within the **products-completed operations hazard**, that are subject to an aggregate limit provided by **controlling underlying insurance**. The General Aggregate Limit applies separately and in the same manner as the aggregate limit for each coverage provided by the **controlling underlying insurance**. However, the General Aggregate Limit does not apply to:
 - (1) **loss** within the **products-completed operations hazard**; and
 - (2) **loss** that is not subject to an aggregate limit in the **controlling underlying insurance**.
2. Under Section **II. LIMITS OF INSURANCE**, Paragraph **g.** is deleted and replaced by the following:
 - g.** The General Aggregate Limit shown in the Declarations applies separately to each consecutive annual period and to any remaining period of less than 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 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the General Aggregate Limit.

The Products-Completed Operations Aggregate Limit of this policy applies to the **policy period** shown in the Declarations or shown in any endorsement(s) attached to this policy and does not reinstate during the **policy period**. If any coverage extension period applies under this policy for the **products-completed operations hazard**, the Products-Completed Operations Aggregate Limit continues to apply and is not separate or different from, increased with respect to, or reinstated for, such coverage extension period.
3. The following paragraph is added to Section **II. LIMITS OF INSURANCE**:

The Total Policy Aggregate Limit shown in Item 2.(d) of the Declarations is the most we will pay under this policy for all **loss**, including **loss** within the **products-completed operations hazard**. The General Aggregate Limit and the Products-Completed Operations Aggregate Limit are all subject to the Total Policy Aggregate Limit.
4. Item 2. of the Declarations is amended to include the following:
 - (d) Total Policy Aggregate Limit: \$50,000,000.

All other terms and conditions of this Policy remain unchanged.

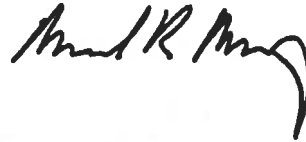
Issued By: Arch Insurance Company

Endorsement Number: 8

Policy Number: UFP0055516-00

Named Insured: City of Austin

Endorsement Effective Date: July 15, 2013

A handwritten signature in black ink, appearing to read "Andrew R. King". The signature is written in a cursive style with a large, sweeping flourish at the end.

President

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION OF TERRORISM
OTHER THAN A CERTIFIED ACT OF TERRORISM**

This endorsement modifies insurance provided under this policy.

A. The following definitions are added and apply under this endorsement whenever the term terrorism, the phrase any injury or damage, or the phrase certified act of terrorism are enclosed in quotation marks:

1. "Terrorism" means activities against persons, organizations or property of any nature:
 - a. That involve the following or preparation for the following:
 - (1) use or threat of force or violence; or
 - (2) commission or threat of a dangerous act; or
 - (3) commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
 - b. When:
 - (1) the effect is to intimidate or coerce a government or a civilian population or any segment thereof, or to disrupt any segment of the economy; and/or
 - (2) it appears that the intent is to intimidate or coerce a government or a civilian population, or to further a philosophical, political, ideological, religious, social or economic objective or to express (or express opposition to) a philosophical, political, ideological, religious, social or economic objective.
2. "Any injury or damage" means any injury or damage covered under this policy to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage", "personal and advertising injury", "injury" or "environmental damage" as defined in the **controlling underlying insurance** or in this policy.
3. "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an "act of terrorism" pursuant to the federal Terrorism Risk Insurance Act of 2002 and any amendment(s) thereto.

B. The following exclusion is added:

EXCLUSION OF TERRORISM OTHER THAN A CERTIFIED ACT OF TERRORISM

It is agreed that regardless of whether or not coverage is afforded in the **controlling underlying insurance**, this policy does not apply to any claim, suit, demand or **loss** that alleges "any injury or damage" that, in any way, in whole or in part, arises out of, relates to or results from "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". "Any injury or damage" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage.

This exclusion also applies when one or more of the following are attributed to an incident of

“terrorism”:

1. The “terrorism” is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
2. Radioactive material is released, and it appears that one purpose of the “terrorism” was to release such material; or
3. The “terrorism” involves the use, release, or escape of nuclear materials, or that directly or indirectly results in nuclear reaction, nuclear radiation or radioactive contamination; or
4. The “terrorism” is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
5. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the “terrorism” was to release such materials.

Other than “terrorism” described in paragraphs B.1. through B.5. above, this exclusion does not apply to:

1. “Certified act of terrorism”; or
2. “Terrorism” that is not a “certified act of terrorism” solely due to the fact the event did not meet the threshold of \$5,000,000 as provided in the definition of “act of terrorism” pursuant to the federal Terrorism Risk Insurance Act of 2002 and any amendments thereto and would otherwise meet the requirements in the definition of “act of terrorism”.

Further, this exclusion also applies to any claim, suit, demand or **loss** that alleges “any injury or damage” that is afforded by Commercial Automobile Insurance or Professional Liability Insurance regardless of whether or not coverage is afforded in the **controlling underlying insurance**.

- C. Coverage provided by this endorsement for “any injury or damage” arising out of “certified act of terrorism”, other than “terrorism” excluded in B. above, is afforded only to the same extent that coverage is afforded in the **controlling underlying insurance** for “any injury or damage”. This insurance will not provide broader coverage than that provided by the **controlling underlying insurance**. If there is a reduction or exhaustion of the **underlying insurance** as a result of a sub-limit of liability applicable to “certified act of terrorism” which sub-limit of liability is less than the total Limits of Liability of the Underlying Insurance as stated in Schedule A – Schedule of Underlying Insurance, any difference between the total Limits of Liability of the Underlying Insurance as stated in Schedule A – Schedule of Underlying Insurance and Sub-Limit of Liability applicable to “certified act of terrorism” available in the **underlying insurance** shall be paid by the **insured** before coverage under this endorsement becomes applicable.

Further, coverage provided by this endorsement will not recognize reduction or exhaustion of the **underlying insurance** by any claim or suit or any payment of **loss**, cost or expense whether:

1. Excluded by this endorsement; or
2. As a result of the application of the aggregate limit(s) of the **underlying insurance**.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 9

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: UFP0055516-00

Named Insured: City of Austin

Endorsement Effective Date: July 15, 2013

TERRORISM COVERAGE DISCLOSURE NOTICE

TERRORISM COVERAGE PROVIDED UNDER THIS POLICY

The Terrorism Risk Insurance Act of 2002 and amendments thereto (collectively referred to as the "Act") established a program within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks. An act of terrorism is defined as any act certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

In accordance with the Act we are required to offer you coverage for losses resulting from an act of terrorism that is certified under the federal program as an act of terrorism. The policy's other provisions will still apply to such an act. **This offer does not include coverage for incidents of nuclear, biological, chemical, or radiological terrorism which will be excluded from your policy.** Your decision is needed on this question: do you choose to pay the premium for terrorism coverage stated in this offer of coverage, or do you reject the offer of coverage and not pay the premium? You may accept or reject this offer.

If your policy provides commercial property coverage, in certain states, statutes or regulations may require coverage for fire following an act of terrorism. In those states, if terrorism results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements that apply to those coverage forms, or to Legal Liability coverage forms or Leasehold Interest coverage forms.

Your premium will include the additional premium for terrorism as stated in the section of this Notice titled **DISCLOSURE OF PREMIUM.**

DISCLOSURE OF FEDERAL PARTICIPATION IN PAYMENT OF TERRORISM LOSSES

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. **The federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer deductible during Program Year 2008 and each Program Year thereafter through 2014.**

DISCLOSURE OF CAP ON ANNUAL LIABILITY

If the aggregate insured terrorism losses of all insurers exceed \$100,000,000,000 during any Program Year provided in the Act, the Secretary of the Treasury shall not make any payments for any portion of the amount of such losses that exceed \$100,000,000,000, and if we have met our insurer deductible, we shall not be liable for the payment of any portion of such losses that exceeds \$100,000,000,000.

DISCLOSURE OF PREMIUM

Your premium for terrorism coverage is: \$1,000.00

Premium charged is for the policy period up to your policy expiration.

(This charge/amount is applied to obtain the final premium.)

You may choose to reject the offer by signing the statement below and returning it to us. Your policy will be changed to exclude the described coverage. If you chose to accept this offer, this form does not have to be returned.

REJECTION STATEMENT

I hereby decline to purchase coverage for certified acts of terrorism. I understand that an exclusion of certain terrorism losses will be made part of this policy.

_____ Policyholder/Legal Representative/Applicant's Signature	City of Austin _____ Named Insured
_____ Print Name of Policyholder/Legal Representative /Applicant	Arch Insurance Company _____ Insurance Company
_____ Date:	_____ Policy Number: UFP0055516-00

