

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and
- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

EMC
Insurance Companies

EMC Employers Mutual Casualty Company

Home Office Des Moines, Iowa

NONASSESSABLE POLICY — MUTUAL PROVISIONS

The Insured shall not be liable for any assessment under this policy.

By acceptance of this policy the Named Insured becomes a member of the Company and shall be entitled to vote at all meetings of the Company, and shall upon termination of this policy, participate in the distribution of dividends as fixed and determined by the directors in accordance with law. The annual meeting of the members is held at the Home Office of the Company in Des Moines, Iowa, at 9:30 a.m. Central Time, on the second Wednesday in March of each year.

IN WITNESS WHEREOF, this Company has executed and attested these presents.

John J. Lind Secretary

Bruce E. Kelley President

EMC EMCASCO Insurance Company

Home Office Des Moines, Iowa

IN WITNESS WHEREOF, this Company has executed and attested these presents.

Richard W. Hoffmann Secretary

Bruce E. Kelley President

EMC Union Insurance Company of Providence

Home Office Des Moines, Iowa

IN WITNESS WHEREOF, this Company has executed and attested these presents.

Richard W. Hoffmann Secretary

William H. L. C. President

EMC Illinois EMCASCO Insurance Company

Home Office Des Moines, Iowa

IN WITNESS WHEREOF, this Company has executed and attested these presents.

Richard W. Hoffmann Secretary

James A. K. H. President

EMC Dakota Fire Insurance Company

Home Office Bismarck, North Dakota

IN WITNESS WHEREOF, this Company has executed and attested these presents.

John J. Lind Secretary

Marilyn Barnes President

EMC Hamilton Mutual Insurance Company

Home Office Des Moines, Iowa

NONASSESSABLE POLICY — MUTUAL PROVISIONS

The Insured shall not be liable for any assessment under this policy.

By acceptance of this policy the Named Insured becomes a member of the Company and shall be entitled to vote at all meetings of the Company, and shall upon termination of this policy participate in the distribution of dividends as fixed and determined by the directors in accordance with law. The annual meetings are held at the Ohio branch office of the Company (currently located in Blue Ash, Ohio) on the third Monday of February in each year, at 1:00 p.m. Eastern Time. If the third Monday falls on a legal holiday in the state of Ohio, the meeting will be held on the next business day.

IN WITNESS WHEREOF, this Company has executed and attested these presents.

John J. Lind Secretary

Kathleen Kochhar President

EMC Property & Casualty Company
Home Office Des Moines, Iowa

IN WITNESS WHEREOF, this Company has executed and attested these presents.

Richard W. Hoffmann Secretary

Bruce B. Kelley President

EMC Employers Mutual Casualty Company
Home Office Des Moines, Iowa
(Applicable in the State of Texas)

MUTUALS -- MEMBERSHIP AND VOTING NOTICE

The Insured is notified that by virtue of this policy, the Insured is a member of the Employers Mutual Casualty Company of Des Moines, Iowa, and is entitled to vote either in person or by proxy at any and all meetings of said Company. The Annual Meetings are held in its Home Office, Des Moines, Iowa, on the second Wednesday of March, in each year, at 9:30 a.m. Central Time.

MUTUALS -- PARTICIPATION CLAUSE WITHOUT CONTINGENT LIABILITY

No Contingent Liability: This policy is non-assessable. The policyholder is a member of the Company and shall participate, to the extent and upon the conditions fixed and determined by the Board of Directors in accordance with the provisions of law, in the distribution of dividends so fixed and determined.

IN WITNESS WHEREOF, this Company has executed and attested these presents.

Paul L. Lind Secretary

Bruce B. Kelley President

EXCESS WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY INFORMATION PAGE

PRIOR 3H4-10-93--13
POL. NO.

Policy Period From: 07/01/2013 To: 07/01/2014
(12:01 AM Standard Time at Your Mailing Address Shown Below)

POLICY
NUMBER 3H4-10-93--14

Named Insured POLK COUNTY
Mailing Address 111 COURT AVE, DES MOINES IA 50309-2218
The Named Insured is Individual Corporation Partnership Joint Venture Other COUNTY
Producer _____

EMC Insurance Companies[®]

- | | |
|---|---|
| <input checked="" type="checkbox"/> Employers Mutual Casualty Company <input type="checkbox"/> EMCASCO Insurance Company <input type="checkbox"/> Union Insurance Company of Providence | <input type="checkbox"/> Illinois EMCASCO Insurance Company <input type="checkbox"/> EMC Property & Casualty Company <input type="checkbox"/> Hamilton Mutual Insurance Company |
|---|---|
- (Coverage Provided by the Company Designated Above)

Item 3.

- A. This insurance applies to the Workers Compensation and Occupational Disease laws of the following state(s):
- B. This insurance does not apply to the Workers Compensation and Occupational Disease laws of the following state(s):
- C. This policy includes these endorsements and schedules:

Item 4. Your Retained Limit – Our Limit of Liability

- A. Coverage Part One – Excess Workers Compensation Insurance

| | |
|--|--------------|
| Your Retained Limits – Each Accident | \$ 500,000 |
| Your Retained Limits – Disease, Each Employee | \$ 500,000 |
| Our Limits of Liability – Each Accident | \$ UNLIMITED |
| Our Limits of Liability – Disease, Each Employee | \$ UNLIMITED |
- B. Coverage Part Two – Excess Employers Liability Insurance

| | |
|--|--------------|
| Your Retained Limits – Each Accident | \$ 500,000 |
| Your Retained Limits – Disease, Each Employee | \$ 500,000 |
| Our Limits of Liability – Each Accident | \$ 1,000,000 |
| Our Limits of Liability – Disease, Each Employee | \$ 1,000,000 |
- C. Coverage Part One and Party Two – Aggregate

| | |
|-------------------------------------|--------------|
| Our Limits of Liability – Aggregate | \$ 1,000,000 |
|-------------------------------------|--------------|

Item 5. Retained Limit Aggregate Coverage

- A. Your Retained Limits – Aggregate \$ UNLIMITED%
- B. Our Limits of Liability – Aggregate \$ UNLIMITED
- C. Your Minimum Retained Limit – Aggregate \$ UNLIMITED

Item 6. Estimated Premium See Excess Workers Compensation and Employers Liability Premium Development Schedule

Item 7. Premium Schedule See Excess Workers Compensation and Employers Liability Premium Development Schedule

Item 8. Claim Service Provider:

INSURED

Issue Date 07/16/2013 Countersigned by: _____ Date: _____

WORKERS COMPENSATION AND EMPLOYERS LIABILITY POLICY

**EXCESS WORKERS COMPENSATION AND
EMPLOYERS LIABILITY INSURANCE POLICY EXTENSION
OF INFORMATION PAGE ENDORSEMENT SCHEDULE**

| State | Number | Description | Effective Date |
|-------|----------|---|----------------|
| IOWA | WC9003 | PREMIUM DEVELOPMENT SCHEDULE | 03/96 |
| IOWA | WC9004 | ALLOCATED LOSS ADJUSTMENT EXPENSE AMENDATORY ENDORSEMENT | 03/96 |
| IOWA | WC9001 | INSURANCE POLICY | 03/96 |
| IOWA | IL7004.1 | INSURANCE POLICY JACKET | 12/12 |
| IOWA | WC9016 | CLASSIFICATION SCHEDULE | 01/99 |

**EXCESS WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY
CLASSIFICATION SCHEDULE**

This Schedule Forms a Part of Policy No.

3H4 10 93 - 14

I O W A

(001) 111 Court Avenue
Des Moines, IA 50309

No. Employees - Full time: 1,230
Part time: 325

| CLASSIFICATION | CODE NO. | ESTIMATED ANNUAL REMUNERATION | RATES PER \$100 REMUNERATION | ESTIMATED ANNUAL PREMIUM |
|--|----------|-------------------------------|------------------------------|--------------------------|
| STREET OR ROAD CONSTRUCTION: PAVING OR REPAVING & D | 5506 | 2,457,891 | 10.33 | |
| MUNICIPAL, TOWNSHIP, COUNTY OR STATE EMPLOYEES NOC | 9410 | 8,847,279 | 3.85 | |
| POLICE OFFICERS & D | 7720 | 29,329,588 | 4.03 | |
| PARK NOC ALL EMPLOYEES & D LAWN MAINTENANCE - COMMERCIAL OR DOMESTIC & D | 9102 | 2,374,203 | 5.48 | |
| CLERICAL OFFICE EMPLOYEES NOC | 8810 | 18,712,382 | 0.31 | |
| BUILDINGS - OPERATION BY OWNER | 9015 | 3,814,798 | 5.06 | |
| ATTORNEY ALL EMPLOYEES & C,M,D | 8820 | 7,687,394 | 0.40 | |
| PHYSICIAN & C - OPHTHALMOLOGIST OR OPTOMETRIST & CLERICAL | 8832 | 2,578,004 | 0.48 | |
| ELECTRICAL WIRING WITHIN BUILDINGS & D | 5190 | If Any | 4.16 | |
| CARPENTRY - INSTALLATION | 5437 | If Any | 9.08 | |
| PAINTING, NOC & SHOP | 5474 | If Any | 8.10 | |
| WAREHOUSE | 8006 | 343,304 | 3.85 | |
| AUTO SERVICE OR REPAIR CENTER & D | 8380 | 453,336 | 4.78 | |
| ENGINEER OR ARCHITECT CONSULTING | 8601 | If Any | 0.96 | |
| HOSPITAL VETERINARY & D | 8831 | 137,176 | 1.99 | |
| TREE PRUNING, TRIMMING, OR SPRAYING - ALL OPERATIONS & | 0106 | 50,674 | 14.32 | |

DRIVERS FOR EXISTING RIGHT-OF-WAY |
ELECTRIC POWER, TELEPHONE, BURGLAR
OR FIRE ALARM LINES

EMPLOYERS LIABILITY
PREMIUM FOR INCR LIMITS
PART TWO

9812

| | |
|---|---------|
| SUBJECT PREMIUM | |
| SCHEDULE MODIFICATION CREDIT 9887 | (15%) |
| STATE TOTAL ESTIMATED STANDARD PREMIUM | |
| EXCESS COVERAGE PREMIUM FACTOR | (.9034) |
| ESTIMATED POLICY PREMIUM | |
| FOREIGN TERRORISM - CODE 9740 (RATE .02) | |
| DOM TERR/E-Q/CAT IND ACC - CODE 9741 (RATE .01) | |
| EXPENSE CONSTANT | |
| TOTAL ESTIMATED POLICY PREMIUM | |

EXCESS WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

In return for the payment of the premium and subject to all terms of this policy, we agree with you as follows:

GENERAL SECTION

A. Insured. The Insured is named in Item 1. of the Information Page. If the Insured is a partnership or joint venture, each partner or member of the joint venture is insured only in the capacity as employer of employees of the partnership or joint venture.

B. Self Insurance. Your acceptance of this policy indicates that you are now and will remain until the end of the policy period a duly qualified self-insurer in each state name in Information Page Item 3.A. If you should terminate such qualification or if your qualification as self-insurer is cancelled or revoked while this policy is in force, this policy will terminate at the same time of such termination, cancellation or revocation.

If you are not a duly qualified self-insurer with respect to any loss covered by this policy, this policy will apply as if you were.

C. The Policy. This policy includes the Information Page and any attached schedules and endorsements. It is a contract of Insurance between you (the Insured named in Information Page Item 1.) and us (the Insurer named on the Information Page). The only agreements relating to this insurance are stated in this policy. The terms of this policy may not be changed or waived except by this endorsement issued by us to be part of this policy.

D. Workers Compensation Law includes Occupational Disease Law. It does not include the provisions of any law that provides non occupational disability benefits.

E. State means any state of the United States of America and the District of Columbia.

F. Loss means any benefits required to be paid by you under the Workers Compensation Law, or damages you are obligated to pay arising out of bodily injury by accident of bodily injury by disease covered by PART TWO of the policy. Loss also includes Allocated Loss Adjustment Expense.

G. Allocated Loss Adjustment Expense includes the following costs which can be directly allocated to a particular claim. These costs include, but are not limited to:

1. Fees of attorneys or other authorized representatives where permitted for legal services, whether by outside or staff representatives.
2. Court costs, Alternate Dispute Resolution charges and other specific items of expense such as:

- a. Medical examinations of a claimant to determine the extent of the carrier's liability, degree of permanency or length of disability;
 - b. Expert medical or other testimony;
 - c. Autopsy;
 - d. Witnesses and summonses;
 - e. Copies of documents such as birth and death certificates, medical treatment records;
 - f. Arbitration fees;
 - g. Surveillance;
 - h. Appeal bonds costs and appeal filing fees.
3. Medical cost containment expenses incurred with respect to a particular claim, whether by an outside vendor or performed internally by an employee for the purpose of controlling losses, to ensure that only reasonable and necessary costs of services are paid. These expenses include, but are not limited to:
- a. Bill auditing expenses for any medical or vocational services rendered, including hospital bills (inpatient or outpatient), nursing home bills, physician bills, chiropractic bills, medical equipment charges, pharmacy charges, physical therapy bills, medical or vocational rehabilitation vendor bills.
 - b. Hospital and other treatment utilization reviews, including pre-certification/pre-admission, concurrent or retrospective reviews.
 - c. Preferred provider network/organization expenses.
 - d. Medical fee review panel expenses.
4. Expenses for services which are not defined as losses and are directly related to and directly allocated to the handling of a particular claim, and which are required to be performed by statute or regulation.
5. Fees paid to independent claims professionals or attorneys (hired to perform the function of claim investigation normally performed by claim adjusters), for developing and investigating a claim so that a determination can be made of the cause, extent or responsibility for the injury or disease, including evaluation and settlement of covered claims.
6. The following shall not be considered Allocated Loss Adjustment Expense:

Salaries, overhead and traveling expenses of your employees, our employees, or employees of any claim service company, except for our employees while performing activities previously listed as being included as Allocated Loss Adjustment Expenses.

PART ONE – EXCESS WORKERS COMPENSATION INSURANCE

A. How This Part Applies. PART ONE applies to loss paid by you because of liability imposed upon you by the Workers Compensation Law of any state listed in Information Page Item 3.A. PART ONE also applies to loss paid by you because of liability imposed upon you by Workers Compensation Law of any other state which is not shown in Information Page Item 3.B. **LIABILITY MUST RESULT FROM BODILY INJURY BY ACCIDENT OR BODILY INJURY BY DISEASE SUSTAINED BY AN EMPLOYEE YOU NORMALLY EMPLOY IN A STATE NAMED IN INFORMATION PAGE ITEM 3.A.** Bodily injury includes resulting death.

Bodily injury by accident must occur while the policy is in force. A disease is not bodily injury by accident unless it results directly from bodily injury by accident.

Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period. Bodily injury by disease does not include disease that results directly from bodily injury by accident.

B. We Will Indemnify. You are responsible for all PART ONE loss payments. We will reimburse you for that amount of loss actually paid or required by law to be paid by you as a qualified self-insurer that is in excess of your retained limits stated in Information Page Item 4.A., but not more than the limits of liability stated in Information Page Item 4.A.

C. Exclusions. PART ONE does not cover, nor will your retained limits be satisfied by, the loss payments stated below. You are responsible:

1. For any loss payments in excess of any benefits or award regularly provided by the Workers Compensation Law including those required because:
 - a. Of your serious or willful misconduct;
 - b. You knowingly employ an employee in violation of law;
 - c. You fail to comply with a health or safety law or regulation;
 - d. Of your coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of any employee, or any personnel practices, policies, acts or omissions; or
 - e. Of fines or penalties imposed for violation of state or federal law.

2. For any loss payments arising out of operations:

- a. For which you purchase or are required to purchase a full coverage Workers Compensation and/or Employers Liability Policy; or
- b. For which you have formally rejected any Workers Compensation Law.

PART TWO – EXCESS EMPLOYERS LIABILITY INSURANCE

A. How This Part Applies. PART TWO applies to loss paid by you for damages imposed upon you by the laws of any state listed in Information Page Item 3.A. PART TWO also applies to loss paid by you for damages imposed upon you by the laws of any other state which is not listed in Information Page Item 3.B. **DAMAGES MUST RESULT FROM BODILY INJURY BY ACCIDENT OR BODILY INJURY BY DISEASE SUSTAINED BY AN EMPLOYEE YOU NORMALLY EMPLOY IN A STATE NAMED IN INFORMATION PAGE ITEM 3.A.** Bodily Injury includes resulting death.

Bodily injury must arise out of or in the course of the injured employee's employment by you.

Bodily injury by accident must occur while the policy is in force. A disease is not bodily injury by accident unless it results directly from bodily injury by accident.

Bodily Injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period. Bodily injury by disease does not include disease that results directly from bodily injury by accident.

If you are sued, the original suit and any related legal actions for damages for bodily injury by accident or by disease must be brought in the United States of America, its territories or possessions, or Canada.

B. We Will Indemnify. You are responsible for all PART TWO loss payments. We will reimburse you for that amount of loss actually paid by you in the settlement of claims or in the satisfaction of awards, verdicts or judgments that are in excess of your retained limits as stated in Information Page Item 4.B., but not more than the limits of liability stated in Information Page Item 4.B.

C. Damages Includes:

1. Damages for which you are liable to a third party by reason of a claim or suit against you by that third party to recover the damages claimed against such third party as a result of injury to your employee;
2. Damages for care and loss of service;
3. Damages for consequential bodily injury to a spouse, child, parent, brother or sister of the injured employee;

provided that these damages are the direct consequence of bodily injury that arises out of and in the course of the injured employee's employment by you; and

4. Damages because of bodily injury to your employee that arise out of and in the course of employment claimed against you in a capacity other than as an employer.

D. Exclusions. PART TWO does not cover, nor will your retained limits be satisfied by loss payments stated below. You are responsible for loss payments arising out of:

1. Liability assumed under a contract. This exclusion does not apply to a warranty that your work will be done in a workmanlike manner.
2. Bodily injury to an employee while employed in violation of law with your actual knowledge or the actual knowledge of any of your executive officers;
3. Punitive or exemplary damages because of bodily injury to an employee employed in violation of law;
4. Any obligation imposed by Workers Compensation, occupational disease, unemployment compensation, or disability benefits law or any similar law;
5. Bodily injury intentionally caused or aggravated by you;
6. Bodily injury occurring outside the United States of America, its territories or possessions, and Canada. This exclusion does not apply to a citizen or resident of the United States of America or Canada who is temporarily outside these countries;
7. Damages arising out of coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, or discrimination against or termination of any employee; or any personnel practices, policies, act or omissions;
8. Bodily injury by disease unless prior to thirty-six months after the end of the policy period written claims is made or suit is brought against you for damages because of such injury or death resulting there from; or
9. Fines or penalties imposed by state or federal law.

PART THREE – OTHER INSURANCE

If you have other insurance, reinsurance, indemnity or reimbursement coverage covering a loss also covered by this policy (other than insurance that is purchased to apply in excess of your retention and our limit of liability, or policies of co-insurance within the limits of this policy), this coverage shall be excess of and shall not contribute with such other coverage, whether or not such other insurance is collectible.

PART FOUR – YOUR RETAINED LIMIT – LIMITS OF LIABILITY

Our liability to pay for loss is limited. Our limits of liability are shown in Item 4. of the Information Page. They apply as explained below.

Regardless of the number of insureds covered by this policy, the number of people who sustain injury or the number of claims made or suits brought, our limit of liability shall be for loss in excess of your retention as stated in Items 4.A. and 4.B. of the Information Page and then only up to and not exceeding our limit of liability as stated in Items 4.A. and 4.B. of the Information Page.

The retained limit and our limit of liability apply as follows:

1. To each accident for injuries, including death resulting there from, other than disease.
2. To each employee for injuries arising out of disease, including death.

The retained limits and our limit of liability as stated in 1 and 2 above apply separately to PART ONE and PART TWO of this policy.

The maximum amount we will reimburse under both PART ONE and PART TWO above for all losses is as stated in Item 4.C. of the Information Page. If our Limits of Liability in Item 4.A. of the Information Page are shown as unlimited, any amounts paid under 4.A. of the Information Page will not deplete the limits shown in Item 4.C. of the Information Page.

PART FIVE – RETAINED LIMITS AGGREGATE COVERAGE

PART FIVE shall apply only if a limit has been shown in Item 5.A. and Item 5.B. of the Information Page.

We will reimburse you for loss that would be covered by this policy but for the application of the Retained Limits shown in PART FOUR, under the following additional conditions:

1. We will pay only for such losses that aggregate more than the sum shown in Item 5.A. of the Information Page.
2. We will not pay more than the sum shown in Item 5.B. of the Information Page. If our Limits of Liability in Item 4.A. of the Information Page are shown as unlimited, any amounts paid under Item 4.A. of the Information Page will not deplete the limits shown in Item 5.B. of the Information Page.
3. Payment under this PART FIVE is in addition to all Limits of Liability shown in Item 4. of the Information Page.

The retained limit aggregate may be expressed as a dollar amount or as a percentage of standard premium. If expressed as a dollar amount and if audited standard premium is not within 10% of estimated standard premium, the aggregate retained limit may be adjusted at audit in proportion to the change in standard premium, subject to the applicable minimum aggregated retained limit. If expressed as a percentage of standard premium, the final aggregate

retained limit will equal the percentage times audited standard premium, subject to the applicable minimum aggregate retained limit.

PART SIX – CLAIMS

A. Required Notice. You must give us written notice as soon as you learn of:

1. Any accident involving:
 - a. Quadriplegia;
 - b. Paraplegia;
 - c. A major extremity or multiple minor extremity amputation;
 - d. Second or third degree burns over 30 percent or more of the body;
 - e. Brain or brain stem injury, or unconsciousness exceeding 24 hours;
 - f. Partial or total blindness;
 - g. Death.
2. Any of the following events involving loss which exceeds (or might in the future exceed) 50% of your retention:
 - a. Claim;
 - b. Award;
 - c. Verdict;
 - d. Action;
 - e. Suit;
 - f. Proceeding; or
 - g. Judgment.
3. Any accident which causes injury to two or more employees.

B. Notice should include all notices of injury you receive, as well as the demand, and legal papers related to the injury, claim proceeding or suit.

C. Cooperation. You must also:

1. Cooperate and assist us, as we may request, in the investigation, settlement or defense of any claim proceeding or suit.
2. Do nothing after an injury or death occurs that would interfere with our right to recover from others.

PART SEVEN – LOSS PAYABLE

A. Loss Payable. We will reimburse you the amount of loss in excess of your retention for which we may be liable under this policy. We will reimburse you at such time as:

1. Under PART ONE, you have become legally obligated to pay a loss and have paid that part of such loss which falls within your retention.
2. Under PART TWO, you have become legally obligated to pay a loss as a result of any settlement or judgment, and have paid that part of such loss which falls within your retention.

You may not agree to commute any award or decide to settle a claim on a lump sum basis without our written consent.

B. Out Claims Participation. At our own election, we have the right to join in the defense, trial or hearing of any claim or suit if we believe the claim or suit may create an obligation for us to reimburse you under the terms of this policy.

If we avail ourselves of this right, we will pay any expenses we incur.

PART EIGHT – PREMIUM

A. Premium. The premium stated in Item 6. of the Information Page is due and payable on the effective date of this policy or per premium payment schedule agreed to with you. The premium shown is an estimated premium and is subject to adjustment according to the terms of the Premium Development Schedule forming part of this policy. In no event will the premium for the policy be less than the minimum premium stated on the Premium Development Schedule.

If this policy is cancelled, or your status as a qualified self-insurer is terminated or revoked, the final policy premium will be determined in the following way:

1. If we cancel, the final policy premium will be calculated pro rata based on the length of time this policy was in force. The final policy premium will not be less than the pro rata share of the minimum policy premium.
2. If you cancel, the final policy premium will be more than pro rata; it will first be based on the length of time this policy was in force, then increased by our short rate cancellation table and procedure. The final policy premium will not be less than the minimum policy premium.

You will pay all premium when due. You will pay the premium even if part or all of a Workers Compensation Law is not valid.

B. Records. You will keep records of information needed to compute premium. You will provide us with copies of those records when we ask for them.

C. Audit. We have the right but no obligation to examine and audit all of your records that relate to this policy. These records include ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records, and programs for storing and retrieving data. We may conduct the audits during regular business hours during the policy period and within three years after the policy period ends. Information developed by audit will be used to determine the final policy premium.

PART NINE – CONDITIONS

A. Inspection. We have the right, but are not obligated to inspect your work places at any time. Our inspections are not safety inspections. They relate only to the insurability of the work places and the premiums to be charged. We may give you reports on the conditions we find. We may also recommend changes. While they may help to reduce losses, we do not undertake to perform the duty of any person to provide for the health or safety of your employees or the public. We do not

warrant that your work places are safe or healthful or that they comply with laws, regulations, codes or standards.

- B. Bankruptcy or Insolvency.** Your bankruptcy or insolvency will not will not relieve us of our duties and liabilities under this policy. After your retained limit has been reached, payments due under this policy will be made as if you had not become bankrupt or insolvent but not in excess of our limit of liability. Such payments will be made to the trustee in bankruptcy court or as a court of competent jurisdiction may ultimately direct.

This policy shall not apply as a replacement for your retained limit in the event of your inability, for any reason, to pay losses within your retained limits.

- C. Recovery From Others.** If you have rights to recover all or part of any indemnification we have made under this policy, those rights are transferred to us. You must do nothing after loss to impair them. At our request, you will bring suit or transfer those rights to us and help us enforce them. Regardless of who recovers, any amount recovered will be applied as follows:

1. First, to reimburse any interests (including your interest) that may have paid any amounts in excess of our liability under the policy;
2. Then, to reimburse us for all amounts paid under the policy; and
3. Finally, to reimburse all other interests (including your interest) out of any recovery which has not been distributed in accordance with the proceeding paragraphs.

When we have elected to participate in the exercise of your rights of recovery, reasonable expenses resulting there from will be apportioned among all interests in the ratio of their respective recoveries.

If there should be no recovery as a result of proceedings instituted solely at our request, we will bear all expenses of such proceedings.

- D. Cancellation.**

1. You may cancel this policy. You must mail or deliver advance notice to us stating when the cancellation is to take effect.
2. We may cancel this policy. We must mail or deliver to you not less than ten days advance written notice stating when the cancellation is to take effect. Mailing that notice to you at your mailing address shown in Item 1 of the Information Page will be sufficient to prove notice.
3. The policy period will end on the day and hour stated in the cancellation notice.
4. Any of these provisions that conflict with a law that controls the cancellation of the insurance in this policy is changed by this statement to comply with that law.

- E. Sole Representative.** The insured first name in Item 1. of the Information Page is authorized to act

on behalf of all insureds with respect to giving or receiving notice of cancellation, receiving refunds, and agreeing to any changes in this policy.

- F. Appeals.** If you or any other insurer elects to appeal a judgment or award, we will not pay any costs or interest incidental to the appeal. If you or any other insurer does not so elect, we may do so. When we elect to appeal a judgment or award we will pay the costs and interest incidental to the appeal. Regardless of who elects to appeal, any amounts recovered will be applied as follows:

1. First, to our costs and expenses in pursuing the appeal;
2. Second, to reimburse any interest (including your interest) that may have paid any amounts in excess of our liability under the policy;
3. Then, to reimburse us for all amounts paid under the policy; and
4. Finally, to reimburse all other interests (including your interest) out of any recovery which has not been distributed in accordance with the proceeding paragraphs.

- G. Action Against Us.** No person or organization has a right under this policy:

1. To join us as a party or otherwise bring us into a suit asking for damages from you; or
2. To sue us unless all of this policy's terms have been fully complied with.

In the event that a person or organization sues us to recover on an agreed settlement or on a final judgment entered against you after an actual trial, we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, you and the claimant or the claimant's legal representative.

- H. Assessments.** You agree to indemnify us, even after the policy term for that portion of any assessment attributable to the premium we collect for this policy or the losses we pay pursuant to this policy and arising out of:

1. Our participation in any assigned risk or involuntary market plan or facility or any pool providing reinsurance to such plan or facility;
2. Our participation in any guarantee fund or other facility protecting claimants against the uncollectibility of insurance proceeds; or
3. Your status as a self-insured employer.

You also agree to indemnify us for all reasonable costs and expenses, including reasonable attorney's fees, in connection with our collection of such indemnification.

- I. Responsibility of Your Retained Limit.** This insurance will not take the place of your obligation to pay any amount within the self-insured retention or any applicable coinsurance, whether or not such obligation becomes invalid, suspended,

unenforceable or uncollectible for any reason, including bankruptcy or insolvency.

The entire risk of such invalidity, suspension, unenforceability or uncollectibility is retained by all insureds and their obligees, not by us.

- J. Administration of Claim Service.** We shall have the right to approve any claim service company engaged by you. The claim service company shall be named in Item 8 of the Information Page or in an endorsement to this policy.

You shall notify us in writing of your intention to engage any other service company at least thirty days prior to such change. If we object to such change, we shall notify you in writing of such disapproval within ten days of receipt of your notification of change.

- K. Assignment.** Your rights or duties under this policy may not be transferred without our written consent.

- L. Representation.** By accepting this policy, you agree:

1. The statements in the Declarations are accurate and complete;
2. Those statements are based upon representations you made to us; and
3. We have issued this policy in reliance upon your representations.

**EXCESS WORKERS COMPENSATION AND
EMPLOYERS LIABILITY INSURANCE POLICY
PREMIUM DEVELOPMENT SCHEDULE**

The premium for this policy is determined by applying the Excess Coverage Premium Factor to the Standard Premium.

The Standard Premium will be determined using approved manual rates, premium basis, and applicable experience and schedule modification factors. Estimated Standard Premium will be developed using estimated premium basis. As soon as practical after coverage terminates under this policy, the Final Policy Premium (subject to the Minimum Policy Premium) will be determined using audited premium basis.

| | | |
|--------------------------------|------|-------|
| Estimated Standard Premium | \$ | _____ |
| Excess Coverage Premium Factor | X | _____ |
| Estimated Policy Premium | = \$ | _____ |
| Minimum Policy Premium | \$ | _____ |

The Estimated Policy Premium will be paid as it becomes due.

**EXCESS WORKERS COMPENSATION AND EMPLOYERS LIABILITY
INSURANCE POLICY ALLOCATED LOSS ADJUSTMENT EXPENSE
AMENDATORY ENDORSEMENT**

This endorsement changes the definition of loss to exclude Allocated Loss Adjustment Expense.

The first paragraph of GENERAL SECTION F. is deleted and replaced with the following paragraph:

Loss means any benefits required to be paid by you under the Workers Compensation Law, or damages you are obligated to pay arising out of bodily injury by accident or bodily injury by disease covered by PART TWO of the policy. Loss does not include Allocated Loss Adjustment Expense.

The following paragraphs are added to PART SEVEN – LOSS PAYABLE B. **Our Claims Participation:**

We will reimburse you for a proportionate share of claim expense which you have paid associated with the defense of any proceeding or suit against you

seeking loss payments which are insured by this policy, including all costs taxed against you and all interest occurring after entry of judgment until there has been tendered, paid or deposited such part of the judgment as does not exceed our limit of liability. This reimbursement will not include the cost of appeals initiated by you.

Our proportionate share shall be that portion of the claim expenses which the loss payable by us bears to the total amount of the loss.

Amounts that we pay for claim expenses are payable in addition to our loss liability. Claim expenses do not include salaries of your employees, office expenses, or legal fees paid to anyone on your general retainer or paid under contract for claim services.