

RLI Insurance Company

Excess Policy

In consideration of the payment of the premium and subject to the Declarations, limitations, conditions, provisions and other terms of this Policy, RLI Insurance Company, herein called the "Insurer," and the Insureds agree as follows:

INSURING CLAUSE

1. The Insurer shall provide the **Insureds** with insurance during the **Policy Period** excess of the **Underlying Limit**. Coverage hereunder shall attach only after the insurers of the **Underlying Insurance** shall have paid in legal currency the full amount of the **Underlying Limit** for such **Policy Period**. Coverage hereunder shall then apply in conformance with the terms and conditions of the **Primary Policy** and, to the extent coverage is further limited or restricted thereby, the terms and conditions of any other **Underlying Insurance**, except as otherwise provided herein. In no event shall this Policy grant broader coverage than would be provided by any of the **Underlying Insurance**.

DEFINITIONS

2. When used in this Policy:
 - (a) "**Entity**" means the organization designated in Item 1. of the Declarations.
 - (b) "**Insureds**" means those persons or organizations insured under the **Primary Policy**.
 - (c) "**Primary Policy**" means the policy scheduled in Item 4.(A) of the Declarations or any policy of the same insurer replacing or renewing such policy.
 - (d) "**Policy Period**" means the period of time specified in Item 2. of the Declarations, subject to prior termination in accordance with Section 13. below. If any extended reporting period is exercised, such extension shall be treated as set forth in the **Primary Policy**.
 - (e) "**Sublimit**" means any **Underlying Insurance** limit of liability which:
 - (i) applies only to a portion of the coverage granted under such **Underlying Insurance**, and
 - (ii) reduces and is part of the otherwise applicable limits of liability of such **Underlying Insurance** as set forth in Item 4. of the Declarations.
 - (f) "**Underlying Insurance**" means all policies scheduled in Item 4. of the Declarations and any policies of the same insurers replacing or renewing them.
 - (g) "**Underlying Limit**" means the amount equal to the aggregate of all limits of liability as set forth in Item 4. of the Declarations for all **Underlying Insurance** plus the applicable uninsured retention, if any, under the **Primary Policy**.

MAINTENANCE OF UNDERLYING INSURANCE

3. All **Underlying Insurance** shall be maintained in full effect during the **Policy Period** and each such policy shall afford the same coverage as such policy afforded at inception of this **Policy Period**, except for any depletion or exhaustion of the **Underlying Limit** solely by reason of payment of losses thereunder. If the **Underlying Insurance** is not so maintained, the Insurer shall not be liable under this Policy to a greater extent than it would have been had such **Underlying Insurance** been so maintained.

DEPLETION OF UNDERLYING LIMIT

4. Only in the event of reduction or exhaustion of the **Underlying Limit** by reason of the insurers of the **Underlying Insurance**, or the **Insureds** in the event of financial impairment or insolvency of an insurer of the **Underlying Insurance**, paying in legal currency loss which, except for the amount thereof, would have been covered hereunder, this Policy shall:
 - (a) in the event of reduction of the **Underlying Limit**, attach excess of the reduced **Underlying Limit**, and
 - (b) in the event of exhaustion of the **Underlying Limit**, continue in force as primary insurance, subject to its terms and conditions and any retention applicable to the **Primary Policy**, which retention shall be applied to any subsequent loss in the same manner as specified in the **Primary Policy**.

The risk of uncollectability of any **Underlying Insurance**, whether because of financial impairment or insolvency of an underlying insurer or any other reason, is expressly retained by the **Insureds** and is not in any way insured or assumed by the Insurer.

UNDERLYING SUBLIMITS

5. If any **Underlying Limit** is subject to a **Sublimit**:
 - (a) coverage hereunder shall not drop down excess of such **Sublimit**, however
 - (b) the **Underlying Limit** shall be recognized hereunder as depleted to the extent of any payment of covered loss subject to such **Sublimit**.

LIMIT OF LIABILITY

6. The Insurer's maximum liability for all loss covered under this Policy shall be the amount set forth in Item 3. of the Declarations.

CLAIM PARTICIPATION

7. The Insurer may, at its sole discretion, elect to participate in the investigation, settlement or defense of any claim covered by this Policy even if the **Underlying Insurance** has not been exhausted.

PENDING OR PRIOR MATTERS

8. The Insurer shall not be liable under this Policy for any loss which is based upon, arises from or is in consequence of any demand, suit or other proceeding pending, or order, decree or judgment entered against any **Insured** on or prior to the Pending or Prior Date set forth in Item 7. of the Declarations, or the same or any substantially similar fact, circumstance or situation underlying or alleged therein.

SUBROGATION - RECOVERIES

9. In the event of any payment under this Policy, the Insurer shall be subrogated to the extent of such payment to all the **Insureds'** rights of recovery and the **Insureds** shall execute all papers required and shall do everything necessary to secure and preserve such rights, including the execution of such documents necessary to enable the Insurer effectively to bring suit in the name of the **Insured**.

Any amounts recovered after payment hereunder, through subrogation or otherwise, shall be apportioned in the inverse order of payment of loss hereunder. The expenses of all recovery proceedings shall be apportioned among the recipients of the recovery in the ratio of their respective recoveries.

NOTICE

10. The **Insureds** shall, as a condition precedent to exercising their rights under this Policy, give to the Insurer written notice of any of the following events as soon as practicable, but in no event later than thirty (30) days after such event:

- (a) the alteration or cancellation of any **Underlying Insurance**;
- (b) any notice by the **Insureds** under any **Underlying Insurance**;
- (c) any additional or return premiums charged or paid in connection with any **Underlying Insurance**; and
- (d) the exhaustion of the limit of liability under any **Underlying Insurance**.

All notices to the Insurer under this Policy shall be given, in writing, to the address shown in Item 8. of the Declarations. Such notice shall be effective on the date of receipt by the Insurer at such address.

INSURER AUTHORIZATION CLAUSE

11. By acceptance of this Policy, the **Entity** agrees to act on behalf of all the **Insureds** with respect to the giving and receiving of notice of claim or termination, the payment of premiums and the receiving of any return premiums that may become due under this Policy, the negotiation, agreement to and acceptance of endorsements, and the giving or receiving of any notice provided for under this Policy (except the giving of notice to apply for any extended reporting period), and the **Insureds** agree that the **Entity** shall act on their behalf.

ALTERATION

12. No change in, modification of, or assignment of interest under this Policy shall be effective except when made by written endorsement to this Policy which is signed by an authorized employee of the Insurer.

TERMINATION

13. This Policy shall terminate at the earliest of the following times:
- (a) sixty (60) days after the receipt by the **Entity** of a written notice of termination from the Insurer;
 - (b) upon the receipt by the Insurer of written notice of termination from the **Entity**;
 - (c) upon expiration of the **Policy Period**; or
 - (d) at such other time as may be agreed upon by the Insurer and the **Entity**.

Notice to the **Insureds** of cancellation or nonrenewal of any **Underlying Insurance** duly given by any underlying insurer shall serve as notice to the **Insureds** of cancellation or nonrenewal of this Policy by the Insurer.

The Insurer shall refund the unearned premium computed at customary short rates if the Policy is terminated by the **Entity**. Under any other circumstances the refund shall be computed pro rata.

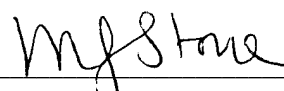
TERMINATION OF PRIOR POLICIES

14. Any policies specified in Item 6. of the Declarations shall terminate, if not already terminated, as of the inception date of this Policy.

In witness whereof, the Insurer issuing this Policy has caused this Policy to be signed by its authorized officers, but it shall not be valid unless also signed by a duly authorized representative of the Company.



Vice President & Corporate Secretary



President & COO