



Lloyd's Certificate

This Insurance is effected with certain Underwriters at Lloyd's, London (not incorporated)

This Certificate is issued in accordance with the limited authorization granted to the Correspondent by certain Underwriters at Lloyd's, London whose names and the proportions underwritten by them can be ascertained from the office of said Correspondent (such Underwriters being hereinafter called "Underwriters") and in consideration of the premium specified herein, Underwriters do hereby bind themselves severally each for his own part, and not one for another, their heirs, executors and administrators.

The ASSURED is requested to read this Certificate, and if it is not correct, return it immediately to the Correspondent for appropriate alteration.

The Correspondent issuing this Certificate is:

**Brit Global Specialty USA
161 North Clark Street
Suite 3200
Chicago, IL 60601**

CERTIFICATE PROVISIONS

1. **Signature Required.** This Certificate shall not be valid unless signed by the Correspondent on the attached Declaration Page.
2. **Correspondent Not Insurer.** The Correspondent is not an Insurer hereunder and neither is nor shall be liable for any loss or claim whatsoever. The Insurers hereunder are those individual Underwriters at Lloyd's, London whose names can be ascertained as hereinbefore set forth.
3. **Cancellation.** If this certificate provides for cancellation and this certificate is cancelled after the inception date, earned premium must be paid for the time the insurance has been in force.
4. **Service of Suit.** It is agreed that in the event of the failure of Underwriters to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Insured, will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States. It is further agreed that service of process in such suit may be made upon the firm or person named in item 6 of the attached Declaration Page, and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.
The above-named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon request of the Insured to give a written undertaking to the Insured that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.
Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, Underwriters hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the above-mentioned as the person to whom the said officer is authorized to mail such process or a true copy thereof.
5. **Assignment.** This Certificate shall not be assigned either in whole or in part without the written consent of the Correspondent endorsed hereon.
6. **Attached Conditions Incorporated.** This Certificate is made and accepted subject to all the provisions, conditions and warranties set forth herein, attached or endorsed, all of which are to be considered as incorporated herein.
7. **Short Rate Cancellation.** If the attached provisions provide for cancellation, the table below will be used to calculate the short rate proportion of the premium when applicable under the terms of cancellation.

Short Rate Cancellation Table For Term of One Year.

Days Insurance in Force	Per Cent of one year Premium	Days Insurance in Force	Per Cent of one year Premium	Days Insurance in Force	Per Cent of one year Premium	Days Insurance in Force	Per Cent of one year Premium
1	5%	66 - 69	29%	154 - 156	53%	256 - 260	77%
2	6	70 - 73	30	157 - 160	54	261 - 264	78
3 - 4	7	74 - 76	31	161 - 164	55	265 - 269	79
5 - 6	8	77 - 80	32	165 - 167	56	270 - 273 (9 mos)	80
7 - 8	9	81 - 83	33	168 - 171	57	274 - 278	81
9 - 10	10	84 - 87	34	172 - 175	58	279 - 282	82
11 - 12	11	88 - 91 (3 mos)	35	176 - 178	59	283 - 287	83
13 - 14	12	92 - 94	36	179 - 182 (6 mos)	60	288 - 291	84
15 - 16	13	95 - 98	37	183 - 187	61	292 - 296	85
17 - 18	14	99 - 102	38	188 - 191	62	297 - 301	86
19 - 20	15	103 - 105	39	192 - 196	63	302 - 305 (10 mos)	87
21 - 22	16	106 - 109	40	197 - 200	64	306 - 310	88
23 - 25	17	110 - 113	41	201 - 205	65	311 - 314	89
26 - 29	18	114 - 116	42	206 - 209	66	315 - 319	90
30 - 32 (1 mos)	19	117 - 120	43	210 - 214 (7 mos)	67	320 - 323	91
33 - 36	20	121 - 124 (4 mos)	44	215 - 218	68	324 - 328	92
37 - 40	21	125 - 127	45	219 - 223	69	329 - 332	93
41 - 43	22	128 - 131	46	224 - 228	70	333 - 337 (11 mos)	94
44 - 47	23	132 - 135	47	229 - 232	71	338 - 342	95
48 - 51	24	136 - 138	48	233 - 237	72	343 - 346	96
52 - 54	25	139 - 142	49	238 - 241	73	347 - 351	97
55 - 58	26	143 - 146	50	242 - 246 (8 mos)	74	352 - 355	98
59 - 62 (2 mos)	27	147 - 149	51	247 - 250	75	356 - 360	99
63 - 65	28	150 - 153 (5 mos)	52	251 - 255	76	361 - 365 (12 mos)	100

Rules applicable to insurance with terms less than or more than one year:

- A. If insurance has been in force for one year or less, apply the short rate table for annual insurance to the full annual premium determined as for insurance written for a term of one year.
- B. If insurance has been in force for more than one year:
 - 1. Determine full annual premium as for insurance written for a term of one year.
 - 2. Deduct such premium from the full insurance premium, and on the remainder calculate the pro rata earned premium on the basis of the ratio of the length of time beyond one year the insurance has been in force to the length of time beyond one year for which the policy was originally written.
 - 3. Add premium produced in accordance with items (1) and (2) to obtain earned premium during full period insurance has been in force.

This Declaration Page is attached to and forms part of Certificate provisions

Previous No: PK1013216

Authority Ref. No: B0356JA281N17

Certificate No: PK1013217

1. Assured's Address:

Montana Association of Counties Property and Casualty Trust
2715 Skyway Drive, Suite A
Helena, Montana, 59602

2. Effective date: July 01, 2017

Expiration date: July 01, 2018
both days at 12:01 a.m. local standard time.

3. Underwriters/Reinsurers:

Reinsurance is effective with certain UNDERWRITERS AT LLOYD'S, LONDON.

100% Brit Syndicates Ltd, Syndicate 2987 at Lloyd's

4. Coverage:

COMPREHENSIVE GENERAL LIABILITY, LAW ENFORCEMENT LIABILITY, HOST/LIQUOR LIABILITY, WEED/MOSQUITO SPRAYING LIABILITY, AUTOMOBILE LIABILITY, ERRORS & OMISSIONS FOR A WRONGFUL ACT, EMPLOYEE BENEFIT LIABILITY, PROFESSIONAL LIABILITY and as more fully defined in MACo JPIA Manuscript Liability Policy.

5. Forms and special conditions following:

Reinsurance Agreement of the MACo JPIA Manuscript Liability Policy

Territorial Limits: Worldwide

Law: State of Montana

Jurisdiction: United States of America - State of Montana

Limits of Liability: Underwriters' Limits of Liability shall not exceed the limits as indicated for each coverage on the attached wording and apply only to those coverages for which a limit is shown. Underwriters' Limits of Liability are excess over a self-insured retention loss fund (if applicable) as specified in the attached wording.

6. Service of Suit may be made upon:

Walker Wilcox Matousek LLP, 225 West Washington Street, Suite 2400, Chicago, IL 60606.

7. In the event of a claim, please notify the following:

By email (Preferred method):

USA.Claims@britinsurance.com

By mail:

Brit Global Specialty USA, 161 North Clark Street, Suite 3200
Chicago, IL 60601 USA

By telephone:

+1 (312) 577-9450

8. Premium:

\$526,000 (Terrorism premium included)

SEVERAL LIABILITY NOTICE

The subscribing insurers' obligations under contracts of insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations.

08/94

LSW1001 (Insurance)

LINES CLAUSE

This Insurance, being signed for 100% of 100% insures only that proportion of any loss, whether total or partial, including but not limited to that proportion of associated expenses, if any, to the extent and in the manner provided in this Insurance.

The percentages signed in the Table are percentages of 100% of the amount(s) of Insurance stated herein.

NMA2419

MULTI-LINE EXCESS OF LOSS AGREEMENT OF REINSURANCE

NO. PK1013217

THIS AGREEMENT is made and entered into by and between -

MONTANA ASSOCIATION OF COUNTIES (MACo) JPIA
(herein referred to as the "Reinsured")

and

BRIT GLOBAL SPECIALTY USA
161 North Clark Street
Suite 3200
Chicago, IL 60601
(herein referred to as the "Reinsurer")

ARTICLE I - COVERAGE

The Reinsured will cede to the Reinsurer, and the Reinsurer will accept, liability as set forth in ARTICLE II below in respect of all policies, coverage memorandum or contracts of insurance or reinsurance (hereinafter referred to as "Policies"), issued or entered into by or on behalf of the Reinsured during the term of this Contract and classified by the Reinsured as Comprehensive General Liability, Law Enforcement Liability, Host/Liquor Liability, Weed/Mosquito Spraying Liability, Automobile Liability, Errors & Omissions For A Wrongful Act, Employee Benefit Liability, Professional Liability "Policies" issued or entered into by or on behalf of the Reinsured and attaching to this Contract may not be in effect for greater than 12 months.

ARTICLE II –SCHEDULE OF REINSURANCE LIMITS

The combined limits of liability and section sublimits to the Reinsurer will be as follows but subject to the limits stated in Exhibit B for "claims" falling within the scope of Montana Tort Claims Act, §§ 2-9-108 through -318 MCA:

	Schedule of Reinsurance Limits for each Occurrence/ Claim	Schedule of Underlying Limits for each Occurrence/ Claim	Schedule of Per Member Annual Aggregates	Retroactive Dates for Claims Made Coverages
A. Comprehensive General Liability:	\$5,000,000	\$500,000	\$5,000,000	NOT APPLICABLE
B. Medical Payments:	NOT APPLICABLE	\$5,000 Per Person / \$50,000 Per Occurrence	NOT APPLICABLE	NOT APPLICABLE
C. Law Enforcement Liability:	\$5,000,000	\$500,000	\$5,000,000	NOT APPLICABLE
D. Host/Liquor Liability:	\$5,000,000	\$500,000	\$5,000,000	NOT APPLICABLE
E. Weed/Mosquito Spraying Liability:	\$5,000,000	\$500,000	\$5,000,000	NOT APPLICABLE
F. Automobile Liability:	\$5,000,000	\$500,000	NOT APPLICABLE	NOT APPLICABLE
G. Uninsured Motorist:	NOT COVERED	\$25,000 Per Person / \$50,000 Per Occurrence / \$10,000 Property Damage	NOT APPLICABLE	NOT APPLICABLE
H. Errors and Omissions for Wrongful Act:	\$5,000,000	\$500,000	\$5,000,000	July 01, 2000
I. Employee Benefit Liability:	\$5,000,000	\$500,000	\$5,000,000	July 01, 2000
J. Professional Liability:	\$5,000,000	\$500,000	\$5,000,000	July 01, 2000

Comprehensive General Liability, Host/Liquor Liability, Weed/Mosquito Spraying Liability is subject to a combined single limit of \$5,000,000 and a combined single Per Member Annual Aggregate limit of \$5,000,000.

Coverage subject to a \$250,000 **LOSS CORRIDOR** see **EXHIBIT D**.

The date of loss hereunder shall be:

Contract Number: PK1013217
MACo JPIA

1. The date of an “occurrence”, accident, event, circumstance, or continuous, intermittent, or repeated exposure to conditions which gave rise to a “claim” under a losses occurring coverage section within this policy; or
2. The date of when a “claim” was first made under a claims made coverage section within this policy against the Reinsured’s member; or
3. Except as otherwise defined herein, the Reinsurer’s liability, hereunder shall follow the definitions contained within the Reinsured’s original Coverage Memorandum as regards any reference made herein to “occurrence”, “claims made” and “loss discovered”.

The Reinsured’s shall be the sole judge of what constitutes any one Policy.

ARTICLE III REINSURANCE LIMITS

- A. This policy contains various Underlying Limits as listed under ARTICLE II in the Schedule of Underlying Limits and in EXHIBIT B. The Reinsured is responsible for payment of each applicable Underlying Limit.
- B. This policy contains various Reinsurance Limits of Insurance above the Underlying Limits as listed under ARTICLE II in the Schedule of Reinsurance Limits and in EXHIBIT B.
- C. This policy contains various Annual Aggregates as listed under ARTICLE II in the Schedule of Annual Aggregates and in EXHIBIT B. Reinsurer’s liability ends when the applicable Annual Aggregate has been exhausted by payments to the Reinsured.
- D. This policy may contain various sublimits as listed under ARTICLE II in the Schedule of Reinsurance Limits which are less than the applicable Reinsurance Limit. Where indicated, these sublimits are ground up, which means they are inclusive of the Underlying Limits as listed under ARTICLE II in the Schedule of Underlying Limits.
- E. This policy provides coverage in accordance with all of the terms of each section of the Reinsured’s coverage attached to and forming part of this policy. For Law Enforcement Liability, Errors & Omissions For A Wrongful Act, Employee Benefit Liability, Professional Liability (per ARTICLE I) coverage is provided on a Claims Made Basis. Claims Made coverage applies only to Claims Made against the Reinsured during the period of insurance or extended reporting periods and after the retroactive date, if applicable. All other coverage are on a Loss Occurring During basis.
- F. The Reinsured’s applicable retroactive dates for Claim Made based coverage are disclosed in ARTICLE II - Retroactive Dates for Claims Made Coverages.

ARTICLE IV - DEFINITIONS

The definition set forth below are in addition to the definitions within the Reinsured’s Coverage Memorandum. The following terms, whenever used in this Agreement have the meanings set forth herein, and are deemed to refer to the singular, plural, or otherwise inflected forms of such terms as the text requires:

- A. “Loss expenses” means expenditures by the Reinsured within the terms of its coverage documents in the direct defense of claims and as allocated to an individual claim or loss (other than for office expenses and for the salaries and expenses of employees of the Reinsured) made in connection with the disposition of a claim, loss, or legal proceeding including investigation, negotiation, and

legal expenses; court costs; prejudgment interest, post judgment interest, declaratory action and other actions necessary to engage recovery from other parties.

- B. "Loss" means obligations to make payments to claimants under the Policies reinsured hereunder, including, without limitation, the amount of any settlement award or judgment the Reinsured has paid or has become liable to pay in connection with the Policies, including interest accrued prior to final judgment if included as part of the loss under the Policies. Loss does not include Loss Expenses, except to the extent so included under the Policies. All salvages, recoveries (other than inuring reinsurance recoveries) and subrogations actually received by the Reinsured (whenever received), and inuring reinsurance whether recovered or not, will be deducted from the amount of Loss. Nothing herein will be construed to mean that amounts due from the Reinsurer are not recoverable hereunder until the final amount of Loss has been ascertained. The date of Loss as defined in the Reinsured's Coverage Memorandum will apply with respect to any Loss reported under this Agreement.

For purposes of this definition, the Reinsured "becomes liable to pay" when (1) the Reinsured is subject to a judgment which it does not intend to appeal, or (2) the Reinsured obtains a release, or (3) the Reinsured has accepted a proof of loss.

Loss Expenses are considered solely within the Reinsurers limits.

- C. "Policy" means any binder, slip, policy, or contract of insurance or reinsurance and amendments and endorsements thereto, issued, accepted or held covered provisionally or otherwise, by or on behalf of the Reinsured.
- D. "Loss Occurrence" is the same as the definition of occurrence or accident contained in the Policy or Policies reinsured hereunder.
- E. "Underlying Limits" means the proportion of the gross liability which remains after deducting from such gross liability, the amount, if any, of other reinsurance. The amount of the Reinsurers' liability hereunder with respect to any Loss or Losses will not be increased by the inability of the Reinsured to collect from any other reinsurers any amounts that may have become due from them, whether such inability arises from the insolvency of such reinsurers or otherwise.
- F. "Coverage Memorandum" means any binder, slip, policy, or contract of insurance or reinsurance and amendments and endorsements thereto, issued, accepted or held covered provisionally or otherwise, by or on behalf of the Reinsured.
- G. "Total Insured Values" means total insured values for the business reinsured hereunder in accordance with the Schedule on file with the Reinsurer. As new members are added during the term of this Agreement the Schedule shall be updated and forwarded to the Reinsurer.
- H. "Reinsurance Limits of Insurance" means that amount specified in the schedule of Reinsurance Limits of Insurance under ARTICLE II which the Reinsurer is obligated to pay because loss or damage covered under any original Coverage Memorandum, after the Reinsured has paid, exceeds the scheduled Underlying Limits. This will not exceed the Reinsurer's Reinsurance Limits of Insurance as stated in the schedule of Reinsurance Limits of Insurance under ARTICLE II. If an annual aggregate applies to any coverage hereunder, the total aggregate Reinsurance Limits of insurance for such coverage shall not exceed the limit as stated in the applicable schedule of Reinsurance Limits of Insurance under ARTICLE II.
- I. "Recovery" means all claims, suits or other causes of action that the Reinsured has against any person or entity resulting from a covered loss; any right of subrogation, whether the Reinsured's or Reinsurers' resulting from a covered loss; and any rights that the Reinsured has to the monetary

value of any damaged property, whether tangible or intangible, for which a claim for total loss or damage is made under the policy.

ARTICLE V - SPECIAL TERMINATION

- A. The Reinsured may terminate this Contract upon the happening of any one of the following circumstances at any time by the giving of fifteen (15) days prior written notice to the Reinsurer:
1. The Reinsurer ceases active underwriting operations or a State Insurance Department or other legal authority orders the Reinsurer to cease writing business in all jurisdictions; or
 2. The Reinsurer has: a) become insolvent, b) been placed under supervision (voluntarily or involuntarily), c) been placed into liquidation or receivership, or d) had instituted against it proceedings for the appointment of a supervisor, receiver, liquidator, rehabilitator, conservator or trustee in bankruptcy, or other agent known by whatever name, to take possession of its assets or control of its operations; or
 3. The Reinsurer's (a) policyholders' surplus ("PHS") has been reduced by whichever is greater, (i) fifty percent (50%) of the amount of PHS at the inception of this Contract or (ii) fifty percent (50%) of the amount of PHS stated in its last filed quarterly or annual statutory statement with its state of domicile; or (b) total adjusted capital is less than 200% of its authorized control level risk-based capital; or (c) AM Best's rating of Lloyd's of London becomes less than A-;
- B. In the event the Reinsured terminates this Agreement in accordance with the terms of this Article, the Reinsured shall with the notice of termination specify that termination will be on a run-off basis or a cut-off basis. In the event that the Reinsured elects to cut-off and thus relieve the Reinsurer for losses occurring subsequent to the Reinsurer's specified termination date, the Reinsurer shall within fifteen (15) days of the termination date return the liability for the unearned portion of any ceded premium paid hereunder, calculated as of the termination date, and cash in that amount (less any applicable ceding commission allowed thereon) and the minimum premium provisions, if any, shall be waived. If the Reinsured elects "run-off", the Reinsurer shall remain liable to the Reinsured under this Contract with respect to losses arising from policies placed into effect and ceded hereunder with effective dates (new or renewal policy period) prior to the termination date until those policies naturally expire, are cancelled or non-renewed or their next annual anniversary.

ARTICLE VI - TERM AND CANCELLATION

- A. This Contract is effective from 12:01 a.m., Prevailing Local Time, July 1, 2017 to 12:01 a.m., Prevailing Local Time, July 1, 2018, subject to the following:
1. Except as set forth in Article V, this contract is not cancelable or terminable for any reason except upon no less than 90 days written notice sent by registered or certified mail to the Reinsured and the Commission; and
 2. This contract is automatically renewable at the expiration of the policy period specified in the Underlying Coverage Document except upon 90 days written notice by registered or certified mail to the Reinsured and the Commission.
- B. Should this Contract be cancelled, the Reinsurer shall remain liable as respects Policies in force at the date of cancellation until the next anniversary, expiration or renewal of each covered Policy.

- C. Reinsured shall have the option to waive the run-off provisions hereunder by notifying the Reinsurer on or before the date of cancellation. In such event, the Reinsurer shall not be liable for losses occurring subsequent to the date of cancellation and the Reinsurer shall return to the Reinsured premiums unearned hereunder less the ceding commission allowance provided for hereunder.

ARTICLE VII - TERRITORY

The territorial scope of this Agreement will follow that of the Reinsured's Policies.

ARTICLE VIII – ULTIMATE NET LOSS

Ultimate Net Loss means the total sum which the Reinsured is obligated to pay because of loss or damage covered under any Section of the Reinsured's policy, either through adjudication or compromise, after first making proper deductions for all subrogation, recovery(ies) and salvages.

Ultimate Net Loss also includes: premium on attachment, appeal or similar bonds (but without any obligation on the part of the Reinsurers to apply for or furnish such bonds); expenses of lawyers and private investigators and other persons for litigation, settlement, adjustment and investigation of suits which are paid as a consequence of any loss or damage covered hereunder.

Ultimate Net Loss does not include: any expenses incurred by the Reinsured in the administration, investigation or settlement of any claim for loss or damage; costs, fees and other expenses incurred by the Reinsured to investigate, handle, evaluate, settle or defend any claim, occurrence, proceeding or suit by or against any Reinsured or against any person or organization for whom the Reinsured is or may be found to be legally liable unless specifically provided for in the policy or agreed to in advance by Reinsurers; payments, including salaries and expenses, to any employee or official of the Reinsured for services rendered in administering any claim; payment for any judgments or acts deemed uninsurable by law; or any sum which the Reinsured is obligated to pay because of loss or damage not covered under any Section of the Reinsured's Coverage Memorandum or this policy.

The Reinsurers are liable only for the Ultimate Net Loss in excess of the applicable Underlying Limits, and not more than the Reinsurance Limit of Insurance. The Reinsurers duty to indemnify ends when the applicable Reinsurance Limit of Insurance is exhausted by the payment of the Ultimate Net Loss.

ARTICLE IX – CLAIMS HANDLING & ATTORNEYS

It is a condition precedent of this policy that this policy of reinsurance is issued by the Reinsurers on the express condition that:

1. The Reinsured handles and adjusts claims using duly qualified and competent personal at all times; and
2. All claims, suits or occurrences for which coverage is sought under this policy are handled by the claims adjusters and personal in accordance with all statutory and regulatory standards; and in accordance with all accepted industry standards and practices.

Further, It is a condition precedent of this policy that this policy of insurance is issued by the Reinsurers on the express condition that all claims, suits or occurrences, for which coverage is sought under this policy and which are being handled by an attorney or lawyer hired or employed by the Reinsured, are handled by the attorney or lawyer in accordance with all statutory and regulatory standards; and in accordance with all accepted professional standards and practices.

These conditions shall survive the termination of this policy without regard to whether said termination is due to cancellation or natural expiration of this policy.

ARTICLE X - REINSURANCE PREMIUM

The Reinsurance Premium for policies covered under this agreement is \$526,000 including premium for Terrorism.

This Policy is subject to a minimum earned premium. If this Policy is cancelled at your request, you agree with us:

1. That the minimum earned premium for this Policy is the greater of \$263,000 or 50% of the Total Annual Premium shown on the Declarations Page;
2. That such minimum earned premium is not subject to short rate or pro-rata adjustments; and
3. That cancellation for non-payment of premium, after the effective date of this Policy, will be deemed a request by you for cancellation of the Policy and will activate this minimum earned premium provision.

ARTICLE XI - FOLLOW THE FORTUNES

The liability of the Reinsurer shall follow that of the Reinsured, and shall be subject in all respects to all the terms, conditions and limitations of the Reinsured's Policies / Coverage Memorandum, except for the limitations and exclusions of this Agreement.

ARTICLE XII – ACCOUNTS, REPORTS AND REMITTANCES

A. The accounts and balances in connection with Policies subject to this Contract shall be rendered and paid within 30 days of the effective date of this contract.

B. The Reinsured shall provide the following on an underwriting year of account basis:

Quarterly: An account current of new members within thirty (30) days after the end of each quarter with balances payable within thirty (30) days thereafter.

Quarterly: A claims report, within thirty (30) days after the end of each quarter, of open and closed claims in respect of losses covered hereunder from inception of this Agreement which shall contain the following information:

Treaty Year of Loss
Date of Loss
Original Insured
Claimant
Incurred Amount – Ground Up
Paid Amount – Ground Up
Outstanding
Reinsured's Share (Gross)
Description of Loss

Annually: Such data as the Reinsurer requires for its annual statement purposes.

ARTICLE XIII - GOVERNING LAW

This Contract shall be governed by and construed according to the laws of the State of Montana, exclusive of its rules with respect to conflicts of law.

ARTICLE XIV - LOSS NOTICES AND SETTLEMENTS

- A. The Reinsured shall promptly advise the Reinsurer of any loss which results in the establishment of a reserve, or would reasonably require the establishment of a reserve, for damages which equals or exceeds 75% of the Reinsured's Underlying Limit.
- B. Involves a notice of Claim for a Wrongful Act which is reasonably likely to equal or exceeds 75% of the Reinsured's Underlying Limit.
- C. In addition to the foregoing, the following categories of claims shall be promptly reported in writing to the Reinsurer, including an assessment of the liability of the insured and coverage under the policy:
1. Fatalities;
 2. Any injury to the spinal cord or vertebrate, including paraplegia, quadriplegia and partial paralysis;
 3. Any burn to 25% or more of the body;
 4. A brain or brain stem injury;
 5. Any amputation or loss of use of a major extremity or multiple minor extremities;
 6. Any serious head injury including skull fracture;
 7. Sexual harassment or molestation claims;
 8. Sensory Loss (such as sight, hearing, smell, touch or taste);
 9. Serious disfigurement or scarring;
 10. Extra Contractual Obligation or Excess Judgment Claims, if covered hereunder;
 11. Major organ injuries;
 12. Any Suit filed as a class action, whether any such class action or class is certified
 13. Multiple Fractures or serious disfigurement or scarring.
- D. Reinsurers shall have the right to be associated with the Reinsured in the investigation, handling, defense or settlement of any claims, suits or proceedings relative to an occurrence or claim where in the opinion of the Reinsurers, their liability under this Policy is likely to be involved; in which case the Reinsured and the Reinsurers shall co-operate to the mutual advantage of both.
- E. The Reinsured shall make no commitment to pay or settle any claims, occurrences or suits where Reinsurers' liability under this policy is involved without the prior consultation of Reinsurers; nor shall the Reinsured refuse any reasonable opportunity to pay or settle a claim that will result in Reinsurers having liability under this policy without the prior agreement of Reinsurers. Reinsurers shall not withhold agreement without just cause.
- This clause does not limit the Reinsured's ability to settle any claims within their limit nor should it impede their defense strategy within their limit.
- F. It is understood and agreed that the Reinsurers have no duty to investigate, handle, adjust, settle or defend any claim, occurrence, proceeding or suit against the Reinsured, any member, or against any other person or organization for whom the Reinsured is or may be found to be legally liable; or whom asserts or claims a right of coverage under the policy. these duties shall be the responsibility of the Reinsured.

- G. Reinsurers' duty under the policy shall be to indemnify the Reinsured for Ultimate Net Loss in excess of the applicable Underlying Limits, any other applicable deductible or deduction; and not more than the Reinsurance Limit of Insurance. The Reinsurers' duty to indemnify ends when the applicable Reinsurance Limit is exhausted by the payment, in whole or in part, of the Ultimate Net Loss.

Reinsurers may, at their sole discretion, tender periodic advance payments of amounts in excess of the Underlying Limits, before Ultimate Net Loss as defined in the policy is reached; provided that:

1. Only amounts where coverage is not in dispute will be used to compute the partial Ultimate Net Loss; and
2. Only payments made by the Reinsured and not disputed by Reinsurers will be used to compute the partial Ultimate Net Loss; and
3. Any potential subrogation or recovery source has been identified; has been put on notice if appropriate; and recovery is being aggressively pursued; and
4. Delaying payment until the final Ultimate Net Loss is determined will result in financial hardship to the Assured; and
5. All payments are without prejudice.
6. Further, and in regard to advance payments under property section; advance payments will be based upon Actual Cash Value for property that is not being actively repaired or replaced.

This condition shall survive the termination of this policy without regard to whether said termination is due to cancellation or natural expiration of this policy.

- H. The Reinsured has the obligation to investigate and, to the extent that may be required by the policies reinsured hereunder, defend any claim affecting this reinsurance and to pursue such claim to conclusion.
- I. It is understood that when so requested, the Reinsured will afford the Reinsurer an opportunity to be associated with the Reinsured, at the expense of the Reinsurer, in the adjustment, settlement or defense of any claim, suit or proceeding involving this reinsurance; and the Reinsured and the Reinsurer shall cooperate in every respect in the adjustment, settlement or defense of such claim, suit or proceeding.
- J. Nothing in this Article shall be construed as meaning that loss and loss adjustment expense are not recoverable hereunder until the final loss to the Reinsured has been ascertained.

ARTICLE XV - OFFSET

The Reinsured and the Reinsurer shall have the right to offset any balance or amounts due from one party to the other under the terms of this Contract. The party asserting the right of offset may exercise such right any time whether the balances due are on account of premiums or losses or otherwise and immediately inform the Intermediary accordingly. In the event of the insolvency of any party, offset shall be as permitted by applicable law.

ARTICLE XVI – RECOVERY & SUBROGATION

The Reinsurer will be credited with its share of subrogation in respect of Claims and settlements under this Agreement, less its share of recovery expense. Unless the Reinsured and Reinsurer agree to the contrary, the Reinsured will enforce its right to subrogation and will prosecute all claims arising out of such right. Should the Reinsured refuse or neglect to enforce this right, the Reinsurer is hereby empowered and authorized to institute appropriate action in the name of the Reinsured.

Amounts recovered from subrogation will always be used to reimburse the excess reinsurers (and the Reinsured, should it carry a portion of excess coverage net) before being used in any way to reimburse the Reinsured and the Reinsurer hereon, who will share pro rata in any remainder. If the amount recovered exceeds the recovery expense, such expense will be borne by each party in proportion to its benefit from the recovery. If the recovery expense exceeds the amount recovered, the amount recovered (if any) will be applied to the reimbursement of recovery expense and the remaining expense will be borne by each party in proportion to its liability for the loss before recovery was attempted.

ARTICLE XVII - ERRORS AND OMISSIONS

Inadvertent delays, errors or omissions made in connection with this Contract shall not relieve either party from any liability which would have attached had such delay, error or omission not occurred, provided always that such delay, error or omission shall be rectified as soon as possible after discovery by the Reinsured's Home Office.

ARTICLE XVIII - ENTIRE AGREEMENT/AMENDMENTS

This Agreement constitutes the entire agreement between the parties with respect to the Policies being reinsured hereunder and the obligations of the parties are determined solely by the terms of this Agreement. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter. Any change or modification to this Agreement will be made by written amendment to this Agreement and signed by the parties hereto.

ARTICLE XIX - ACCESS TO RECORDS

The Reinsured shall place at the disposal of the Reinsurer at all reasonable times, and the Reinsurer shall have the right to inspect through its designated representatives, during the term of this Contract and thereafter, all books, records and papers of the Reinsured in connection with any reinsurance hereunder, or the subject matter hereof.

ARTICLE XX - INTERMEDIARY

- A. Arthur J. Gallagher Risk Management Services, Inc. (Orlando) is hereby recognized as the Intermediary negotiating this Agreement for all business hereunder. All communications (including but not limited to notices, statements, premium, return premium, commissions, taxes, losses, loss adjustment expense, salvages and loss settlements) relating thereto shall be transmitted to Reinsured or the Reinsurer through Arthur J. Gallagher Risk Management Services, Inc. (Orlando). Payments by the Reinsured to the Intermediary shall be deemed to constitute payment to the Reinsurer.
- B. Whenever notice is required within this Agreement, such notice may be given by any of: certified mail, registered mail, electronic mail, fax, overnight express mail or any other means by which the issuing party shall be able to give such notice and depend upon reliable receipt. Notice shall be deemed to be given on the date any notice is sent by electronic mail; in all other instances, the date received by the receiving party.

ARTICLE XXI - INSOLVENCY

- A. In the event of the insolvency and the appointment of a conservator, liquidator, or statutory successor of the Reinsured, the portion of any risk or obligation assumed by the Reinsurer shall be payable to the conservator, liquidator, or statutory successor on the basis of claims allowed against the insolvent Reinsured by any court of competent jurisdiction or any conservator, liquidator or statutory successor of the Reinsured having authority to allow such claims, without diminution because of that insolvency, or because such conservator, liquidator or statutory successor has failed to pay all or a portion of any claims.
- B. Payments by the Reinsurer as above set forth shall be made directly to the Reinsured or to its conservator, liquidator or statutory successor, except where the contract of insurance or reinsurance specifically provides another payee of such reinsurance or except as provided by applicable law or regulation in the event of the insolvency of the Reinsured. . In the event of the insolvency of the Reinsured, the liquidator, receiver, conservator or statutory successor of the Reinsured shall give written notice to the Reinsurer of the pendency of a claim against the insolvent Reinsured on the policy or policies reinsured within a reasonable time after such claim is filed in the insolvency proceeding and during the pendency of such claim any 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 which it may deem available to the Reinsured or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable subject to court approval against the insolvent Reinsured as part of the expense of liquidation to the extent of a proportionate share of the benefit which may accrue to the Reinsured solely as a result of the defense undertaken by the Reinsurer.
- D. 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 Contract as though such expense had been incurred by the Reinsured.
- E. The original insured or policyholder shall not have any rights against the Reinsurer which are not specifically set forth in this Contract, or in a specific agreement between the Reinsurer and the original insured or policyholder.

ARTICLE XXII -ARBITRATION

- A. Any dispute arising out of or relating to the interpretation, performance or breach of this Agreement, as well as the formation and/or validity thereof, will be submitted for decision to a panel of three arbitrators. Either party may request arbitration in writing sent to the other party (the respondent) by first class mail.
- B. One arbitrator shall be chosen by each party, and the two arbitrators shall, before instituting the hearing, choose an impartial third arbitrator who shall preside at the hearing. If Reinsurer fails to appoint its arbitrator within thirty (30) days after being requested to do so by the Reinsured, the Reinsured may appoint the second arbitrator.
- C. If the two arbitrators are unable to agree upon the appointment of the third arbitrator within 30 days of their appointment, each arbitrator will nominate three candidates and notify the other arbitrator of those nominations. The arbitrator receiving such notice will reject two of the candidates so nominated. The third arbitrator will then be chosen from the remaining two candidates by a lot drawing procedure acceptable to the two arbitrators, and the chosen candidate will be appointed.

- D. All arbitrators will be disinterested active or former Officers or directors of insurance or reinsurance companies or Syndicates at Lloyd's having at least ten (10) years of insurance or reinsurance experience.
- E. Within 30 days after notice of appointment of all arbitrators the panel will meet and determine timely periods for briefs, discovery procedures and schedules for hearings.
- F. The panel will be relieved of all judicial formality and will not be bound by rules of procedure and evidence. Unless the panel agrees otherwise, arbitration will take place in the State of New York but the venue may be changed when the panel deems such change to be in the best interest of the arbitration proceeding. In so far as the panel looks to substantive law, it will consider the law of the State of Montana.

The decision of any two arbitrators when rendered in writing will be final and binding. The panel is empowered to grant interim relief as it may deem appropriate.

- G. The panel will interpret this Agreement as an honorable engagement rather than merely as a legal obligation and will make its decision based upon the custom and practice of the insurance and reinsurance business within 45 days following the termination of the hearings. Judgment upon the award may be entered in any court having jurisdiction thereof.
- H. Each party will bear the costs of its own arbitrator and will bear, jointly and equally with the other party, the costs of the third arbitrator. The panel will allocate the remaining costs of the arbitration. The panel may, at its discretion, award such further costs, interest and expenses as it considers appropriate, including without limitation, attorneys' fees.
- I. The provisions of this Article shall survive the termination of this Agreement.

ARTICLE XXIII - CURRENCY

- A. Whenever the word "Dollars" or the "\$" sign appears in this Contract, it shall be construed to mean United States Dollars and all transactions under this Contract shall be in United States Dollars.
- B. Amounts paid or received by the Reinsured in any other currency shall be converted to United States Dollars at the rate of exchange at the date such transaction is entered on the books of the Reinsured.

ARTICLE XXIV - SEVERABILITY

The invalidity or unenforceability of any terms or provision in this Agreement shall not affect the validity or enforceability of any other term or provision of the Agreement.

ARTICLE XXV - NO THIRD PARTY

This Contract is solely between the Reinsured and the Reinsurer, and in no instance shall any insured, claimant or other third party have any rights under this Contract.

ARTICLE XXVI - U.S. TERRORISM LIABILITY

This Reinsurance agreement coverage is extended to include U.S. Terrorism Liability coverage -

THIS IS A CLAIMS MADE AND REPORTED POLICY. THIS MEANS THAT, SUBJECT TO THE TERMS AND CONDITIONS OF THIS POLICY, THE COVERAGE PROVIDED BY THIS POLICY ONLY COVERS CLAIMS FIRST MADE AGAINST THE REINSURED OR A CIRCUMSTANCE WHICH COULD REASONABLY BE EXPECTED TO GIVE RISE TO A CLAIM DURING THE PERIOD OF INSURANCE AND REPORTED TO REINSURERS IN WRITING AS SOON AS REASONABLY POSSIBLE AND IN NO EVENT LONGER THAN 90 DAYS AFTER THE EXPIRY OF THIS POLICY. CLAIMS EXPENSES THAT ARE INCURRED IN DEFENDING ANY CLAIM AGAINST THE ASSURED WILL REDUCE, AND MAY COMPLETELY EXHAUST, THE LIMIT OF LIABILITY AVAILABLE TO PAY DAMAGES. PLEASE REVIEW THE COVERAGE PROVIDED BY THIS POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.

- A. COVERAGE:** Reinsurers agree, subject to the policy limitations, terms and conditions to indemnify the Reinsured for any damages and **CLAIMS EXPENSES** which the Reinsured shall become legally liable to pay because of any **CLAIM** or **CLAIMS** for **BODILY INJURY** and/or **PROPERTY DAMAGE**, first made against the Reinsured during the **PERIOD OF INSURANCE** and reported to Reinsurers in writing no later than 90 days after the expiry of this policy, caused by an **ACT OF TERRORISM** and/or **SABOTAGE** occurring during the **PERIOD OF INSURANCE**. This cover is subject to the terms, conditions and exclusions stated in this policy.

Multiple **ACTS OF TERRORISM** and/or **SABOTAGE** which occur within a period of 72 consecutive hours and which have or appear to have a related purpose or common leadership will be deemed to be one **ACT OF TERRORISM** and/or **SABOTAGE**.

All **CLAIMS** arising out of the same or a continuing **ACT OF TERRORISM** and/or **SABOTAGE**, including **ACTS OF TERRORISM** and/or **SABOTAGE** which have or appear to have a related purpose or common leadership, within a period of 72 hours shall be considered a single **CLAIM** and deemed to have been made at the time the first of such **CLAIMS** is reported to Reinsurers and shall be subject to a single Reinsurance Limit.

- B. REINSURANCE LIMIT:** Coverage herein is limited to \$5,000,000 per **CLAIM** excess of a \$500,000 Underlying Limit.

C. CONDITIONS:

- 1. DUE DILIGENCE:** The Reinsured (or any of the Reinsured's agents, sub or co-contractors) must use due diligence and do (and concur in doing and permit to be done) everything reasonably practicable to avoid or diminish further injury or damage and to secure compensation for any such loss including action against other parties to enforce any rights and remedies or to obtain relief or indemnity.
- 2. CHANGE IN CIRCUMSTANCE:** The Reinsured must notify the Reinsurers immediately of any change in circumstance during the **PERIOD OF INSURANCE** which will materially affect this insurance. This includes but is not limited to any significant change in operating conditions, the management, ownership or control of the Reinsured's business. The Reinsurers may then vary the terms and conditions of this insurance. If the Reinsured is in any doubt whether a change is material he should consult his broker or agent.
- 3. CONFIDENTIALITY:** This insurance shall become void and all **CLAIMS** hereunder shall be forfeited if at any time, whether before or after expiry, the existence of this insurance is disclosed to a third party, other than to the Reinsured's own professional, financial and legal advisers (on a confidential basis), without the Reinsurers' prior written agreement.
- 4. NOTIFICATION OF CLAIMS:** The Reinsured, upon knowledge of any occurrence likely to give rise to a claim hereunder, shall give written advice thereof to the Reinsurers via the Broker, named for that purpose in the Schedule, who is to advise Reinsurers as soon as practicable of such knowledge of any occurrence.

5. **PROOF OF LOSS:** The Reinsured shall render a signed and sworn proof of loss within sixty (60) days after the occurrence of a loss (unless such period be extended by the written agreement of Reinsurers) stating the time, place and cause of loss, the interest of the **ASSURED** and all others in the property, the sound value thereof and the amount of loss or damage thereto.

If Reinsurers have not received such proof of loss within two years of the expiry date of this policy, they shall be discharged from all liability hereunder unless an extension has been specifically filed with Reinsurers.

6. **SUBROGATION:** If the Reinsurers become liable for any payment under this Policy in respect of loss or damage the Reinsurers shall be subrogated, to the extent of such payment, to all the rights and remedies of the Reinsured against any party in respect of such loss or damage and shall be entitled at their own expense to sue in the name of the Reinsured. The Reinsured shall give to the Reinsurers all such assistance in his power as the Reinsurers may require to secure their rights and remedies and, at Reinsurers' request shall execute all documents necessary to enable Reinsurers effectively to bring suit in the name of the Reinsured including the execution and delivery of the customary form of loan receipt.
7. **FALSE OR FRAUDULENT CLAIMS:** If the Reinsured shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this Policy shall become void and all claim hereunder shall be forfeited.
8. **INSPECTION AND AUDIT:** The Reinsurers shall be permitted but not obligated to inspect the Reinsured Property at any time. Neither the Reinsurers' right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the Reinsured or others, to determine or warrant that such property is safe.

The Reinsurers may examine and audit the Reinsured's books and records at any time during the Policy period and extensions thereof and within two years after the final termination of this Policy, as far as they relate to the subject matter of this Insurance.

9. **ASSIGNMENT:** Assignment or transfer of this Policy shall not be valid except with the written consent of Reinsurers.
10. **JOINT VENTURES:** With regard to any liability of the Reinsured which is Reinsured under this policy and arises in any manner out of the operations or existence of any **JOINT VENTURE** the limit of liability under this policy shall be limited to the percentage interest of the Reinsured in the **JOINT VENTURE**. Where the percentage interest of the Reinsured in a **JOINT VENTURE** is not evidenced in writing, the percentage to be applied shall be that which would be imposed by law at the inception of the **JOINT VENTURE**. Such percentage shall not be increased by the insolvency of any members of such **JOINT VENTURE** or any other parties. This **JOINT VENTURE** clause shall not apply to any liability of the Reinsured where, as a result of a **CLAIM**, the terms of the **JOINT VENTURE** agreement place the whole liability of the **JOINT VENTURE** on the Reinsured.
11. **ARBITRATION:** If the Reinsured and Reinsurers fail to agree in whole or in part regarding any aspect of this Policy, each party shall, within ten (10) days after the demand in writing by either party, appoint a competent and disinterested arbitrator and the two chosen shall before commencing the arbitration select a competent and disinterested umpire. The arbitrators together shall determine such matters in which the Reinsured and Reinsurers shall so fail to agree and shall make an award thereon, and if they fail to agree, they will submit their differences to the umpire and the award in writing of any two, duly verified, shall determine the

same. The parties to such arbitration shall pay the arbitrators respectively appointed by them and bear equally the expenses of the arbitration and the charges of the umpire.

12. **SEVERAL LIABILITY:** The subscribing Insurers' obligations under policies to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing Insurers are not responsible for the subscription of any co-subscribing Insurer who for any reason does not satisfy all or part of its obligations.
13. **JOINT ASSUREDS:** The Reinsurers' total liability for any loss or losses sustained by any one or more of the Reinsured under this insurance will not exceed the limit of liability shown in the schedule. The Reinsurers shall have no liability in excess of the limit of liability whether such amounts consist of Reinsured losses sustained by all of the Reinsureds or any one or more of the Reinsureds.
14. **INTERPRETATION OF TERMS:** To the extent that any court of competent jurisdiction should determine that any term or provision of this policy would be in conflict with the public policy the said term or provision is to be interpreted and/or amended so as to conform to the said jurisdiction's public policy.

C. EXCLUSIONS:

This policy does not apply to any actual or alleged loss, liability, injury, **CLAIM EXPENSES**, cost and expense arising directly or indirectly:-

1. from or as a result of nuclear detonation, nuclear reaction, nuclear radiation or radioactive contamination, however such nuclear detonation, nuclear reaction, nuclear radiation or radioactive contamination may have been caused;
2. from or as a result of war, invasion or warlike operations (whether war be declared or not), hostile acts of sovereign or government entities, civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power or martial law or confiscation by order of any Government or public authority;
3. from or as a result of seizure or illegal occupation unless caused directly by an insured **ACT OF TERRORISM** and/or **SABOTAGE**;
4. from or as a result of confiscation, requisition, detention, legal occupation, embargo, quarantine, or any result of any order of public or government authority which deprives the **ASSURED** of the use or value of its property, nor for loss or damage arising from acts of contraband or illegal transportation or illegal trade;
5. from or as a result of the discharge of pollutants or contaminants, which pollutants and contaminants shall include but not be limited to any solid, liquid, gaseous or thermal irritant, contaminant of toxic or hazardous substance or any substance the presence, existence or release of which endangers or threatens to endanger the health, safety or welfare of persons or the environment or loss, injury or damage directly or indirectly arising from chemical or biological release or exposure of any kind;
6. from or as a result of attacks using electronic means including computer hacking or the introduction of any form of computer virus;
7. from or as a result of vandals or other persons acting maliciously or by way of protest or strikes, riots or civil commotion unless caused directly by an insured **ACT OF TERRORISM** and/or **SABOTAGE**;

8. from or as a result of consequential loss, delay or loss of markets, failure to supply goods or services, or failure to perform however caused or arising, and despite any preceding loss insured hereunder;
9. from or as a result of cessation, fluctuation or variation in, or insufficiency of, water, gas or electricity supplies, telecommunications or service of any type;
10. from or as a result of threat or hoax;
11. from or as a result of **BODILY INJURY** to employees or contract workers of the **ASSURED** or arising under any workers' compensation, unemployment compensation or disability laws, statutes, or regulation;
12. from or as a result of **BODILY INJURY** or **PROPERTY DAMAGE** arising out of discrimination or humiliation;
13. from or as a result of property:
 - (a) owned, leased, rented or occupied by the Reinsured; or
 - (b) in the care, custody or control of the Reinsured;
14. from or as a result of fines, penalties, punitive damages, exemplary damages, or any additional damages resulting from the multiplication of compensatory damages;
15. from or as a result of mental injury, anguish or shock where no **BODILY INJURY** has occurred to the claimant;
16. from or as a result of **BODILY INJURY** and/or **PROPERTY DAMAGE** directly or indirectly relating to the actual, alleged or threatened presence of asbestos in any form;
17. from or as a result of any claims or circumstances disclosed on the Application for this insurance;
18. from or as a result of any design, manufacture, assembly, sale trade, distribution or promotion of any product; and
19. from or as a result of the rendering of or failure to render professional services.

Nothing contained in the above exclusions shall extend this policy to cover any liability which would not have been covered had these exclusions not been incorporated herein.

D. DEFINITIONS:

1. **ACT OF TERRORISM** means an act, including the use of force or violence, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s), committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes.
2. **ACT OF SABOTAGE** means an act or series of acts of deliberate damage or destruction of property by secret means committed for subversive, political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes.

3. **BODILY INJURY** means physical injury (including death) to any person, and any mental anguish or shock, sickness, disease, disability or death associated with or arising from such physical injury.
4. **CLAIM EXPENSES** means investigation, adjustment, appraisal, defense and appeal costs and expenses and pre and post judgment interest, paid or incurred by or on behalf of the Reinsured. The salaries, expenses or administrative costs of the Reinsured or its employees or any insurer shall not be included within the meaning of **CLAIM EXPENSES**.
5. **JOINT VENTURE** means a joint venture, co-venture, joint lease, joint operating agreement or partnership in which the Reinsured has a financial interest.
6. **OCCURRENCE** means any one loss and/or series of losses arising out of and directly occasioned by one **ACT** or series of related **ACTS OF TERRORISM** and/or **SABOTAGE** for the same purpose or cause. The duration and extent of any one **OCCURRENCE** shall be limited to all losses directly occasioned by one **ACT** or series of **ACTS OF TERRORISM** and/or **SABOTAGE** arising out of the same purpose or cause during any period of 72 consecutive hours commencing at the time of the first such act and within a radius of ten (10) miles of the location of the first such **ACT OF TERRORISM** and/or **SABOTAGE**.

However for the purposes of this policy no period of 72 consecutive hours shall commence prior to the attachment of this policy.

7. **PERIOD OF INSURANCE** means the length of time that the policy is in force as stated in the Declaration Page as the Effective Date and Expiration Date.
8. **PROPERTY DAMAGE** means direct damage to or destruction or loss of property, including all resulting loss of use of property, excluding, however, damage to the property of the Reinsured.

IN WITNESS WHEREOF, the parties hereto have caused this Excess of Loss Reinsurance Agreement to be executed by their duly authorized representatives.

MONTANA ASSOCIATION OF COUNTIES (MACo) JPIA

Signature: _____

Title: _____

Attest: _____

Date: _____

BRIT GLOBAL SPECIALTY USA



Signature: _____

Title: Vice President

Attest: Doug Ransom

Date: October 1, 2017

EXHIBIT A:

MACo JPIA MEMBERS

JPIA Administration/WC Administrative Account
Richland County Conservation District
Deer Lodge Valley Conservation District
Missoula Conservation District
Paradise Valley Irrigation District
Mill Creek Irrigation District
Fort Shaw Irrigation District
Alfalfa Valley Irrigation District
Fort Belknap Irrigation District
Lower Yellowstone Irrigation District
Malta Irrigation District
Zurich Irrigation District
Hammond Irrigation District
Harlem Irrigation District
Bynum Irrigation District
Yellowstone Irrigation District
Meadow Lake County Water/Sewer District
Melrose Water/Sewer District
Big Fork County Water/Sewer District
Sun Prairie County Water District
Black Eagle Water/Sewer District
Gore Hill County Water District
Galata County Water District
Sun Prairie Village County Water/Sewer District
Somers Water/Sewer District
Vaughn Cascade County Sewer District
Stockett Water/Sewer District
Lakeside Water & Sewer District
Coram Water/Sewer District
Hungry Horse Water/Sewer District
Cooke City Water District
Oilmont Water/Sewer District
Absarokee Water/Sewer District
Augusta Water/Sewer District
Consolidated Charlo/Lake County WS District
Lockwood Water/Sewer District
Lockwood Irrigation District
Yellowstone Conservation District
Hysham Irrigation District
Colstrip Parks & Recreation District
Carbon County Water/Sewer District
Clinton Irrigation District
Noxon Water/Sewer Dist
Glen Lake Irrigation District
Intake Irrigation District
Park City Water Sewer District
Martin City County Water District
Rosebud County Conservation District
St Regis Sewer District
Sage Creek Water District
Savage Irrigation District
Simms County Sewer District

South Choteau Water/Sewer District
Buffalo Rapids Irrigation District 1
Homestead Acres Water/Sewer District
Rudyard Water/Sewer District
Ramsay County Water/Sewer District
Roy Water/Sewer District
Seeley Lake Water District
Northern Express Transportation Authority
Geyser Water/Sewer District
Blaine County Water/Sewer District
Custer County Water/Sewer 1&2
Em-Kayen Water/Sewer District
Phillips County Zortman Water/Sewer District
Port of Montana Port Authority
Greenfields Irrigation District
Unified Refuse District
Reed Point Water/Sewer District
Denton Rural Park District
Bitterroot Irrigation District
Helena Valley Irrigation District
Bert Mooney Airport Authority
North Montana Joint Refuse District
North Valley County Water/Sewer District
Fort Smith Water/Sewer District
Big Sky Water/Sewer District
Sweet Grass Water/Sewer District
Montana Assoc. of Conservation Dist./SWCDMI
Hill County Water/Sewer District
Goodan-Keil County Water District
Ranch Water District
Red Rock Water/Sewer District
Twin Bridges Park District
Alder Water/Sewer District
Spring Meadows Water/Sewer District
Gildford Water/Sewer District
Inverness Water/Sewer District
Arlee Lake County Sewer District
Panoramic Mountains River Heights Water/Sewer Dist
T & Y Irrigation District
Gallatin Historical Society
Brady Irrigation District
Tri County Water/Sewer District
Pondera Regional Port Authority
Upper & Lower River Road
Mon Dak Historical Society
Gardiner-Park County Water
Box Elder Water/Sewer District
Highwood County Water/Sewer District
Ethrige County Water District
Rocker Water/Sewer District
Roberts Carbon County Water/Sewer District
Broadwater Conservation District
Worden Ballentine Water/Sewer District
Daniels County Conservation District
Beartooth Parks & Recreation District
East Missoula County Sewer District

Sanders County-Paradise Water District
Woodside Park County Water/Sewer District
Harrison Water/Sewer District
Frenchtown Irrigation District
City-County Administration Building
Treasure State Acres County Sewer District
Central MT Health District
Woods Bay/ Lake County Water/Sewer District
Whitewater Water/Sewer District
Green Meadow Water District
Petrolia Irrigation District
Lincoln Lewis & Clark County Sewer District
Power Teton County Water/Sewer District
Ravalli County Park District #2
Ravalli County Council on Aging
Green Tree Meadows County Water/Sewer District
Ponderilla Hills Lake County Water/Sewer District
Ashland Water/Sewer District
Wilderness Plateau Water District
Troy Area Dispatch
Eureka Dispatch Dist 911
Shakopee Heights Granite County Water/Sewer Distri
Park County Meals on Wheels
Jette Meadow Water & Sewer District
4 Dot Meadows County Sewer
Park County Senior Citizen Center
Pleasant View Homesites Co. Water/Sewer District
Wisdom Sewer District
Phillips Transit Authority
Big Flat Irrigation District
Brady Water/Sewer District
Flathead Joint Board of Control
Glacier County Museum
Glacier County Regional Port Authority
Green Acres County Sewer
Happy Valley Water District # 2
Heron Park District
Lambert Water/Sewer District
Missoula Area Agency on Aging
North Central Econ Development
Ravalli County Economic Development
Seeley Lake Sewer District
Sunny Meadows Missoula County Water/Sewer District
Victor Park District
Yellowstone Holiday County
Flathead Municipal Airport Authority
Willow Creek Sewer District
Crystal Springs Water/Sewer District
Buffalo Rapids Irrigation District 2
Petroleum County Conservation District
Fallon County North Baker Water District
Antelope Water/Sewer District
Buffalo Speedway County Water District
Bynum-Teton County Water/Sewer District
Essex County Water/Sewer District
Gallatin Gateway Water/Sewer District

Four Corners Water/Sewer District
Meadow Hills Water/Sewer District
Stillwater Estates Water/Sewer District
Sidney Water District
Tiber County Water District
Rapelje Water/Sewer District
Ward Irrigation District
Blodgett Creek Irrigation District
Big Sky Search & Rescue
Flathead Municipal Airport Authority-EMTs
Toole County Transit
Paradise Shields TV District
North Lake County Library Dist
Northern Transit Interlocal
Pondera Cemetery District
Mission Valley Aquatics Recreation District
Madison Dike & Drain District
Dawson County Urban Transportation District
Hebgen Lake Estate Co Water/Sewer District
Beaverhead Conservation District
Wibaux County Conservation District
St. Regis Resort District
Carter Chouteau Co WS Dist
Flathead County Economic Development Authority
Ronan Library District
Musselshell Community Co W/S District
Mission Irrigation District
North Central Montana Regional Water Authority
Flathead Irrigation District
Kinsey Irrigation District
Flathead County 911
Dodson Irrigation District
Savage 2M Sewer District
Ten Mile Creek Estates/Pleasant Valley Water & Sewer District
Fallon County Water/Sewer District
Valier Area Development Corp
Jocko Irrigation District
Florence Park District
Teton County Refuse District #1
Lower Clark Fork Water Shead Group
Flathead County Water District #101
Sanders County Council on Aging
North Valley Public Library District
Nine Mile County Water Sewer District
Valier Cemetery District #1
Craig Water & Sewer District
Beaverhead County
Blaine County
Broadwater County
Carbon County
Chouteau County
Cascade County
Custer County
Daniels County
Dawson County
Fergus County

Flathead County
Glacier County
Garfield County
Granite County
Golden Valley County
Hill County
Judith Basin County
Jefferson County
Lake County
Lewis and Clark County
Liberty County
Lincoln County
Madison County
McCone County
Meagher County
Mineral County
Musselshell County
Park County
Petroleum County
Phillips County
Prairie County
Pondera County
Powder River County
Powell County
Ravalli County
Rosebud County
Richland County
Roosevelt County
Sanders County
Sweet Grass County
Sheridan County
Stillwater County
Teton County
Toole County
Treasure County
Valley County
Wheatland County
Wibaux County
Yellowstone County

EXHIBIT B:

MONTANA TORT CLAIMS ACT

It is hereby understood and agreed by Reinsurers and the Reinsured that the purchase of this Reinsurance Contract shall not increase the liability of the Reinsured and/or any Member for "claims" arising within the scope of the Montana Tort Claims Act, §§ 2-9-108 through -318 MCA. Underwriters and the Reinsured also expressly agree that the purchase of this Reinsurance Contract does not waive any of the defenses and/or exceptions of governmental immunity available to the Reinsured and/or any Member under the Montana Tort Claims Act, §§ 2-9-108 through -318 MCA.

For "claims" that fall within the scope of Montana Tort Claims Act, §§ 2-9-108 through -318 MCA, the maximum amount of loss or damage that can accrue toward the Ultimate Net Loss shall be \$750,000 ground up per claimant and a maximum of \$1,500,000 ground up per "occurrence".

It is a condition precedent to this Reinsurance Agreement, that the Reinsured shall make all reasonable efforts to settle "claims" within the limits provided under the Montana Tort Claims Act, §§ 2-9-108 through -318 MCA.

Reinsurers and the Reinsured agree that this Exhibit is not intended to alter any of the terms and conditions of this Reinsurance Contract applicable to "claims" that fall outside the scope of the Montana Tort Claims Act, §§ 2-9-108 through -318 MCA.

EXHIBIT C:

REINSURANCE EXCLUSIONS

- A. **Mold Exclusion:** Any liability caused by fungus or mycota or any byproduct or type of infestation produced by such fungus or mycota, including but not limited to, mold, mildew, mycotoxins, spores or any biogenic aerosols is excluded by this Reinsurance Agreement.
- B. **Financial Guarantee Exclusion:** Any claim based upon or attributable to any Member or the Reinsured gaining in fact any personal profit or advantage to which they were not legally entitled including remuneration paid in violation of law as determined by the Courts; except as covered in Crime and or Fiduciary Liability coverage sections.
- C. **ERISA Exclusion:** Any claim based upon the Reinsured's failure to comply with the Federal Employee Retirement Income Security Act of 1974 (ERISA), including subsequent amendments or any similar federal, state or local law or regulations, is excluded by this Reinsurance Agreement.
- D. **Coverage Memorandum Exclusions:** Coverage excluded per the exclusions in the Reinsured's original Coverage Memorandum.
- E. **Uninsured/Underinsured Motorists Exclusions:** Uninsured/Underinsured Motorists coverages as provided under the Reinsured Coverage Memorandum coverage sections F & G are excluded by this Reinsurance Agreement.

EXHIBIT D:

LOSS CORRIDOR

Further to ARTICLE II – SCHEDULE OF REINSURANCE LIMITS, it is understood and agreed that no claim shall be made under this Contract unless and until the Reinsured shall have first sustained, as a result of one or more than one Loss Occurrence / Claim in excess of the Reinsured's retention, an annual aggregate deductible amount of Ultimate Net Loss, otherwise recoverable hereunder, equal to an amount of Ultimate Net Loss of \$250,000 dollars applicable to each year of the term of this Contract. Such amount of annual aggregate deductible shall be exhausted in variable amounts on a per Loss Occurrence / Claim basis up to a maximum of \$250,000 until the cumulative amount of all Loss Occurrences / Claim exceed an annual aggregate amount of \$250,000. Thereafter, the Reinsurer shall be liable for its share of Ultimate Net Loss pursuant to ARTICLE II – SCHEDULE OF REINSURANCE LIMITS.

EXHIBIT E:

CRISIS MANAGEMENT ENDORSEMENT

INSURING AGREEMENT

Reinsurers shall pay any **COSTS**, on behalf of the **MEMBER ENTITY**, incurred from the use of **CRISIS MANAGEMENT RESOURCES**, as agreed by Reinsurers, following an **INCIDENT**, as defined herein, which first occurred during the **PERIOD OF INSURANCE**.

Reinsurers shall pay any **COSTS** incurred, as covered herein, directly to the third party **CRISIS MANAGEMENT RESOURCES**.

EXCESS LIMITS OF INSURANCE

Coverage herein is limited to \$25,000 per **INCIDENT** from ground up and \$50,000 in the Annual Aggregate for the Pool. Coverage is not subject to a deductible, does not erode the **UNDERLYING LIMITS** and nor shall it be considered part of any other loss covered by Reinsurers.

DEFINITIONS

1. **MEMBER ASSURED** means not only the **MEMBER ENTITY** as stated in **EXHIBIT A** of this Policy, but also includes any past, present or future officials; members of boards or commissions; and trustees, directors, officers, volunteers, or employees of the **MEMBER ENTITY** while acting within the scope of their duties as such. **MEMBER ASSURED** shall also mean any person, organization, trustee or estate to whom the **MEMBER ENTITY** is obligated by virtue of a written contract or written mutual aid agreement or other written agreement to provide insurance such as is offered by this policy; but only in respect to acts or operations by or on behalf of the **MEMBER ENTITY**, and subject to the limitations on coverage contained in any such written contract or written mutual aid agreement or other written agreement.
2. **AUTOMOBILE** means any motor vehicle intended or designed for highway use, trailer or semi-trailer, including its equipment and any other equipment permanently attached thereto.
3. **BODILY INJURY** means physical injury (including death) to any person, and any mental anguish or shock, sickness, disease, disability or death associated with or arising from such physical injury.
4. **COSTS** mean fees paid by Underwriters for the services rendered by **CRISIS MANAGEMENT RESOURCES**. These **COSTS** are capped up to the limit detailed herein.
5. **CLAIM** means all notices or demand for financial assistance to Reinsurers following a covered incident.
6. **CRISIS MANAGEMENT RESOURCES** means any public relations firm or crisis management firm approved by Reinsurers. **CRISIS MANAGEMENT RESOURCES** will consist of but is not limited to –
 - a. Public Relations Officers
 - b. Incident Response Team
 - c. Psychological Counseling
7. **INCIDENT** can be defined only by the following named events –
 - a. A criminal act of violence causing **BODILY INJURY** to multiple persons or significant **PROPERTY DAMAGE** to the **PROPERTY OF THE MEMBER ASSURED**; or

- b. **AUTOMOBILE** or aircraft accident causing serious **BODILY INJURY** to a multiple number of students or **MEMBER ASSURED**S; or
 - c. Public defamation or slander of the **MEMBER ENTITY** which has or threatens to devalue the Institution's brand and/or reputation.
8. **MEMBER ENTITY** means the person(s) and/or organization(s) listed in **EXHIBIT A** of this policy.
9. **PERIOD OF INSURANCE** means the length of time that the policy is in force as stated in the Declaration Page of this policy as the Effective Date and Expiration Date.
10. **PROPERTY DAMAGE** means direct damage to or destruction or loss of property, including all resulting loss of use of property.
11. **PROPERTY OF THE MEMBER ASSURED** means all Real and Personal Property which is in the care, custody or control of the **MEMBER ENTITY** or which the **MEMBER ENTITY** owns or agrees to insure by any contractual agreement normal to its operation, including: leasehold improvements and betterments; Personal Property in transit; property in the course of construction, installation, repair, renovation and the like; **AUTOMOBILE**; Accounts Receivable; Data Processing Systems; Data Processing Media; Fine Arts; Valuable Papers; and Mobile Equipment.
12. **UNDERLYING LIMITS** means that United States Dollar amount specified on the Declaration Page of this policy which the Reinsured is obligated to pay because of loss or damage covered under any Section of this policy, before this policy indemnifies the Reinsured for the same loss.

CONDITIONS

- a) Any **CLAIM** must be made within the **PERIOD OF INSURANCE**.
- b) The **INCIDENT** must be reported to **CRISIS MANAGEMENT RESOURCES** within 24 hours of the Risk Manager/s or Senior Official/s being made aware of the **INCIDENT**.
- c) The **INCIDENT** must occur in the United States and response to the **INCIDENT** is limited to the United States.
- d) Alleged or intentional acts by the Reinsured and their board or senior officials which resulted in a named **INCIDENT** are excluded from coverage.
- e) Any previously reported or covered **INCIDENT** is excluded.

NOTICE OF AN INCIDENT

CRISIS MANAGEMENT RESOURCES are provided by Jackson Spalding 24 hours a day, seven days a week. In the event of an **INCIDENT**, please notify the following persons, on the below list, within 24 hours of the Risk Manager/s or Senior Official/s being made aware of the **INCIDENT**. Please contact the office numbers during business hours (9am ET – 5pm ET) and ask for the name of any person on the below list. If it is after business hours, please contact one of the mobile numbers. An individual is always on call.

- Blair Meeks – (404) 214-2271 office, (404) 402-9651 mobile
bmeeks@jacksonspalding.com
- Caroline Duffy – (404) 724-2515 office, (404) 713-2984 mobile

cnduffy@jacksonspalding.com

- Rachel Tobin – (404) 724-2501 office, (404) 276-5930 mobile

rtobin@jacksonspalding.com

- Glen Jackson – (404) 724-2505 office, (404) 944-6491 mobile

gjackson@jacksonspalding.com

- Bo Spalding – (404) 724-2510 office, (404) 375-9371 mobile

bspalding@jacksonspalding.com

- Eric O'Brien – (404) 724-2511 office, (404) 550-5388 mobile

eobrien@jacksonspalding.com

- Brian Brodrick – (404) 724-2513 office, (404) 983-4384 mobile

bbrodrick@jacksonspalding.com

- Trudy Kremer – (404) 724-2518 office, (404) 277-3418 mobile

tkremer@jacksonspalding.com

Main Office Phone – (404) 742-2500 - www.jacksonspalding.com