



CONTINENTAL INDEMNITY COMPANY
NAIC No. 28258
10825 Old Mill Road, Omaha, NE 68154
877-234-4420

FACULTATIVE REINSURANCE – PUBLIC ENTITIES DECLARATIONS

Certificate No.: JCI23NPX-01050-03

1. Company and Address: Authority for California Cities Excess Liability (ACCEL)
c/o Alliant Insurance Services
560 Mission Street, 6th Floor
San Francisco, CA 94105
2. Insured's Name and Address: Authority for California Cities Excess Liability (ACCEL)
c/o Alliant Insurance Services
560 Mission Street, 6th Floor
San Francisco, CA 94105
3. Term of Policy Reinsured: Effective: July 1, 2023
Expiration: July 1, 2024
4. Term of Reinsurance: Effective: July 1, 2023
Expiration: July 1, 2024
5. Type of Insurance: Facultative Reinsurance of the Authority for California Cities Excess Liability (ACCEL) Group 0723 Memorandum of Coverage following ANML Primary policy
6. Limits of Policy Reinsured: Please see Limits and Retention Endorsement
7. Reinsurer's Limit of Liability: Please see Limits and Retention Endorsement
8. Company Retention: Please see Limits and Retention Endorsement
9. Basis of Acceptance: Excess of Loss
10. Reinsurance Premium: \$706,761 (flat, except for the addition of new members)
11. Intermediary and Address: Brian Frost
AmWINS Insurance Brokerage of California, LLC
21550 Oxnard Street, Suite 1100
Woodland Hills, CA 91367
12. Additional Terms and Conditions: Per the Attached Facultative Certificate and Scheduled Addendums

THESE DECLARATIONS ARE SUBJECT TO THE ATTACHED FACULTATIVE CERTIFICATE AND THE ADDENDUMS AS OUTLINED IN THE ATTACHED SCHEDULE OF ADDENDUMS. IF ANY PROVISION WITHIN THESE DECLARATIONS IS INCONSISTENT WITH THE TERMS AND CONDITIONS OF THE FACULTATIVE CERTIFICATE OR THE ADDENDUMS, THE CERTIFICATE AND THE ADDENDUMS SHALL GOVERN AND PREVAIL.

Authorized Representative:

Date: 02/15/2024



CONTINENTAL INDEMNITY COMPANY

NAIC No. 28258
10825 Old Mill Road, Omaha, NE 68154
877-234-4420

(Hereinafter referred to as the “Reinsurer”)

CERTIFICATE OF FACULTATIVE REINSURANCE – PUBLIC ENTITIES

GENERAL CONDITIONS

Subject to the Terms of this Certificate, the liability of the Reinsurer named in this Certificate shall follow that of the Company under the Policy Reinsured.

1. DEFINITIONS - As used in this Certificate, the following terms shall have the following meanings:

- a. Company - The Reinsured or Reinsureds ceding reinsurance under this Certificate.
- b. Contributing Excess or Other Proportional - The liability of the Reinsurer is proportional to the liability of the Company under the Policy Reinsured in the percentage stated in the Reinsurance Limit(s) Section of the Declarations. The Policy Reinsured may apply in excess of other insurance, reinsurance, or self-insured retention or include a deductible.
- c. Declarations – Shall mean an applicable slip, cover note, or binder (including the Terms therein) when used in lieu of a declarations page.
- d. Declaratory Judgment Expense – Amounts paid by the Company in connection with the analysis, prosecution, defense, or resolution of an action or proceeding, whether for declaratory judgment, breach of contract, or otherwise, to determine the obligations as between the Company and the Insured under the Policy Reinsured. Declaratory Judgment Expense shall include legal fees and court costs but exclude office expenses and payments to any salaried employee of the Company.
- e. Excess of Loss - The liability of the Reinsurer for Loss and/or Expense attaches only after any applicable Retention has been satisfied.
- f. Expense - Amounts paid by the Company as settlement or in satisfaction of claims for expense under the Policy Reinsured or otherwise in connection with the investigation, adjustment, or disposition of claims (whether for loss or expense) under the Policy Reinsured. Expense shall include legal fees, court costs, pre- and post- judgment interest, and charges and expenses of affiliated claims or technical services but exclude office expenses and payments to any salaried employee of the Company, and Declaratory Judgment Expense.
- g. Include; including – include but not be limited to; including but not limited to.
- h. Insured - The entity or entities (re)insured under the Policy Reinsured.
- i. Loss - Amounts paid by the Company as settlement or in satisfaction of claims for loss under the Policy Reinsured.
- j. Policy Reinsured - The (re)insurance contract(s) reinsured by this Certificate.
- k. Reinsurer - The entity or entities assuming reinsurance under this Certificate.
- l. Retention – The amount stated in the Company’s Retention Section of the Declarations (if no amount is stated therein, the Retention shall be zero), which may be retained and/or protected by reinsurance as provided in General Condition #2.
- m. Terms – Terms and/or conditions, including limits, premium, and any exclusions.

2. RETENTION and LIMIT - The Company warrants to retain for its own account the amount of liability stated in the Company's Retention Section of the Declarations, unless otherwise declared to the Reinsurer. The Retention, if any, may consist of: (i) amounts retained by the Company or any company under common management, ownership, or control with the Company; (ii) amounts protected by any treaty reinsurance; and/or (iii) amounts protected by any facultative reinsurance that the Company declares to the Reinsurer as comprising part of the applicable Retention. The Company shall notify the Reinsurer promptly of any reinsurance comprising part of such Retention. If it fails to do so, the liability of the Reinsurer shall be reduced in the ratio that such undeclared reinsurance bears to such Retention. The Liability of the Reinsurer shall be limited to the amount stated in the Reinsurer's Limit of Liability Section of the Declarations.

3. THIRD-PARTY RIGHTS - Except as provided in General Condition #7, in no event shall any person or entity other than the Company and the Reinsurer have any rights under this Certificate, and said Certificate shall not be assignable by either party.

4. POLICY REINSURED, ENDORSEMENTS, & RECORDS - Upon request, the Company shall furnish the Reinsurer with a copy of the Policy Reinsured and all endorsements thereto that affect this reinsurance and make available for inspection at reasonable times any of its records relating to this Certificate or claims in connection therewith.

The Company shall notify the Reinsurer promptly of any change in the Policy Reinsured affecting this Certificate. Any change in the Terms of the Policy Reinsured subsequent to the effective date of this Certificate shall not increase or extend the Reinsurer's liability hereunder unless such change is made part of this Certificate by written amendment executed by the Reinsurer.

5. CLAIMS & SETTLEMENTS - The Company shall promptly notify the Reinsurer in writing of any occurrence, accident, circumstance, or event, and any developments subsequent thereto, which in the opinion of the Company, without regard to liability, could reasonably involve this Certificate of Reinsurance. The Company shall also promptly notify the Reinsurer in writing of any occurrence, accident, circumstance or event for which the Company has established an initial loss reserve. The Company shall also give the Reinsurer written notice as soon as practicable of any occurrence, accident, circumstance or event for which the Company has established a loss reserve that equals or exceeds fifty percent (50%) of the applicable Retention.

In addition to the foregoing, the following categories of claims shall be reported to the Reinsurer immediately, regardless of the liability of the Member or coverage under the Coverage Document:

1. Fatalities;
2. Spinal cord injuries with paralysis;
3. Serious burns;
4. Brain injuries;
5. Amputations;
6. Class action suits;
7. Serious sensory impairments;
8. Serious disfigurement or scarring;
9. Major organ injuries;
10. Sexual Abuse
11. Extra Contractual Obligation or Excess Judgment Claims, if covered hereunder.

The Company has the obligation and the duty to investigate, defend, and resolve claims or proceedings affecting this reinsurance. While the Reinsurer does not undertake to investigate or defend claims or proceedings, it shall nevertheless have the right and be given the opportunity, at its request and with the cooperation of the Company, to appoint representatives at its own expense and to become associated with the Company and the Company's representatives in the investigation or defense of any claims or proceedings involving this Certificate of Reinsurance.

All settlements, compromises, and adjustments of claims under the Policy Reinsured made by the Company, provided they are within the terms and conditions of the Policy Reinsured and this Certificate,

including those involving coverage issues and/or the resolution of whether such claims are required by law, regulation, or regulatory authority to be covered (or not to be excluded) thereunder, shall be binding on the Reinsurer. Upon receipt of a proof of loss, the Reinsurer shall immediately pay its share of Loss and/or Expense paid by the Company.

The Company's Retention stated in the Declarations shall be satisfied by Loss and/or Expense and the Reinsurance Limit(s) stated in the Declarations shall be exhausted by Loss and/or Expense.

Declaratory Judgment Expense shall also be payable by the Reinsurer in the ratio that the Reinsurer's Liability for Loss under the Certificate bears to the Company's gross Liability for Loss under the Policy Reinsured. As used in this paragraph, "Liability for Loss" shall be determined based on the amount of the Insured's claim attributable to the Policy Reinsured, without regard to the actual Loss paid by the Company (if any). Declaratory Judgment Expense shall be payable in addition to the Reinsurance Limit(s). However, such additional liability for Declaratory Judgment Expense shall not exceed 100% of the Reinsurance Limit(s), subject to a maximum hereunder of US \$1,000,000 proportional amongst reinsurers.

Notice of any occurrence, wrongful act, or accident likely to involve this reinsurance certificate, is to be sent with all pertinent facts to:

newclaim@auw.com

Alternatively claims may be mailed to:

Applied Specialty Underwriters, LLC.

Attn: Claims Department

P.O. Box 3216

Omaha, NE 68103-0216

6. SUBROGATION & SALVAGE - The Reinsurer will be paid or credited by the Company with its proportion of subrogation and/or salvage, namely, reimbursement obtained or recovery made by the Company, less the actual cost (excluding office expenses and payments to any salaried employee of the Company) of obtaining such reimbursement or making such recovery. If this reinsurance is on an Excess of Loss basis, subrogation and/or salvage shall be in the inverse order in which liability attaches.

7. INSOLVENCY - In the event of the insolvency of the Company, this reinsurance shall be payable directly to the Company, or to its liquidator, receiver, conservator, or statutory successor immediately upon demand on the basis of the liability of the Company without diminution because of the insolvency of the Company or because the liquidator, receiver, conservator, or statutory successor of the Company has failed to pay all or a portion of any claim. It is agreed, however, that the liquidator, receiver, conservator, or statutory successor of the Company shall give written notice to the Reinsurer of the pendency of a claim against the Company which would involve a possible liability on the part of the Reinsurer, indicating the policy or bond reinsured, within a reasonable time after such claim is filed in the conservation or liquidation proceeding or in the receivership. It is further agreed that during the pendency of such claim the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses that it may deem available to the Company or its liquidator, receiver, conservator, or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the Court, against the Company as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit which may accrue to the Company solely as a result of the defense undertaken by the Reinsurer.

Where two or more Reinsurers are involved in the same claim and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the Terms of this Certificate as though such expense had been incurred by the Company.

The reinsurance shall be payable by the Reinsurer to the Company or to its liquidator, receiver, conservator, or statutory successor, except: (a) where this Certificate specifically provides another payee of such reinsurance in the event of the insolvency of the Company; (b) where the Reinsurer with the consent of the direct insured or insureds has voluntarily assumed such original policy obligations of the Company as direct obligations of the Reinsurer to the payees under the Policy Reinsured and in substitution for the obligations of the Company to the payees; or (c) where provided otherwise under applicable law. Then, with the prior approval of the applicable regulatory authority, if required, the Company is entirely released from its obligation and the Reinsurer shall pay any loss directly to payees under the Policy Reinsured.

8. OFFSET – Unless prohibited by applicable law, the Reinsurer or the Company may offset any balance, whether on account of premiums, commissions, claims, Loss, Expense, recoveries or any other amount, due from one party to the other under this Certificate or any other reinsurance agreement entered into between them.

9. ARBITRATION - Any and all disputes or differences arising out of this Certificate, or concerning its formation or validity, shall be submitted to binding arbitration. Any arbitration shall be based upon the Procedures for the Resolution of U.S. Insurance and Reinsurance Disputes dated September 1999 (the "Procedures"), as supplemented by the paragraphs below. The Panel shall consist of three disinterested arbitrators, one to be appointed by the Petitioner, one to be appointed by the Respondent and the third to be appointed by the two party--appointed arbitrators. The third arbitrator shall serve as the umpire, who shall be neutral. The arbitrators and umpire shall be persons who are current or former officers or executives of an insurer or reinsurer. Within 30 days of the commencement of the arbitration proceeding, each party shall provide the other party with the identification of its party-appointed arbitrator, his or her address (including telephone, fax and e--mail information), and provide a copy of the arbitrator's curriculum vitae. If either party fails to appoint an arbitrator within that 30--day period, the non-defaulting party will appoint an arbitrator to act as the party appointed arbitrator for the defaulting party. The umpire shall be appointed by the two party--appointed arbitrators as soon as practical (but no later than 30 days) after the appointment of the second arbitrator. The party--appointed arbitrators may consult, in confidence, with the party who appointed them concerning the appointment of the umpire. Where the two party--appointed arbitrators have failed to reach agreement on an umpire within the time specified above, each party shall propose to the other in writing, within seven days thereafter, eight umpire candidates from the ARIAS•U.S. Certified Arbitrators List in effect at the time of the commencement of the arbitration. The umpire will then be selected in accordance with paragraph 6.7(b)--(e) of the Procedures. Unless the parties agree otherwise, the ARIAS•U.S. Umpire Questionnaire Form in effect at the time of the commencement of the arbitration shall be used.

The arbitration shall take place in California. Unless prohibited by law, the Supreme Court of the State of California and the United States District Court of California shall have exclusive jurisdiction over any and all court proceedings that either party may initiate in connection with the arbitration, including proceedings to compel, stay, or enjoin arbitration or to confirm, vacate, modify, or correct an Arbitration Award.

Notwithstanding anything to the contrary in this Certificate, the arbitrators may at their discretion, consider underwriting and placement information provided by the Company to the Reinsurer, as well as any correspondence exchanged by the parties that is related to this Certificate.

For purposes of this General Condition, the terms "Arbitration Award," "Disinterested," "Panel," "Party" (or "Parties"), "Petitioner," and "Respondent," shall have the meanings set forth in article 2 of the Procedures (Definitions).

In the event of any conflict between the Procedures and this General Condition, this General Condition, and not the Procedures, will control.

This General Condition shall survive the expiration or termination of this Certificate.

10. CANCELLATION – This Reinsurance may be cancelled at any time on a pro rata basis by either the Company or the Reinsurer(s) giving written notice to the other party by mailing such notice to the Intermediary at the address appearing in the Declarations. The effective date of the cancellation shall be determined by the number of days allowed in the original policy plus 15 additional days not to exceed 90 days in all. Cancellation of the policy(ies) reinsured hereunder shall constitute an automatic cancellation of this Reinsurance as of the same date and on the same premium basis of that of the policy(ies) reinsured. However, if the policy(ies) is(are) cancelled and simultaneously rewritten, the Company, if it so desires, may resubmit the risk for acceptance by the Reinsurer(s) on the new basis and for the new term. The Company shall be entitled to return premiums payable on the cancelled Certificate less the amount of the ceding commission thereon, if any.

In the event of non-payment of premium, the Reinsurer(s) may cancel this Certificate by giving written notice to the intermediary at the address appearing in the Declarations not less than 15 days prior to the date when such cancellation is to be effective. Proof of mailing shall be deemed proof of notice.

11. INTERMEDIARY - (Applicable only as between the Company and broker market reinsurers) The entity named in the Intermediary Name and Address Section of the Declarations is hereby recognized as the intermediary negotiating this Certificate for all business hereunder. All communications (including notices, statements, premiums, return premiums, commissions, taxes, Loss, Expenses, salvage, and settlements) relating thereto shall be transmitted to the Company or the Reinsurer through the intermediary at the address listed in the Declarations. Payments by the

Company to the intermediary shall constitute payment to the Reinsurer to the extent of such payments. Payments by the Reinsurer to the intermediary shall only constitute payment to the Company to the extent that such payments are actually received by the Company.

12. NOTICES - Any written notice required under this Certificate shall be transmitted by the Company to the Reinsurer at the address listed per Addendum 5 – Notice of Claim or Suit Endorsement attached.

13. GOVERNING LAW - This Certificate shall be governed by and construed in accordance with the laws of the State of California, without regard to its conflicts of law principles.

14. CONFIDENTIALITY - All Terms of this Certificate, all materials provided by the Company to the Reinsurer in connection with this Certificate, and, unless otherwise in the possession of the Reinsurer on a non-confidential basis, all information contained in such materials (collectively, “Confidential Information”) shall be kept confidential by the Reinsurer, unless the disclosure is required pursuant to process of law, or the disclosure is to the Reinsurer’s affiliates, retrocessionaires, legal counsel, financial auditors, or governing regulatory authorities. If the Reinsurer is required to disclose any Confidential Information pursuant to process of law, it shall give prompt written notice to the Company so that the Company may seek a protective order or otherwise object to the disclosure. Disclosure or use of Confidential Information for any purpose beyond the scope of this Certificate is expressly forbidden without the prior written consent of the Company. This General Condition shall survive the expiration or termination of this Certificate.

15. TAXES – The Company (or the intermediary where applicable) shall pay all taxes on premium ceded to the Reinsurer under this Certificate, including any Federal Excise Tax but excluding income or other taxes imposed directly on the Reinsurer.

Notwithstanding the above, where the Federal Excise Tax is applicable, the Reinsurer agrees to the deduction of the applicable percentage of such premium to fund payment of the tax. In the event of any return of premium becoming due hereunder, the Reinsurer shall deduct the applicable percentage from the amount of the return, and the Company (or the intermediary where applicable) is responsible for recovering the tax from the United States Government.

16. SEVERABILITY - If any provision of this Certificate shall be rendered illegal or unenforceable by the laws, regulations, or public policy of any jurisdiction, such provision shall be considered void in such jurisdiction, but this shall not affect the validity or enforceability of any other provision of this Certificate or the validity or enforceability of such provision in any other jurisdiction.

17. ENTIRE AGREEMENT, INTERPRETATION - With respect to the Policy Reinsured, (i) this Certificate constitutes the entire agreement between the parties, and (ii) there are no understandings or agreements between the parties other than those expressed in this Certificate. Any change to or modification of this Certificate will be made by written amendment to this Certificate and signed by the parties hereto.

This Certificate is entered into between sophisticated parties, each of which has reviewed the Certificate and is fully knowledgeable about its Terms. The parties therefore agree that this Certificate shall be construed without regard to the authorship of the language and without any presumption or rule of construction in favor of either of them.

THIS ADDENDUM CHANGES THE FACULTATIVE CERTIFICATE. PLEASE READ IT CAREFULLY.

SCHEDULE OF FORMS AND ADDENDUMS

Addendum No.	Addendum Name
APE 01 01 05 21	Facultative Declarations
APE 02 01 05 21	Facultative Certificate
APE 03 01 05 21	Schedule of Forms and Addendums
APE 03 02 05 21	Schedule of Participating Members
APE 03 03 05 21	Limits and Retention Endorsement
APE 03 06 05 21	Amendment of Definition-Expense
APE 03 08 05 21	Economic or Trade Sanctions Condition
APE 07 02 05 21	War Exclusion
APE 07 03 05 21	Insolvency Fund Exclusion
APE 07 04 05 21	Nuclear Liability Exclusion
APE 07 05 05 21	Organic Pathogens Exclusion
APE 07 06 05 21	Cyber Liability Exclusion
APE 07 12 05 21	Participation in Pool Not Controlled by Entity Endorsement
APE 07 14 05 21	Exclusion of Certified Acts of Terrorism and Other Acts of Terrorism
APE 07 27 05 21	Dams Exclusion

**ALL OTHER TERMS, DEFINITIONS, CONDITIONS AND EXCLUSIONS
OF THIS CERTIFICATE REMAIN UNCHANGED.**

THIS ADDENDUM CHANGES THE FACULTATIVE CERTIFICATE. PLEASE READ IT CAREFULLY.

SCHEDULE OF PARTICIPATING MEMBERS

The Declarations of the Certificate of Facultative Reinsurance, Insured, is hereby amended to include the following:

Participating Member (i.e. Insured)	MOC: Authority for California Cities Excess Liability (ACCEL) Group 0723 Memorandum of Coverage following ANML Primary policy number 1827326-08
<ul style="list-style-type: none"> • City of Anaheim • City of Bakersfield • City of Burbank • City of Modesto • City of Monterey • City of Mountain View • City of Ontario • City of Palo Alto • City of Salinas • City of Santa Barbara • City of Santa Cruz • City of Santa Monica • City of Visalia 	

**ALL OTHER TERMS, DEFINITIONS, CONDITIONS AND EXCLUSIONS
OF THIS CERTIFICATE REMAIN UNCHANGED.**

THIS ADDENDUM CHANGES THE FACULTATIVE CERTIFICATE. PLEASE READ IT CAREFULLY.

LIMITS AND RETENTION

In consideration of the premium charged, it is agreed that items 6, 7, and 8 of the Declarations of the Certificate of Facultative Reinsurance, are hereby amended by the following:

ITEM 6. LIMITS OF POLICY REINSURED:

\$12,000,000 Any one Occurrence, Wrongful act or offense for Bodily Injury, Property Damage, Public Officials Errors and Omissions, Employment Practices Liability, or Personal Injury or any combination thereof in excess of underlying insurance and the Retained limit.

\$12,000,000 Completed Operations Hazard Annual Aggregate

\$48,000,000 Pool All Member Annual Aggregate Limit

ITEM 7. REINSURER'S LIMIT OF LIABILITY:

\$2,500,000 Any one Occurrence, Wrongful act or offense for Bodily Injury, Property Damage, Public Officials Errors and Omissions, Employment Practices Liability, or Personal Injury or any combination thereof in excess of underlying insurance and the Retained limit.

\$2,500,000 Completed Operations Hazard Annual Aggregate

\$10,000,000 Pool All Member Annual Aggregate Limit

Excess of \$5,000,000 (w/ \$20,000,000 Annual Policy Aggregate) – Everest Reinsurance Co which is in turn excess of Item 8 limits below

Will drop down based on erosion of underlying aggregates excess of \$15,000,000

ITEM 8. UNDERLYING INSURANCE EXCESS OF COMPANY RETENTION:

\$25,000,000 Any one Occurrence, Wrongful act or offense for Bodily Injury, Property Damage, Public Officials Errors and Omissions, Employment Practices Liability, or Personal Injury or any combination thereof in excess of underlying insurance and the Retained limit.

\$20,000,000 Completed Operations Hazard Annual Aggregate

\$48,000,000 Pool All Member Annual Aggregate Limit

ABOVE ITEM 8 LIMIT REFERENCE BASED ON THE FOLLOWING

\$10,000,000 (w/ \$40,000,000 Annual Policy Aggregate) – Gemini Insurance Company Policy#

CEX09600358-10

\$8,200,000 part of \$10,000,000 (w/ \$10,000,000 Completed Operations Hazard Aggregate and

\$40,000,000 Annual Policy Aggregate) – Great American E&S Insurance Co. (Controlling Underlying

Policy# 1827326-08)

\$1,800,000 part of \$10,000,000 (w/ \$10,000,000 Completed Operations Hazard Aggregate and \$40,000,000 Annual Policy Aggregate) – Starstone Specialty Insurance Company (Policy # APEICS1827326-08)

\$5,000,000 – Allied National Assurance Company (Policy # 0312-4087)

Excess of Company Retention

\$10,000,000 Any one Occurrence, Wrongful act or offense for Bodily Injury, Property Damage, Public Officials Errors and Omissions, Employment Practices Liability, or Personal Injury or any combination thereof in excess of underlying insurance and the Retained limit.

Limits and Retentions apply per Participating Member.

**ALL OTHER TERMS, DEFINITIONS, CONDITIONS AND EXCLUSIONS
OF THIS CERTIFICATE REMAIN UNCHANGED.**

THIS ADDENDUM CHANGES THE FACULTATIVE CERTIFICATE. PLEASE READ IT CAREFULLY.

AMENDMENT OF DEFINITION - EXPENSE

In consideration of the premium charged, **SECTION 1. DEFINITIONS, f. Expense** of the Certificate of Facultative Reinsurance is hereby deleted in its entirety and replaced by the following:

Expense - Reasonable fees charged by an attorney, expenses of a claims servicing organization the Insured has engaged, all other reasonable fees, costs and expenses attributable to the investigation, defense, administration or appeal of a claim within the scope of coverage afforded by the Policy Reinsured, all costs taxed against the Insured and any attorney's fees and costs paid to a claimant or claimant's counsel as part of a settlement between an Insured and the claimant that has been approved by the Company. However, office expenses and payments to any salaried employee of an Insured shall not be considered Expenses.

Expense shall not include any fees, costs, or expenses incurred in connection with administrative proceedings where a claimant does not seek damages.

**ALL OTHER TERMS, DEFINITIONS, CONDITIONS AND EXCLUSIONS OF THIS
CERTIFICATE REMAIN UNCHANGED.**

THIS ADDENDUM CHANGES THE FACULTATIVE CERTIFICATE. PLEASE READ IT CAREFULLY.

ECONOMIC OR TRADE SANCTIONS CONDITION

In consideration of the premium charged, the Certificate of Facultative Reinsurance is hereby amended to include the following condition:

Payment of loss under this reinsurance certificate shall only be made in full compliance with all United States of America economic or trade sanction laws or regulations, including, but not limited to, sanctions, laws and regulations administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").

**ALL OTHER TERMS, DEFINITIONS, CONDITIONS AND EXCLUSIONS OF THIS
CERTIFICATE REMAIN UNCHANGED.**

THIS ADDENDUM CHANGES THE FACULTATIVE CERTIFICATE. PLEASE READ IT CAREFULLY.

WAR EXCLUSION

In consideration of the premium charged, the Certificate of Facultative Reinsurance is hereby amended to include the following exclusion:

This reinsurance does not apply to:

Any loss, liability cost, damage, expense, fine or penalty of any insured resulting from, arising out of or related to, directly or indirectly or in whole or in part:

- (1) War, including undeclared or civil war; or
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**ALL OTHER TERMS, DEFINITIONS, CONDITIONS AND EXCLUSIONS OF THIS
CERTIFICATE REMAIN UNCHANGED.**

THIS ADDENDUM CHANGES THE FACULTATIVE CERTIFICATE. PLEASE READ IT CAREFULLY.

INSOLVENCY FUND EXCLUSION

In consideration of the premium charged, the Certificate of Facultative Reinsurance is hereby amended to include the following exclusion:

This Certificate excludes all liability of the Company arising by contract, operation of law, or otherwise, from its participation or membership, whether voluntary or involuntary, in any insolvency fund. "Insolvency Fund" includes any guaranty fund, insolvency fund, plan, pool, association, fund or other arrangement, howsoever denominated, established or governed, which provides for any assessment of or payments or assumption by the Company of part or all of any claim, debt, charge, fee or other obligation of an insurer, or its successors or assigns, which has been declared by any competent authority to be insolvent, or which is otherwise deemed unable to meet any claim, debt, charge, fee or other obligation in whole or in part.

Note: Whenever used herein, the terms: "Company" will be understood to mean "Reinsured", "Reassured" or whatever other term is used in the attached reinsurance document to designate the reinsured entity or entities.

"Certificate" will be understood to mean "Contract", "Policy" or whatever other term is used to designate the attached reinsurance document. "Reinsurers" will be understood to mean "Reinsurer", or whatever other term is used in the attached reinsurance document to designate the reinsurer or reinsurers

ALL OTHER TERMS, DEFINITIONS, CONDITIONS AND EXCLUSIONS OF THIS CERTIFICATE REMAIN UNCHANGED.

THIS ADDENDUM CHANGES THE FACULTATIVE CERTIFICATE. PLEASE READ IT CAREFULLY.

NUCLEAR LIABILITY EXCLUSION

In consideration of the premium charged, the Certificate of Facultative Reinsurance is hereby amended to include the following exclusion:

This reinsurance does not apply to:

1. any liability:

a. with respect to which any insured is also an insured under a nuclear energy liability policy issued by the Nuclear Energy Liability-Property Insurance Association, Mutual Atomic Energy Liability Underwriters or the 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,

b. resulting from the hazardous properties of nuclear material and with respect to which (1) any person or any organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any amendment or revision thereto, or any similar law; (2) the Reinsured is, or had this policy not been available 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 an agency thereof with any person or organization;

c. for bodily injury or property damage resulting from the hazardous properties of nuclear material if:

i) the nuclear material (1) is at any nuclear facility owned by any insured or operated by any insured or on the insured's behalf or (2) has been discharged or dispensed therefrom;

ii) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by the insured or on the insured's behalf; or

iii) the bodily injury or property damage arises out of the furnishing by the 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.

2. As used in this exclusion:

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

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

c. "source material," "special nuclear material" and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or any amendment or revision thereto;

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

e. "waste" means any waste material (1) containing by-product material and (2) resulting from the operation by any person or organization of a nuclear facility included within the definition of nuclear facility below;

f. "nuclear facility" means:

i) any nuclear reactor;

ii) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel or (3) handling, processing or packaging wastes;

iii) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the Reinsured's custody 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 260 grams of uranium 235; or

iv) any structure, basin, excavation, premises or place prepared or used for 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;

g. "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;

h. Property damage includes all forms of radioactive contamination of property.

ALL OTHER TERMS, DEFINITIONS, CONDITIONS AND EXCLUSIONS OF THIS CERTIFICATE REMAIN UNCHANGED.

THIS ADDENDUM CHANGES THE FACULTATIVE CERTIFICATE. PLEASE READ IT CAREFULLY.

ORGANIC PATHOGENS EXCLUSION

In consideration of the premium charged, the Certificate of Facultative Reinsurance is hereby amended to include the following exclusion:

This reinsurance does not apply to:

Any loss, liability cost, damage, expense, fine or penalty of any insured resulting from, arising out of or related to, directly or indirectly or in whole or in part:

- a. Any actual, alleged or threatened infectious, pathogenic, toxic or other harmful properties of any "organic pathogen."
- b. Claim, suit, request, demand, order or statutory or regulatory requirement for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of any "organic pathogen."

However, this exclusion does not apply to bodily injury liability caused by any "organic pathogen" in or on any food or beverages sold, distributed, served or handled by any insured;

"Organic pathogen" means any:

- a. Any infectious and/or contagious disease or condition including, but not limited to any pandemic, epidemic or other spread of pathogen, howsoever styled and whether or not declared or acknowledged as such by any government or competent authority
- b. viruses or other pathogens (whether or not a microorganism); or
- c. colony or group of any of the foregoing.

ALL OTHER TERMS, DEFINITIONS, CONDITIONS AND EXCLUSIONS OF THIS CERTIFICATE REMAIN UNCHANGED.

THIS ADDENDUM CHANGES THE FACULTATIVE CERTIFICATE. PLEASE READ IT CAREFULLY.

CYBER LIABILITY EXCLUSION

In consideration of the premium charged, the Certificate of Facultative Reinsurance is hereby amended to include the following exclusion:

This reinsurance does not apply to:

Any loss, liability cost, damage, expense, fine or penalty of any insured resulting from, arising out of or related to, directly or indirectly or in whole or in part:

The unauthorized access, theft, alteration, corruption or disclosure of confidential, intellectual, proprietary or personal information and data, including, but not limited to, patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of non-public information.

This exclusion also excludes any liability for any loss, cost, damage, expense, fine or penalty, loss of use of, corruption of, inability to access, reduction in functionality, directly or indirectly caused by or contributed to or resulting from the following non-exhaustive list of events regardless of any other cause or other event contributing concurrently or in any other sequence to the loss, liability cost, damage, expense, fine or penalty:

- a) damage to or loss of data occurring on computer systems, or
- b) an unauthorized access of computer systems, or
- c) computer malware on computer systems, or
- d) human error affecting computer systems, or
- e) system failure occurring on computer systems, or
- f) a defect of computer systems, or
- g) social engineering, or
- h) cyber extortion

This exclusion applies even if loss, damages or expenses are claimed for notification costs, credit monitoring and repair expenses, forensic expenses, public relation expenses or any other loss, damage or expense incurred arising out of any access to or disclosure of any person's or organization's confidential, intellectual, proprietary or personal information and data.

However, this exclusion shall not apply to third-party bodily injury or property damage that results from or arises out of or is related to, either directly or indirectly, in whole or in part, any of the above.

ALL OTHER TERMS, DEFINITIONS, CONDITIONS AND EXCLUSIONS OF THIS CERTIFICATE REMAIN UNCHANGED.

THIS ADDENDUM CHANGES THE FACULTATIVE CERTIFICATE. PLEASE READ IT CAREFULLY.

PARTICIPATION IN POOL NOT CONTROLLED BY ENTITY EXCLUSION

In consideration of the premium charged, the Certificate of Facultative Reinsurance is hereby amended to include the following exclusion:

This reinsurance does not apply to:

Any loss, liability cost, damage, expense, fine or penalty of any insured resulting from, arising out of or related to, directly or indirectly or in whole or in part:

Business ceded from any Pool (other than the Pool that is the subject of this Certificate), Association (including Joint Underwriting Associations), Syndicate, Exchange, Plan, Fund, or other facility directly as a member, subscriber or participant, or indirectly by way of reinsurance or assessments.

**ALL OTHER TERMS, DEFINITIONS, CONDITIONS AND EXCLUSIONS OF THIS CERTIFICATE REMAIN
UNCHANGED.**

THIS ADDENDUM CHANGES THE FACULTATIVE CERTIFICATE. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM AND OTHER ACTS OF TERRORISM

In consideration of the premium charged, the Certificate of Facultative Reinsurance is hereby amended to include the following exclusion:

This reinsurance does not apply to:

Any loss, liability cost, damage, expense, fine or penalty of any insured resulting from, arising out of or related to, directly or indirectly or in whole or in part:

A "certified act of terrorism" or an "other act of terrorism". However, with respect to an "other act of terrorism", this exclusion applies only when one or more of the following are attributed to such act:

1. The total of insured damage to all types of property exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the terrorism and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
2. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
 - a. Physical injury that involves a substantial risk of death; or
 - b. Protracted and obvious physical disfigurement; or
 - c. Protracted loss of or impairment of the function of a bodily member or organ; or
3. The terrorism involves the use, release or escape of nuclear materials, or directly or indirectly results in nuclear reaction or 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.

With respect to this exclusion, Paragraphs **1.** and **2.** describe the thresholds used to measure the magnitude of an incident of an "other act of terrorism" and the circumstances in which the threshold will apply for the purpose of determining whether this exclusion will apply to that incident.

B. The following definitions are added:

1. For the purposes of this addendum, "any injury or damage" means any injury or damage covered under any Policy Reinsured to which this addendum is applicable, and includes but is not limited to "bodily injury", "property damage", "personal and advertising injury", "injury" or "environmental damage" as may be defined in any applicable Policy Reinsured.

2. "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. The federal Terrorism Risk Insurance Act of 2002 sets forth the following criteria for a "certified act of terrorism":
 - a. The act resulted in aggregate losses in excess of \$5 million; and
 - b. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting on behalf of any foreign person or foreign interest, 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.
3. "Other act of terrorism" means a violent act or an act that is dangerous to human life, property or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion, and the act is not certified as a terrorist act pursuant to the federal Terrorism Risk Insurance Act of 2002. Multiple incidents of an "other act of terrorism" which occur within a seventy-two hour period and appear to be carried out in concert or to have a related purpose or common leadership shall be considered to be one incident.
- C. In the event of any incident of a "certified act of terrorism" or an "other act of terrorism" that is not subject to this exclusion, reinsurance does not apply to any loss or damage that is otherwise excluded under this Certificate.

ALL OTHER TERMS, DEFINITIONS, CONDITIONS AND EXCLUSIONS OF THIS CERTIFICATE REMAIN UNCHANGED.

THIS ADDENDUM CHANGES THE FACULTATIVE CERTIFICATE. PLEASE READ IT CAREFULLY.

DAMS EXCLUSION

In consideration of the premium charged, the Certificate of Facultative Reinsurance is hereby amended to include the following exclusion:

This reinsurance does not apply to:

Any loss, liability cost, damage, expense, fine or penalty of any insured resulting from, arising out of or related to, directly or indirectly or in whole or in part:

The ownership, operation, maintenance or use of a "dam", including, but not limited to, "dam" failure.

"Dam" means any barrier constructed to hold back water, including, but not limited to, those constructed for the purpose of managing water supply, managing water levels or generating electricity.

Exclusion does not apply for the following members dams where Dam extension coverage is provided:

- City of Santa Monica-Rivera Dam
- City of Santa Cruz-Newell Creek Dam
- City of Anaheim-Walnut Dam
- City of Mountain View-Graham Dam

**ALL OTHER TERMS, DEFINITIONS, CONDITIONS AND EXCLUSIONS
OF THIS CERTIFICATE REMAIN UNCHANGED.**