



**Environmental Unit of XL
Insurance**

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July 8, 2014

VIA EMAIL Ed.Morales@marsh.com

Ed Morales
Marsh Environmental Practice
345 California Street
San Francisco, CA 94104

Re: **FORT ORD REUSE AUTHORITY
RENEWAL INDICATION**

Dear Ed,

We are pleased to present the following indication for your client. The XL Insurance - Environmental program promotes an integrated approach to risk management through insurance, specialized risk control and claims management.

This indication is strictly limited to the terms and conditions outlined below and any other coverage extensions, deletions or changes requested in the submission may not have been granted. Any request to amend, add, or modify terms and conditions or coverage as set forth below will not serve to alter the terms and conditions or coverage until written acknowledgement and approval to such request is provided by the Company.

This indication will expire on December 31, 2014. Any extensions must be requested in writing.

ALL PREMIUMS PRESENTED ARE PREPAID FIGURES.

Please feel free to call me with any questions you may have.

Sincerely,

Kimberly A. Bongiorno, PG, CHMM, CIC
Senior Underwriter
West Region

Enclosure(s)

cc: Chris Biddle
RM Open Quote

PROPOSAL
for
FORT ORD REUSE AUTHORITY

Terrorism Risk Insurance Act of 2002, As Amended

TERRORISM QUOTE SUMMARY

Line of Business	“Certified” Acts Coverage / Premium	SFP States Following Fire Terrorism Premium
Pollution and Remediation Legal Liability	2%	N/A

Possibility of Additional/Return Premium - The premium for Certified Acts of Terrorism coverage is calculated based in part on the federal participation in payment of terrorism losses as set forth in the Terrorism Risk Insurance Act, as amended. The federal program established by the Act is scheduled to terminate on 12/31/14, unless extended by the federal government. Continuation of coverage for Certified Acts of Terrorism, or termination of such coverage, will be determined upon disposition of the federal program, subject to the terms and conditions of this policy. If we notify you of an additional premium charge, the additional premium will be due as specified in such notice.

THE ABOVE TERRORISM PREMIUMS ARE IN ADDITION TO THE QUOTED LINES OF BUSINESS

AS THE TERRORISM RISK INSURANCE ACT OF 2002, AS AMENDED IS APPLICABLE TO THE U.S.A. ONLY, THE “CERTIFIED ACTS” COVERAGE IS NOT APPLICABLE OR AVAILABLE FOR CANADIAN COVERAGES.

The availability of coverage for Other Acts of Terrorism varies by state and may or may not be offered. Coverage for Certified Acts of Terrorism is optional. Please contact your insurance broker if you have any questions.

**POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM
INSURANCE COVERAGE**

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, that you have a right to purchase insurance coverage for losses resulting from acts of terrorism, *as defined in section 102(1) of the Act*. The term “act of terrorism” means any 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; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the

United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY-ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

TERRITORY

This policy(ies) will not apply to any risk which would be in violation of economic or trade sanctions administered by the United States Treasury, State, and Commerce Departments (e.g. the economic and trade sanctions administered by the United States Treasury Office of Foreign Assets Control – OFAC). **Refer to Territory Section of Policy for coverage details.** Countries or organizations with OFAC restrictions include but are not limited to the following: Balkans, Burma, Cuba, Iran, Iraq, Libya, Liberia, North Korea, Sierra Leone, Sudan, and Taliban. Please note that this list is subject to change. Up to date information is available on U.S. OFAC home page (<http://www.treas.gov/ofac>).

PROPOSAL
for
FORT ORD REUSE AUTHORITY

Pollution and Remediation Legal Liability

POLICY TERMS

CARRIER and POLICY FORM: Indian Harbor Insurance Company
PARL6 CP 1111

A.M. BEST RATING: A

FIRST NAMED INSURED: FORT ORD REUSE AUTHORITY

ADDITIONAL NAMED INSURED(S): See Endorsement PARL6 025

COVERED LOCATION(S): See Parl 6 001a

DOMICILE STATE: CA

THE POLICY IS BEING ISSUED BY A SURPLUS LINES INSURANCE COMPANY. FOR SURPLUS LINES TAX REPORTING PURPOSES, PREMIUM WILL BE CODED TO THE STATE OF CA AND AN APPROPRIATE SURPLUS LINES LICENSE IS REQUIRED FOR EACH STATE. YOUR OFFICE WILL BE RESPONSIBLE FOR THE COLLECTION AND REMITTANCE OF ANY APPLICABLE TAXES AND FEES AS WELL AS THE FILING OF ALL REQUIRED AFFIDAVITS.

QUOTE SUMMARY

	1.	2.
Limits of Liability: Each POLLUTION CONDITION	\$25,000,000	\$50,000,000
Limits of Liability: Aggregate Liability	\$25,000,000	\$50,000,000
Self Insured Retention Amount: See Endorsement	\$500,000 each Pollution Condition \$1,000,000 each MEC Pollution Condition	\$500,000 each Pollution Condition \$1,000,000 each MEC Pollution Condition
Policy Premium: Ten Year Term Minimum Earned Premium 100%	\$2,500,000	\$5,000,000

ANY AND ALL APPLICABLE TAXES ARE THE RESPONSIBILITY OF THE BROKER AND/OR INSURED AND ARE NOT INCLUDED IN ABOVE PREMIUM

RETROACTIVE DATE: Not Applicable

REVERSE RETROACTIVE DATE: Not Applicable

The above quotation does not include a premium for Certified Acts of Terrorism coverage, which we are required to offer for certified losses under the Terrorism Risk Insurance Act of 2002, as amended. The additional premium for this coverage, which is optional, is shown on the Terrorism Quote Summary.

Other Acts of Terrorism coverage is included in this policy if Certified Acts of Terrorism coverage is purchased.

COMMISSION

0.00%

CONDITIONS

1. Receipt and satisfactory review of a completed XL Insurance - Environmental Facilities Pollution Application signed and dated by the Insured must be returned prior to binding.
2. Receipt and satisfactory review of the Insured's past two (2) years of financial statements must be returned prior to binding.
3. Receipt and satisfactory review of the following prior to binding:
 - Please provide copies of all final RODS / RI/FS (even if they are still being finalized)
 - Please provide an updated map to the 2012 ESCA Map (showing remediation progress for ESCA parcels)
 - In all areas where MEC investigations took place, please confirm that additional soil sampling was conducted to delineate any contamination
 - MOUT Site MRA – will this remain an Army training area?
 - Are there deed restrictions for areas in the ESCA parcels that are to be redeveloped into housing??

- Auto assignment – please provide additional details on the their plans for an FNI when FORA sunsets.
 - Confirm schedule of Additional Named Insureds
 - Confirm Insured Contract Schedule
 - Confirm Sublimits of liability
 - Confirm that the Fort Ord Reuse Plan of 1997 is still being implemented
 - Confirm that the City of Del Ray Oaks & Federal Del Ray Oaks Associates are utilizing Project related Information to the Resort of Del Ray Oaks.
4. Please confirm a valid E & S license exists and provide an address for that license.
 5. Please stipulate in any Order to Bind if Insured has accepted or rejected the Terrorism Coverage as offered.
 6. For multi-year policies, Policy Limits do not annually reinstate.

ENDORSEMENTS

- | | | |
|-----|------------|--|
| 1. | PARL6 001a | Covered Location Schedule |
| 2. | MANUS | Section I. Insuring Agreement Amendatory |
| 3. | MANUS | Section II. Definitions Amendatory |
| 4. | MANUS | Section III. Territory Amendatory |
| 5. | MANUS | Section IV. Exclusions Amendatory |
| 6. | MANUS | Section V. Extended Reporting Period Amendatory |
| 7. | MANUS | Section VI Limits of Liability and Self Insured Retention Amendatory |
| 8. | MANUS | Split SIR endorsement |
| 9. | MANUS | Section VII. Reporting, Defense, Settlement and cooperation amendatory |
| 10. | MANUS | Section VIII. Transfer of Legal Defense Duties Amendatory |
| 11. | MANUS | Section IX. Conditions Amendatory |
| 12. | MANUS | Additional Named Insured Schedule |
| 13. | MANUS | Contamination Exclusion for Operable Unit OU-1 |
| 14. | MANUS | Contamination Exclusion for Operable Unit OU-2 |
| 15. | MANUS | Contamination Exclusion for Landfill Gas at Operable Unit OU-2 |
| 16. | MANUS | Contamination Exclusion for Carbon Tetrachloride Operable Unit |
| 17. | MANUS | Contamination Exclusion for Sites 2/12 |
| 18. | MANUS | Contamination Exclusion for Emergent Chemicals |
| 19. | MANUS | Contamination Exclusion for Smallpox Vaccine material |
| 20. | MANUS | Site Wide Contamination Exclusion for Soil Vapor |

- | | | |
|-----|-------------|---|
| 21. | MANUS | Contamination Exclusion for Munitions and Explosives of Concern |
| 22. | MANUS | Lead in Soil Exclusion |
| 23. | MANUS | Sublimits of Liability (If requested) |
| 24. | Parl 6 422a | Institutional and Engineering Controls Violation |
| 25. | Parl 6 404 | Insured Contract Schedule |
| 26. | PARL6 930 | Coverage for Certified Acts of Terrorism, Subject to Cap and Coverage for Other Acts of Terrorism (if accepted) |
| 27. | PARL6 931 | Exclusion of Certified Acts of Terrorism (if rejected) |
| 28. | XL SOP | Service of Process |

The aforementioned endorsements change the policy. Please read them carefully and contact the Underwriter if you have any questions or comments. Complete copies of all endorsements are attached to this quote for your review.

GENERAL CONDITIONS

Exclusions in the quotation include, but are not limited to, the terms and conditions outlined above. Please refer to the policy contract for specifics. Any other coverage extensions, deletions, or changes requested in the submission are hereby rejected.

XL SPECIALTY RISK CONSULTING AND ENGINEERING

Loss Control / Risk Management Support Services

XL Insurance - Environmental provides a variety of risk and loss control services. These services can be reviewed on our website, www.xlenvironmental.com. In addition to the services set forth on the website, a condition of coverage may be a risk control assessment of your operations. Your coverage will clearly indicate any and all conditions that may be established.

CLAIMS HANDLING SERVICES

In addition to insurance and loss control services, specialized claims handling services are provided by in house claims professionals 24/7.

The environmental claims administrators of XL Insurance have handled over 50,000 auto liability, general liability, property, pollution and professional liability claims. Attorneys and adjusters are assisted by in-house technical consultants, uniquely qualified in engineering and environmental fields. The diverse and professional staff provides to clients cost-effective solutions to litigation and remediation problems and is recognized for its responsiveness and ability to expedite problem solving in the claims process. When necessary, a wide network of proven defense counsel and experts augment claim handling efforts. The effective cost recovery strategies provided are essential in minimizing the overall financial risks.

The XL Insurance environmental claims administrator unit is recognized for lowering costs and ensuring timely and fair resolutions of claims and is dedicated to providing quality, ethical, prompt service in a friendly fashion to every client.

PAYMENT TERMS

In order to bind coverage, we must receive your written instructions confirming coverage(s) desired prior to releasing policy numbers. The full premium payment is due thirty (30) days from the effective date.

ENDORSEMENT #

This endorsement, effective 12:01 a.m., forms a part of
Policy No. issued to
by .

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COVERED LOCATION SCHEDULE

This endorsement modifies insurance provided under the following:

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

The INSURED and the Company agree to the following Policy change(s):

This Policy applies to a COVERED LOCATION listed below, but solely with respect to the liability of the INSURED.

[] COVERED LOCATION

- 1.
- 2.
- 3.

or

X Any COVERED LOCATION specifically on file with the Company as set forth in the following document(s):

<u>Document(s) – Title & Author</u>	<u>Document(s) – Date</u>
1. FORA-PLL-Insurance-Proposed Parcels (those indicated in yellow)	4/2/14
2.	
3.	

During the POLICY PERIOD, the FIRST NAMED INSURED may request that a new location be added to this Policy by endorsement. The Company shall advise the FIRST NAMED INSURED of any information needed to consider the request. If the Company agrees to add this new location to the Policy, it will do so by issuing an endorsement adding the location as a COVERED LOCATION. Coverage for any such added location will not be effective until the Company issues the endorsement adding the location as a COVERED LOCATION. Locations added to the Policy may be subject to additional premium or coverage restrictions.

All other terms and conditions remain the same.

ENDORSEMENT

This endorsement, effective 12:01 a.m., forms a part of
Policy No. issued to
by .

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COVERAGE FOR CERTIFIED ACTS OF TERRORISM, SUBJECT TO CAP AND COVERAGE FOR OTHER ACTS OF TERRORISM COMMITTED WITHIN THE UNITED STATES

This endorsement modifies insurance provided under the following:

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

The INSURED and the Company agree to the following Policy change(s):

- A. Provided that coverage is otherwise afforded under this Policy, and subject to all of the terms and conditions of this Policy, coverage is afforded for the following:

Terrorism

Any LOSS, REMEDIATION EXPENSE or LEGAL EXPENSE or any other coverages provided by endorsement, or ANY INJURY OR DAMAGE arising, directly or indirectly, out of a CERTIFIED ACT OF TERRORISM or an OTHER ACT OF TERRORISM.

- B. The following DEFINITIONS are added:

1. For the purposes of this endorsement, **ANY INJURY OR DAMAGE** means any injury or damage covered under any Coverage Part to which this endorsement is applicable and as may be defined in any applicable Coverage Part.
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, pursuant to the federal Terrorism Risk Insurance Act of 2002, as amended:
 - a. to be an act that resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act of 2002, as amended;
 - b. to be an act of terrorism;
 - c. to be a violent act or an act that is dangerous to human life, property or infrastructure;
 - d. to have resulted in damage:
 - i) within the United States; or
 - ii) to an air carrier; to a United States flag vessel, regardless of where the loss occurs; or at the premises of a United States mission; and

e. to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

3. **OTHER ACT OF TERRORISM** means a violent act or an act that is dangerous to human life, property or infrastructure, that is committed within the United States 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, as amended.

However, OTHER ACT OF TERRORISM does not include acts of terrorism that fail to be certified losses solely because the act resulted in aggregate losses of \$5 million or less. Multiple incidents of an OTHER ACT OF TERRORISM which occur within a (72) 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. OTHER ACT OF TERRORISM also does not include acts of terrorism committed outside of the United States.

C. With respect to any one or more CERTIFIED ACTS OF TERRORISM, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act of 2002, as amended, exceed \$100 billion in a Program Year and the Company has met its insurer deductible under the Terrorism Risk Insurance Act of 2002, as amended, the Company shall not be liable for the payment of any portion of the amount of such losses that exceed \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of Treasury.

D. Section IV. EXCLUSIONS, Item 10. Hostile Acts is deleted in its entirety and replaced with the following:

10. **Hostile Acts**

based upon or arising out of any consequence, whether direct or indirect, of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military or usurped power, strike, riot or civil commotion.

This exclusion does not apply to a CERTIFIED ACT OF TERRORISM or an OTHER ACT OF TERRORISM.

All other terms and conditions remain the same.

ENDORSEMENT #

This endorsement, effective 12:01 a.m., forms a part of
Policy No. issued to
by .

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION OF CERTIFIED ACTS OF TERRORISM AND TERRORISM
COMMITTED OUTSIDE OF THE UNITED STATES**

This endorsement modifies insurance provided under the following:

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

The INSURED and the Company agree to the following Policy change(s):

A. Section IV. Exclusions is amended by the addition of the following exclusion:

CERTIFIED ACT OF TERRORISM AND TERRORISM COMMITTED OUTSIDE OF THE UNITED STATES

arising from any LOSS, REMEDIATION EXPENSE or LEGAL EXPENSE or any other coverages provided by endorsement, or ANY INJURY OR DAMAGE arising, directly or indirectly, out of a CERTIFIED ACT OF TERRORISM or any act of terrorism committed outside of the United States.

B. The following definitions are added:

1. For the purposes of this endorsement, **ANY INJURY OR DAMAGE** means any injury or damage covered under any Coverage Part to which this endorsement is applicable and as may be defined in any applicable Coverage Part.
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 pursuant to the federal Terrorism Risk Insurance Act of 2002, as amended:
 - a. to be an act that resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act of 2002, as amended;
 - b. to be an act of terrorism;
 - c. to be a violent act or an act that is dangerous to human life, property or infrastructure;
 - d. to have resulted in damage:
 - i) within the United States; or
 - ii) to an air carrier; to a United States flag vessel, regardless of where the loss occurs; or at the premises of a United States mission; and

e. to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

3. **OTHER ACT OF TERRORISM** means a violent act or an act that is dangerous to human life, property or infrastructure that is committed within the United States and 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, as amended.

However, OTHER ACT OF TERRORISM does not include acts of terrorism that fail to be certified losses solely because the act resulted in aggregate losses of \$5 million or less. Multiple incidents of an OTHER ACT OF TERRORISM which occur within a (72) 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. OTHER ACT OF TERRORISM does not include any act of terrorism committed outside of the United States.

C. Section IV. EXCLUSIONS, Item 10. Hostile Acts is deleted in its entirety and replaced with the following:

10. **Hostile Acts**
based upon or arising out of any consequence, whether direct or indirect, of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military or usurped power, strike, riot or civil commotion.

This exclusion does not apply to an OTHER ACT OF TERRORISM.

All other terms and conditions remain the same.

ENDORSEMENT #

This endorsement, effective 12:01 a.m., forms a part of
Policy No. issued to
by .

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SECTION III. TERRITORY AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

The INSURED and the Company agree to the following Policy change(s):

Section III. TERRITORY, is deleted in its entirety and replaced with the following:

III. TERRITORY

This Policy only applies to a CLAIM made or brought in the United States.

This Policy shall not apply to any risk which would be in violation of the laws of the United States or Canada, as applicable, including, but not limited to, United States economic or trade sanction laws or export control laws administered by the United States Treasury, State, and Commerce Departments (e.g. the economic and trade sanctions administered by the United States Treasury Office of Foreign Assets Control).

All other terms and conditions remain the same.
MANUS

ENDORSEMENT #

This endorsement, effective 12:01 a.m., forms a part of
Policy No. issued to
by .

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL NAMED INSURED SCHEDULE ENDORSEMENT

This endorsement modifies insurance provided under the following:

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

The INSURED and the Company agree to the following Policy change(s):

The following are included as an ADDITIONAL NAMED INSURED:

Municipalities:

1. City of Monterey, California
2. City of Seaside, California
3. City of Marina, California
4. City of Del Ray Oaks, California
5. County of Monterey, California

Public Entities:

1. Transportation Agency of Monterey County (TAMC) for the following parcel numbers only:
L20.16.1; L20.16.2; and L20.16.3
2. Monterey Peninsula College (MPC) for the following parcels numbers only:
F.1.7.2; L23.1.1; L23.1.2; L23.1.3; L23.1.4; L23.1.5; L23.2; L23.4; L23.5; and L23.6
3. Marina Coast Water District (MCWD) for the following parcel numbers only:
L35.1; L35.2; L35.3; L35.4; L35.5; L35.6; L35.7; and L35.8
4. Monterey-Salinas Transit (MST) for the following parcel numbers only:
L2.1; L2.2.1; L2.2; L2.3; L2.4.1; L2.4.2; L2.4.3.1; and L2.4.3.2

Developers and their Associated Lenders:

1. East Garrison Partners I, LLC
2. Marina Community Partners, LLC (MCP) and those parties related to MCP by membership to include Shea Homes, Shea Properties and Centex Homes but only in their capacities as members of the limited liability corporation
3. Marina Redevelopment Agency

4. Cypress Marina Heights, LP
5. Cypress Knolls, LLC
6. Federal Del Rey Associates, LLC
7. Redevelopment Agency of the City of Del Rey Oaks
8. Monterey Horse Park
9. The County of Monterey Redevelopment Agency, and
10. the above Developers' associated Lenders provided such Lenders are endorsed onto this Policy.

The Developers identified above will become ADDITIONAL NAMED INSURED(S) at such time as they take title for any portion of any COVERED LOCATION or become entitled by contract with another INSURED to use or develop any portion of the COVERED LOCATION. In the event that a Developer withdraws or is terminated from relationship with one of the Communities identified above, prior to taking title or becoming entitled to any portion of the COVERED LOCATION, the Municipality with land use jurisdiction over any COVERED LOCATION shall have the right to designate another Developer, subject to prior written approval by the Company.

All other terms and conditions remain the same.
MANUS

ENDORSEMENT

This endorsement, effective 12:01 a.m., forms a part of
Policy No. issued to
by .

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONTAMINATION EXCLUSION FOR OPERABLE UNIT (OU)-1

This endorsement modifies insurance provided under the following:

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

The INSURED and the Company agree to the following Policy change(s):

Section IV. EXCLUSIONS, is amended by the addition of the following:

OU-1 Contamination

based upon or arising from the following Constituents (including any breakdown daughter or derivative products of such Constituents):

1. Trichloroethylene (TCE);
2. 1,1-Dichloroethane (DCA);
3. 1,2-Dichloroethane (DCA);
4. 1,2-Dichloroethene (DCE);
5. cis 1,2-Dichloroethene (DCE);
6. Tetrachloroethylene (PCE); and/or
7. Benzene,

in or affecting Groundwater, where such Constituents are on, at, under or migrating from any COVERED LOCATION resulting from or associated with any historic operations at OU-1 as identified in the OU-1 ROD.

With respect to this exclusion, in the event a No Further Action (NFA) letter(s) or similar documentation has been issued by the applicable regulatory authority(ies) which states that No Further Action is required with respect to the Constituents excluded by this endorsement, this endorsement may be deleted or modified by the Company for those Constituents that are the subject of the NFA or similar documentation, upon Company review and approval, which approval shall not be unreasonably withheld or delayed.

It is further agreed that such deletion or modification shall not be effective until the Company issues an endorsement deleting or modifying this specific endorsement. In no event shall the Company be liable for any coverage granted by deleting or modifying this endorsement that: (1) arose prior to the effective date of the endorsement deleting or modifying this specific endorsement; or (2) were incurred to achieve such No Further Action status.

All other terms and conditions remain the same.
MANUS

MANUS

ENDORSEMENT

This endorsement, effective 12:01 a.m., forms a part of
Policy No. issued to
by .

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONTAMINATION EXCLUSION FOR OPERABLE UNIT (OU)-2

This endorsement modifies insurance provided under the following:

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

The INSURED and the Company agree to the following Policy change(s):

Section IV. EXCLUSIONS, is amended by the addition of the following:

OU-2 Contamination

based upon or arising from the following Constituents (including any breakdown daughter or derivative products of such Constituents):

1. Benzene;
2. Carbon Tetrachloride;
3. Chloroform;
4. 1,1-Dichloroethane (DCA);
5. 1,2-Dichloroethane (DCA);
6. 1,2-Dichloroethene (DCE);
7. cis-1,2-Dichloroethene (DCE);
8. 1,2-Dichloropropane (DCP);
9. Methylene Chloride;
10. Tetrachloroethylene (PCE);
11. Trichloroethylene (TCE); and/or
12. Vinyl Chloride,

in or affecting Groundwater, where such Constituents are on, at, under or migrating from any COVERED LOCATION resulting from or associated with any historic operations at OU-2 as identified in the OU-2 ROD.

With respect to this exclusion, in the event a No Further Action (NFA) letter(s) or similar documentation has been issued by the applicable regulatory authority(ies) which states that No Further Action is required with respect to the Constituents excluded by this endorsement, this endorsement may be deleted or modified by the Company for those Constituents that are the subject of the NFA or similar documentation, upon Company review and approval, which approval shall not be unreasonably withheld or delayed.

It is further agreed that such deletion or modification shall not be effective until the Company issues an endorsement deleting or modifying this specific endorsement. In no event shall the Company be liable for any coverage granted by deleting or modifying this endorsement that: (1) arose prior to the effective date of the endorsement deleting or modifying this specific endorsement; or (2) were incurred to achieve such No Further Action status.

All other terms and conditions remain the same.
MANUS

ENDORSEMENT

This endorsement, effective 12:01 a.m., forms a part of
Policy No. issued to
by .

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONTAMINATION EXCLUSION FOR LANDFILL GAS AT OPERABLE UNIT (OU)-2

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

The INSURED and the Company agree to the following Policy change(s):

Section IV. EXCLUSIONS, is amended by the addition of the following exclusion:

Landfill Gas at OU-2 Contamination

based upon or arising from the following Constituents (including any breakdown daughter or derivative products of such Constituents):

1. Methane gas; and/or
2. any other Volatile Organic Compounds (VOCs) associated with landfill gas,

in or affecting Air, where such Constituents are on, at, under or migrating from any COVERED LOCATION determined to be migrating from the area of OU-2.

With respect to this exclusion, in the event a No Further Action (NFA) letter(s) or similar documentation has been issued by the applicable regulatory authority(ies) which states that No Further Action is required with respect to the Constituents excluded by this endorsement, this endorsement may be deleted or modified by the Company for those Constituents that are the subject of the NFA or similar documentation, upon Company review and approval, which approval shall not be unreasonably withheld or delayed.

It is further agreed that such deletion or modification shall not be effective until the Company issues an endorsement deleting or modifying this specific endorsement. In no event shall the Company be liable for any coverage granted by deleting or modifying this endorsement that: (1) arose prior to the effective date of the endorsement deleting or modifying this specific endorsement; or (2) were incurred to achieve such No Further Action status.

All other terms and conditions remain the same.
MANUS

ENDORSEMENT #

This endorsement, effective 12:01 a.m., forms a part of
Policy No. issued to
by .

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONTAMINATION EXCLUSION FOR CARBON TETRACHLORIDE OPERABLE UNIT

This endorsement modifies insurance provided under the following:

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

The INSURED and the Company agree to the following Policy change(s):

Section IV. EXCLUSIONS, is amended by the addition of the following:

Carbon Tetrachloride Operable Unit Contamination

based upon or arising from the following Constituents (including any breakdown daughter or derivative products of such Constituents):

1. Carbon Tetrachloride; and/or
2. Trichloroethylene (TCE),

in or affecting Groundwater, where such Constituents are on, at, under or migrating from any COVERED LOCATION determined to be migrating from the Carbon Tetrachloride Operable Unit.

With respect to this exclusion, in the event a No Further Action (NFA) letter(s) or similar documentation has been issued by the applicable regulatory authority(ies) which states that No Further Action is required with respect to the Constituents excluded by this endorsement, this endorsement may be deleted or modified by the Company for those Constituents that are the subject of the NFA or similar documentation, upon Company review and approval, which approval shall not be unreasonably withheld or delayed.

It is further agreed that such deletion or modification shall not be effective until the Company issues an endorsement deleting or modifying this specific endorsement. In no event shall the Company be liable for any coverage granted by deleting or modifying this endorsement that: (1) arose prior to the effective date of the endorsement deleting or modifying this specific endorsement; or (2) were incurred to achieve such No Further Action status.

All other terms and conditions remain the same.
MANUS

ENDORSEMENT

This endorsement, effective 12:01 a.m., forms a part of
Policy No. issued to
by .

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONTAMINATION EXCLUSION FOR SITES 2/12

This endorsement modifies insurance provided under the following:

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

The INSURED and the Company agree to the following Policy change(s):

Section IV. EXCLUSIONS, is amended by the addition of the following exclusion:

Sites 2/12 Contamination

based upon or arising from the following Constituents (including any breakdown daughter or derivative products of such Constituents):

1. 1,2-Dichloroethane (DCA);
2. Chloroform;
3. 1,1-Dichloroethene (DCE);
4. cis-1,2-Dichloroethene (DCE);
5. total 1,3-Dichloropropane (DCP);
6. Tetrachloroethylene (PCE);
7. Trichloroethylene (TCE); and/or
8. Vinyl Chloride,

in or affecting Groundwater, where such Constituents are on, at, under or migrating from any COVERED LOCATION resulting from or associated with any historic operations at Sites 2 (Main Garrison Sewage Treatment Plant) / 12 (Lower Meadow, the DOL Automotive Yard, the Cannibalization Yard and the surrounding Industrial Area) as identified in the ROD for Sites 2/12.

With respect to this exclusion, in the event a No Further Action (NFA) letter(s) or similar documentation has been issued by the applicable regulatory authority(ies) which states that No Further Action is required with respect to the Constituents excluded by this endorsement, this endorsement may be deleted or modified by the Company for those Constituents that are the subject of the NFA or similar documentation, upon Company review and approval, which approval shall not be unreasonably withheld or delayed.

It is further agreed that such deletion or modification shall not be effective until the Company issues an endorsement deleting or modifying this specific endorsement. In no event shall the Company be liable for any coverage granted by deleting or modifying this endorsement that: (1) arose prior to the effective date of the endorsement deleting or modifying this specific endorsement; or (2) were incurred to achieve such No Further Action status.

All other terms and conditions remain the same.
MANUS

ENDORSEMENT

This endorsement, effective 12:01 a.m., forms a part of
Policy No. issued to
by .

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONTAMINATION EXCLUSION FOR EMERGENT CHEMICALS

This endorsement modifies insurance provided under the following:

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

The INSURED and the Company agree to the following Policy change(s):

Section IV. EXCLUSIONS, is amended by the addition of the following exclusion:

Emergent Chemicals Contamination

based upon or arising from the following Constituents (including any breakdown daughter or derivative products of such Constituents):

1. Ammonium Perchlorate;
2. N-nitrosodimethylamine (NDMA);
3. Methyl Tertiary Butyl Ether (MTBE);
4. 1,4-dioxane;
5. Polybrominated diphenyl ether (PDBE); and/or
6. Hexavalent Chromium (Chromium VI),

in or affecting Groundwater, where such Constituents are on, at, under or migrating from any COVERED LOCATION.

With respect to this exclusion, in the event a No Further Action (NFA) letter(s) or similar documentation has been issued by the applicable regulatory authority(ies) which states that No Further Action is required with respect to the Constituents excluded by this endorsement, this endorsement may be deleted or modified by the Company for those Constituents that are the subject of the NFA or similar documentation, upon Company review and approval, which approval shall not be unreasonably withheld or delayed.

It is further agreed that such deletion or modification shall not be effective until the Company issues an endorsement deleting or modifying this specific endorsement. In no event shall the Company be liable for any coverage granted by deleting or modifying this endorsement that: (1) arose prior to the effective date of the endorsement deleting or modifying this specific endorsement; or (2) were incurred to achieve such No Further Action status.

All other terms and conditions remain the same.
MANUS

ENDORSEMENT #

This endorsement, effective 12:01 a.m., forms a part of

Policy No. issued to

by .

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONTAMINATION EXCLUSION FOR SMALLPOX VACCINE MATERIAL

This endorsement modifies insurance provided under the following:

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

The INSURED and the Company agree to the following Policy change(s):

Section IV. EXCLUSIONS, is amended by the addition of the following:

Small Pox Vaccine Material Contamination

based upon or arising from the following Constituents (including any breakdown daughter or derivative products of such Constituents):

- 1. Any smallpox vaccine material,

in or affecting Soil, Groundwater, Surface Water/Sediment, and/or Air, where such Constituents are on, at, under or migrating from any COVERED LOCATION.

With respect to this exclusion, in the event a No Further Action (NFA) letter(s) or similar documentation has been issued by the applicable regulatory authority(ies) which states that No Further Action is required with respect to the Constituents excluded by this endorsement, this endorsement may be deleted or modified by the Company for those Constituents that are the subject of the NFA or similar documentation, upon Company review and approval, which approval shall not be unreasonably withheld or delayed.

It is further agreed that such deletion or modification shall not be effective until the Company issues an endorsement deleting or modifying this specific endorsement. In no event shall the Company be liable for any coverage granted by deleting or modifying this endorsement that: (1) arose prior to the effective date of the endorsement deleting or modifying this specific endorsement; or (2) were incurred to achieve such No Further Action status.

All other terms and conditions remain the same.
MANUS

ENDORSEMENT #

This endorsement, effective 12:01 a.m., forms a part of

Policy No. issued to

by .

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SITE-WIDE CONTAMINATION EXCLUSION FOR SOIL VAPOR

This endorsement modifies insurance provided under the following:

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

The INSURED and the Company agree to the following Policy change(s):

Section IV. EXCLUSIONS, is amended by the addition of the following exclusion:

Site-Wide Soil Vapor Contamination

based upon or arising from the any and all Constituents (including any breakdown daughter or derivative products of such Constituents), in or affecting Soil Vapor, where such Constituents are on, at, under or migrating from any COVERED LOCATION.

With respect to this exclusion, in the event a No Further Action (NFA) letter(s) or similar documentation has been issued by the applicable regulatory authority(ies) which states that No Further Action is required with respect to the Constituents excluded by this endorsement, this endorsement may be deleted or modified by the Company for those Constituents that are the subject of the NFA or similar documentation, upon Company review and approval, which approval shall not be unreasonably withheld or delayed.

It is further agreed that such deletion or modification shall not be effective until the Company issues an endorsement deleting or modifying this specific endorsement. In no event shall the Company be liable for any coverage granted by deleting or modifying this endorsement that: (1) arose prior to the effective date of the endorsement deleting or modifying this specific endorsement; or (2) were incurred to achieve such No Further Action status.

All other terms and conditions remain the same.

MANUS

ENDORSEMENT #

This endorsement, effective 12:01 a.m., forms a part of

Policy No. issued to

by .

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONTAMINATION EXCLUSION FOR MUNITIONS AND EXPLOSIVES OF CONCERN

This endorsement modifies insurance provided under the following:

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

The INSURED and the Company agree to the following Policy change(s):

Section IV. EXCLUSIONS, is amended by the addition of the following:

Munitions and Explosives of Concern Contamination

based upon or arising from the following Constituents (including any breakdown daughter or derivative products of such Constituents):

1. Any MUNITIONS AND EXPLOSIVES OF CONCERN associated with or related to the investigation remediation activities performed by Weston and ARCADIS on behalf of the INSURED

in or affecting any Media, where such Constituents are on, at, under or migrating from any COVERED LOCATION.

With respect to this exclusion, in the event a No Further Action (NFA) letter(s) or similar documentation has been issued by the applicable regulatory authority(ies) which states that No Further Action is required with respect to the Constituents excluded by this endorsement, this endorsement may be deleted or modified by the Company for those Constituents that are the subject of the NFA or similar documentation, upon Company review and approval, which approval shall not be unreasonably withheld or delayed.

It is further agreed that such deletion or modification shall not be effective until the Company issues an endorsement deleting or modifying this specific endorsement. In no event shall the Company be liable for any coverage granted by deleting or modifying this endorsement that: (1) arose prior to the effective date of the endorsement deleting or modifying this specific endorsement; or (2) were incurred to achieve such No Further Action status.

All other terms and conditions remain the same.
MANUS

ENDORSEMENT #

This endorsement, effective 12:01 a.m., forms a part of

Policy No. issued to

by .

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LEAD IN SOIL EXCLUSION

This endorsement modifies insurance provided under the following:

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

The INSURED and the Company agree to the following Policy change(s):

Section IV. EXCLUSIONS, is amended by the addition following:

Lead in Soil

based upon or resulting arising from the discovery of Lead, in or affecting Soil, where such discovery is a result of any site development and/or construction activities, including but not limited to:

- a. geotechnical or other site investigations performed in preparation for site development;
- b. site grading;
- c. the razing or construction of any structures; and
- d. the removal and disposal of soil and other debris,

all of which would not have been necessary in the absence of development and/or construction activities.

All other terms and conditions remain the same.

MANUS

ENDORSEMENT #

This endorsement, effective 12:01 a.m., forms a part of

Policy No. issued to

by .

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SUBLIMITS OF LIABILITY ENDORSEMENT

This endorsement modifies insurance provided under the following:

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

The INSURED and the Company agree to the following Policy change(s):

The following Sublimits of Liability will apply for each INSURED as listed below.

Sublimit of Liability	INSURED(S)	Coverage Status
\$TBD	Fort Ord Reuse Authority	FIRST NAMED INSURED
\$TBD	County of Monterey, California	ADDITIONAL NAMED INSURED
\$TBD	City of Marina, California	ADDITIONAL NAMED INSURED
\$TBD	Marina Community Partners, LLC	ADDITIONAL NAMED INSURED
\$TBD	City of Seaside, California	ADDITIONAL NAMED INSURED
\$TBD	City of Del Ray Oaks, California	ADDITIONAL NAMED INSURED
\$TBD	City of Monterey, California	ADDITIONAL NAMED INSURED

Notwithstanding the above, the maximum Limit of Liability applicable under this Policy will not exceed \$TBD each POLLUTION CONDITION / \$TBD Aggregate Liability, or any other coverages afforded by endorsement attached to this Policy.

All other terms and conditions remain the same.
MANUS

ENDORSEMENT #

This endorsement, effective 12:01 a.m., forms a part of

Policy No. issued to

by .

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INSURED CONTRACT(S) SCHEDULE

This endorsement modifies insurance provided under the following:

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

The INSURED and the Company agree to the following Policy change(s):

Section IV. EXCLUSIONS, 4. Contractual Liability, is amended by the addition of the following:

List of Contract(s):

1. Memorandum of Agreement between The United States of America and The Fort Ord Reuse Authority for the Sale of Portions of the former Fort Ord location in Monterey County, California, dated June 20, 2000.
2. Memorandum of Agreement between The Fort Ord Reuse Authority and The City of Monterey regarding Payment of the City of Monterey's Portion of Basewide Environmental Insurance Coverage and Acceptance of Insurance Terms and Conditions, dated December 31, 2004.
3. Memorandum of Agreement between The Fort Ord Reuse Authority and The City of Seaside regarding Payment of the City of Seaside's Portion of Basewide Environmental Insurance Coverage and Acceptance of Insurance Terms and Conditions, dated December 31, 2004.
4. Memorandum of Agreement between The Fort Ord Reuse Authority and The City of Marina regarding Payment of the City of Marina's Portion of Basewide Environmental Insurance Coverage and Acceptance of Insurance Terms and Conditions, dated January 24, 2005.
5. Memorandum of Agreement between The Fort Ord Reuse Authority and The City of Del Rey Oaks regarding Payment of the City of Del Rey Oaks' Portion of Basewide Environmental Insurance Coverage and Acceptance of Insurance Terms and Conditions, dated January 24, 2005.
6. Memorandum of Agreement between The Fort Ord Reuse Authority and The County of Monterey regarding Payment of the County of Monterey's Portion of Basewide Environmental Insurance Coverage and Acceptance of Insurance Terms and Conditions, dated January 19, 2005.
7. Memorandum of Agreement between The Fort Ord Reuse Authority and Transportation Agency for Monterey County regarding Payment of Transportation Agency for Monterey County's Portion of Basewide Environmental Insurance Coverage and Acceptance of Insurance Terms and Conditions, dated May 4, 2005.
8. Memorandum of Agreement between The Fort Ord Reuse Authority and Monterey Peninsula College regarding Payment of Monterey Peninsula College's Portion of Basewide Environmental Insurance Coverage and Acceptance of Insurance Terms and Conditions, dated June 23, 2005.

9. Memorandum of Agreement between The Fort Ord Reuse Authority and Marina Coast Water District regarding Payment of the Marina Coast Water District's Portion of Basewide Environmental Insurance Coverage and Acceptance of Insurance Terms and Conditions, dated January 26, 2005.
10. Memorandum of Agreement between The Fort Ord Reuse Authority and Monterey-Salinas Transit regarding Payment of Monterey-Salinas Transit's Portion of Basewide Environmental Insurance Coverage and Acceptance of Insurance Terms and Conditions, dated April 19, 2005.

Notwithstanding the above, no coverage is afforded under this Policy for the liability of others assumed by the INSURED in the above listed contract(s) unless coverage for such liability is otherwise afforded under the terms and conditions of this Policy.

All other terms and conditions remain the same.

SPECIAL

ENDORSEMENT #

This endorsement, effective 12:01 a.m., forms a part of

Policy No. issued to

by .

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPLIT SELF-INSURED RETENTION AMOUNT ENDORSEMENT

This endorsement modifies insurance provided under the following:

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

The INSURED and the Company agree to the following Policy change(s):

Item 4. of the Declarations, Self-Insured Retention Amount, is deleted in its entirety and replaced with the following:

Any payment(s) made under this Policy pursuant to the coverages provided under Coverage A – POLLUTION LEGAL LIABILITY will be subject to a Self-Insured Retention Amount of \$500,000.

Additionally, any payment(s) made under this Policy pursuant to the coverages provided under Coverage B – REMEDIATION LEGAL LIABILITY will be subject to a Self-Insured Retention Amount of \$500,000.

Additionally, any payment(s) made under this Policy pursuant to the coverages provided under Coverage C – CONTINGENT TRANSPORTATION COVERAGE will be subject to a Self-Insured Retention Amount of \$500,000.

Additionally, any payment(s) made under this Policy pursuant to the coverages provided under Coverage D – MEC LOSS LEGAL LIABILITY will be subject to a Self-Insured Retention Amount of \$1,000,000.

Additionally, any payment(s) made under this Policy pursuant to any other coverages afforded by endorsement to this Policy will be subject to a Self-Insured Retention Amount of \$500,000.

In the event of a payment under this Policy where a single POLLUTION CONDITION is determined to be covered under more than one of the coverage parts referenced above, the highest Self-Insured Retention Amount will apply to the entire single POLLUTION CONDITION.

All other terms and conditions remain the same.

ENDORSEMENT #

This endorsement, effective 12:01 a.m., forms a part of

Policy No. issued to

by .

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SECTION I. INSURING AGREEMENT AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

The INSURED and the Company agree to the following Policy change(s):

Section I. INSURING AGREEMENT, is deleted in its entirety and replaced with the following:

I. INSURING AGREEMENT

A. Coverage A - POLLUTION LEGAL LIABILITY

The Company will pay on behalf of the INSURED for POLLUTION LOSS and related POLLUTION LEGAL EXPENSE resulting from any POLLUTION CONDITION on, at, under or migrating from any COVERED LOCATION, which the INSURED has or will become legally obligated to pay as a result of a CLAIM first made against the INSURED during the POLICY PERIOD and reported to the Company, in writing, by the INSURED, during the POLICY PERIOD or, where applicable, the EXTENDED REPORTING PERIOD.

B. Coverage B - REMEDIATION LEGAL LIABILITY

The Company will pay on behalf of the INSURED for POLLUTION REMEDIATION EXPENSE and related POLLUTION LEGAL EXPENSE resulting from any POLLUTION CONDITION on, at, under or migrating from any COVERED LOCATION.

1. for a CLAIM first made against the INSURED during the POLICY PERIOD which the INSURED has or will become legally obligated to pay; or

2. that is first discovered during the POLICY PERIOD,

provided that the INSURED reports such CLAIM or POLLUTION CONDITION to the Company, in writing, during the POLICY PERIOD or, where applicable, the EXTENDED REPORTING PERIOD.

C. Coverage C - CONTINGENT TRANSPORTATION COVERAGE

The Company will pay on behalf of the INSURED for POLLUTION LOSS, POLLUTION REMEDIATION EXPENSE and related POLLUTION LEGAL EXPENSE resulting from any POLLUTION CONDITION that arises solely during the course of TRANSPORTATION by any CARRIER, which the INSURED has or will become legally obligated to pay as a result of a CLAIM first made against the INSURED during the POLICY PERIOD and reported to the Company, in writing, by the INSURED, during the POLICY PERIOD or, where applicable, the EXTENDED REPORTING PERIOD.

D. Coverage D - MEC LOSS LEGAL LIABILITY

The Company will pay on behalf of the INSURED for MEC LOSS and related MEC LEGAL EXPENSE resulting from any MUNITIONS AND EXPLOSIVES OF CONCERN present on or in the soil or below the surface of any COVERED LOCATION prior to the inception date of this Policy, including MEC LOSS as a result of the explosion of the above-referenced MUNITIONS AND EXPLOSIVES OF CONCERN, which the INSURED has or will become legally obligated to pay as a result of a CLAIM first made against the INSURED during the POLICY PERIOD and reported to the Company, in writing, by the INSURED, during the POLICY PERIOD or, where applicable, the EXTENDED REPORTING PERIOD.

All other terms and conditions remain the same.
MANUS

SPECIAL MANUS

ENDORSEMENT #

This endorsement, effective 12:01 a.m., forms a part of

Policy No. issued to

by .

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SECTION II. DEFINITIONS AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

The INSURED and the Company agree to the following Policy change(s):

Section II. DEFINITIONS, B. BODILY INJURY, D. CLAIM, H. INSURED, I. LEGAL EXPENSE, J. LOSS, Q. POLLUTANTS, R. POLLUTION CONDITION, S. PROPERTY DAMAGE, T. REMEDIATION EXPENSE, and U. RESTORATION COSTS, are deleted in their entirety and replaced with the following:

B. BODILY INJURY means the following:

1. With respect to Coverage A – POLLUTION LEGAL LIABILITY and Coverage C – CONTINGENT TRANSPORTATION COVERAGE, the following definition shall apply:

BODILY INJURY means:

a. physical injury, sickness, disease, or building related illness, including death resulting therefrom, and any accompanying medical or environmental monitoring; and/or

b. mental anguish, emotional distress, or shock,

caused by a POLLUTION CONDITION.

2. With respect to Coverage D – MEC LOSS LEGAL LIABILITY, the following definition shall apply:

BODILY INJURY means:

a. physical injury, sickness, disease, or building related illness, including death resulting therefrom and any accompanying medical or environmental monitoring; and/or

b. mental anguish, emotional distress, or shock,

caused by a MEC POLLUTION CONDITION.

D. CLAIM means:

1. any demand, notice or assertion of a legal right alleging liability or responsibility on the part of the INSURED, arising out of any POLLUTION CONDITION, MEC POLLUTION CONDITION or MUNITIONS AND EXPLOSIVES OF CONCERN, and shall include but not necessarily be limited to any lawsuits or petitions filed against the INSURED; or

2. the participation of the INSURED, with the prior written consent of the Company, in a legally executed state voluntary program governing the clean-up of any POLLUTION CONDITION or MEC POLLUTION CONDITION.

H. INSURED means the FIRST NAMED INSURED, any ADDITIONAL NAMED INSURED endorsed onto the Policy, and any present or former director, member, officer, partner, employee, leased worker or temporary worker thereof while acting within the scope of his/her duties as such.

INSURED also means all boards, commissions, agencies, departments, political subdivisions, supervisors, commissioners or directors of any INSURED which is a governmental agency.

I. POLLUTION LEGAL EXPENSE means legal costs, charges and expenses incurred in the investigation, adjustment or defense of any CLAIM or in connection with the payment of any POLLUTION REMEDIATION EXPENSE, and shall include any necessary expert fees paid to experts retained by defense counsel.

POLLUTION LEGAL EXPENSE does not include salary charges of regular employees or officials of the Company, fees and expenses of supervisory counsel retained by the Company, or the time and expense incurred by the INSURED in assisting in the investigation or resolution of a CLAIM or in connection with POLLUTION REMEDIATION EXPENSE, including but not limited to the costs of the INSURED'S in-house counsel.

J. POLLUTION LOSS means monetary judgment, award or settlement of (i) compensatory damages; and (ii) punitive, exemplary or multiplied damages as a result of POLLUTION CONDITION, where insurance coverage is allowable by law, arising from:

1. BODILY INJURY; or
2. PROPERTY DAMAGE.

Q. POLLUTANTS means any solid, liquid, gaseous or thermal pollutant, irritant or contaminant including but not limited to smoke, vapors, odors, soot, fumes, acids, alkalis, toxic chemicals, hazardous substances, waste materials, including medical, infectious and pathological wastes, electromagnetic fields, and LOW-LEVEL RADIOACTIVE WASTE AND MATERIAL.

R. POLLUTION CONDITION means the discharge, dispersal, release, seepage, migration, or escape of POLLUTANTS into or upon land, or structures thereupon, the atmosphere, or any watercourse or body of water including groundwater, but excludes MEC POLLUTION CONDITIONS or MUNITIONS AND EXPLOSIVES OF CONCERN.

S. PROPERTY DAMAGE means the following:

1. With respect to Coverage A - POLLUTION LEGAL LIABILITY and Coverage D - CONTINGENT TRANSPORTATION COVERAGE, the following definition shall apply:

PROPERTY DAMAGE means:

- a. physical injury to or destruction of tangible property, including the resulting loss of use thereof, and including the personal property of third parties;
- b. loss of use of such property that has not been physically injured or destroyed;
- c. diminished third party property value; and/or
- d. NATURAL RESOURCE DAMAGE,

caused by any POLLUTION CONDITION.

PROPERTY DAMAGE does not include POLLUTION REMEDIATION EXPENSE.

2. With respect to Coverage D – MEC LOSS LEGAL LIABILITY, the following definition shall apply:

PROPERTY DAMAGE means:

- a. physical injury to or destruction of tangible property, including the resulting loss of use thereof, and including the personal property of third parties;
- b. loss of use of such property that has not been physically injured or destroyed; and/or
- c. diminished third party property value,

cause by any MEC POLLUTION CONDITION.

PROPERTY DAMAGE does not include MEC REMEDIAL EXPENSE.

T. POLLUTION REMEDIATION EXPENSE means expenses incurred to investigate, remove, dispose of, treat or neutralize any POLLUTION CONDITION, including any monitoring and testing costs associated with such investigation, removal, disposal, treatment or neutralization, and including REPLACEMENT COSTS, to the extent required by (1) Federal, State or Local Laws, Regulations or Statutes, or any subsequent amendments thereof, enacted to address any POLLUTION CONDITION, and/or (2) a legally executed state voluntary program governing the clean-up of any POLLUTION CONDITION.

POLLUTION REMEDIATION EXPENSE also means civil or administrative fines, penalties, or assessments imposed upon the INSURED by a governmental authority acting pursuant to environmental regulations, as a result of any POLLUTION CONDITION, where insurance coverage for such fines, penalties, or assessments is allowable by law.

U. RESTORATION COSTS means:

With respect to Coverage B – REMEDIATION LEGAL LIABILITY:

Amounts necessarily paid by the INSURED to repair or replace real or personal property damaged during the course of POLLUTION REMEDIATION EXPENSE in order to restore the property to the condition it was in prior to incurring the POLLUTION REMEDIATION EXPENSE.

These amounts shall not exceed the actual cash value of such real or personal property immediately prior to incurring the POLLUTION REMEDIATION EXPENSE, or include costs associated with improvements or betterments. Actual cash value is defined as the cost to replace such real or personal property, immediately prior to incurring POLLUTION REMEDIATION EXPENSE, minus the accumulated depreciation of the real or personal property

With respect to Coverage D – MEC LOSS LEGAL LIABILITY:

Amounts necessarily paid by the INSURED to repair or replace real or personal property damaged during the course of MEC REMEDIAL EXPENSE in order to restore the property to the condition it was in prior to incurring the POLLUTION REMEDIATION EXPENSE.

These amounts shall not exceed the actual cash value of such real or personal property immediately prior to incurring the MEC REMEDIAL EXPENSE, or include costs associated with improvements or betterments. Actual cash value is defined as the cost to replace such real or personal property,

immediately prior to incurring MEC REMEDIAL EXPENSE, minus the accumulated depreciation of the real or personal property

Section II. DEFINITIONS, is amended by the addition of the following:

MEC LEGAL EXPENSE means legal costs, charges and expenses incurred in the investigation, adjustment or defense of any CLAIM, or in connection with the payment of any MEC REMEDIAL EXPENSE, and shall include any necessary expert fees paid to experts retained by defense counsel.

MEC LEGAL EXPENSE does not include salary charges of regular employees or officials of the Company, fees and expenses of supervisory counsel retained by the Company, or the time and expense incurred by the INSURED in assisting in the investigation or resolution of a CLAIM or in connection with MEC REMEDIAL EXPENSE, including but not limited to the costs of the INSURED'S in-house counsel.

MEC LOSS means the following:

1. monetary judgment, award or settlement of (i) compensatory damages; and (ii) punitive, exemplary or multiplied damages as a result of MUNITIONS AND EXPLOSIVES OF CONCERN, where insurance coverage is allowable by law, arising from:
 - a. BODILY INJURY; or
 - b. PROPERTY DAMAGE,
caused by MUNITIONS AND EXPLOSIVES OF CONCERN; and
2. MEC REMEDIAL EXPENSE.

MEC POLLUTION CONDITION means the discharge, dispersal, release, seepage, migration or escape of any POLLUTANTS into or upon land, or structures thereupon, the atmosphere, or any watercourse or body of water including groundwater from MUNITIONS AND EXPLOSIVES OF CONCERN present on or in the soil or below the surface of any COVERED LOCATION as of the inception date of this Policy, including the discharge, dispersal, release, seepage, migration or escape of such POLLUTANTS, as a result of an explosion of such MUNITIONS AND EXPLOSIVES OF CONCERN prior to or during the POLICY PERIOD.

MEC REMEDIAL EXPENSE means expenses incurred to investigate, remove, dispose of, treat or neutralize any MEC POLLUTION CONDITION, including any monitoring and testing costs associated with such investigation, removal, disposal, treatment or neutralization, and including RESTORATION COSTS, to the extent required by (i) Federal, State or Local Laws, Regulations or Statutes, or any subsequent amendments thereof, enacted to address the MEC POLLUTION CONDITION, and/or (ii) a legally executed state voluntary program governing the clean-up of any MEC POLLUTION CONDITION.

MEC REMEDIAL EXPENSE does not include the investigation, removal, disposal, treatment or neutralization of MUNITIONS AND EXPLOSIVES OF CONCERN other than materials originating from unexploded ordnance, discarded military munitions, or other military munitions, including explosive and non-explosive materials, and emission, degradation, or breakdown elements of such ordnance or munitions (Munitions Constituents) where such Munitions Constituents are also a MEC POLLUTION CONDITION.

MUNITIONS AND EXPLOSIVES OF CONCERN means military munitions that have been abandoned or buried and are not armed (Ordnance and Explosives or OE); military munitions that have been primed, fused, armed, or otherwise prepared for action, and have been fired, dropped, launched, projected, or placed in such a manner as to constitute a hazard to operations, structures, personnel, or material and that remain unexploded either by malfunction, design, or any other cause (Unexploded Ordnance or UXO); any materials originating from unexploded ordnance, discarded military munitions, or other military

munitions, including explosive and non-explosive materials, and emission, degradation, or breakdown elements of such ordnance or munitions (Munitions Constituents); or non-explosive projectiles fired from rifles and pistols (Small Arms).

All other terms and conditions remain the same.
MANUS

SPECIMEN

ENDORSEMENT #

This endorsement, effective 12:01 a.m., forms a part of

Policy No. issued to

by .

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SECTION IV. EXCLUSIONS AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

The INSURED and the Company agree to the following Policy change(s):

The introduction paragraph to Section IV. EXCLUSIONS, is deleted in its entirety and replaced with the following:

This Policy does not apply to POLLUTION LOSS, POLLUTION REMEDIATION EXPENSE, POLLUTION LEGAL EXPENSE, MEC LOSS or MEC LEGAL EXPENSE or any other coverages afforded by endorsement attached to this Policy:

Solely with respect to POLLUTION REMEDIATION EXPENSE or related POLLUTION LEGAL EXPENSE, Section IV. EXCLUSIONS, Exclusion 2. Multiplied Damages/Fines/Penalties, is deleted in its entirety and replaced with the following:

2. Fines/Penalties/Assessments

based upon or arising out of any fines, penalties or assessments.

This exclusion does not apply to punitive, exemplary or multiplied damages.

However, this exclusion will also not apply to civil or administrative fines, penalties, or assessments where insurance coverage for such fines, penalties or assessments is allowable by law.

Coverage for civil or administrative fines, penalties, or assessments as set forth above is subject to the following sublimit of liability:

- a. \$1,000,000 each POLLUTION CONDITION for each INSURED / \$5,000,000 Total all POLLUTION CONDITION(S) for all INSUREDS.

The maximum Limit of Liability for all Coverages under the Policy will not exceed the amount stated in Item 3. of the Declarations.

Section IV. EXCLUSIONS, 5. Insured's Property/Bailee Liability, 6. New Pollution Conditions at Divested Property, 8. Products Liability, 9. Non-Compliance, 14. Material Change In Use or Operations, are deleted in their entirety and replaced with the following:

5. Insured's Property/Bailee Liability

with respect to PROPERTY DAMAGE only, to property owned, leased or operated by, or in the care, custody or control of the INSURED, even if such PROPERTY DAMAGE is incurred to avoid or mitigate

POLLUTION LOSS, POLLUTION REMEDIATION EXPENSE or MEC LOSS which may be covered under this Policy.

This exclusion does not apply to RESTORATION COSTS or NATURAL RESOURCE DAMAGE.

6. New Pollution Conditions at Divested Property

based upon or arising from any POLLUTION CONDITION, MEC POLLUTION CONDITION or MUNITIONS AND EXPLOSIVES OF CONCERN on, at, under or migrating from any COVERED LOCATION, where the actual discharge, dispersal, release, seepage, migration or escape of POLLUTANTS or the contents of MUNITIONS AND EXPLOSIVES OF CONCERN commenced subsequent to the time such COVERED LOCATION was sold, given away, or abandoned by the INSURED, or condemned.

However, this exclusion does not apply to any COVERED LOCATION transferred from one INSURED to another INSURED during the POLICY PERIOD.

8. Products Liability

based upon or arising out of goods or products manufactured, sold, handled, distributed, altered or repaired by the INSURED or by others trading under the INSURED's name including any container thereof, any failure to warn, or any reliance upon a representation or warranty made at any time with respect thereto, but only if the POLLUTION CONDITION or MEC POLLUTION CONDITION took place away from the COVERED LOCATION and after physical possession of such goods or products has been relinquished to others.

This exclusion does not apply to Coverage C – CONTINGENT TRANSPORTATION COVERAGE, as stated in Section I. INSURING AGREEMENT of this Policy.

9. Non-Compliance

arising from any POLLUTION CONDITION, MEC POLLUTION CONDITION or MUNITIONS AND EXPLOSIVES OF CONCERN that results from the intentional disregard of, or the deliberate, willful or dishonest non-compliance by a RESPONSIBLE INSURED with any statute, regulation, ordinance, order, notice letter or instruction from, by or on behalf of any governmental body or entity.

14. Material Increase In Risk

based upon or arising out of any change in operations, zoning or use on or at any COVERED LOCATION during the POLICY PERIOD that materially increases the risk covered under this Policy.

For purposes of determining whether a change in operations, zoning or use materially increases the risk covered under this Policy, any change in operations, zoning or use that results in more stringent remediation standards than those that would have been imposed upon any COVERED LOCATION as of the transfer of such COVERED LOCATION to the INSURED will be deemed a material increase in risk.

Solely with regard to the City of Monterey, the planned development of residential properties for the COVERED LOCATION(S) by the City of Monterey as outlined in the Ford Ord Reuse Plan adapted June, 1997 does not constitute a Material Change in Use provided that the City of Monterey provides the Company with a copy of the specific development plan as soon as practicable after it becomes available.

Solely with regard to the City of Del Rey Oaks and its retained developer, Federal Del Rey Associates, LLC, the "Preferred Alternative" for development for the COVERED LOCATION by the City of Del Rey Oaks as set forth in the Project Related Information for the Resort at Del Ray Oaks, dated November 11, 2004 constitutes a Material Change in Use until the City of Del Rey Oaks receives written approval or confirmation from the California Department of Toxic Substance and Control (DTSC) that will allow the "Preferred Alternative" for development.

Section IV. EXCLUSIONS, is modified by addition of the following:

Mold Matter

based upon or arising out of the existence, exposure to, required removal or abatement of mold, rot or other fungi, regardless of whether such mold, rot or other fungi ensues from any cause or condition on, at, under or migrating from or to any COVERED LOCATION, including but not limited to any such cause or condition involving the presence, discharge or infiltration of moisture, vapor, water or any other liquid, or any damage related thereto.

Nerve Agents or Biological Agents

based upon or arising out of the presence on, at, under or emanating from any COVERED LOCATION of any nerve agents or biological agents. Nerve agents are chemical weapons that debilitate or kill by action on the nervous system, and include but are not limited to Sarin Gas, Soman, VX, Tabun (GA), and organo phosphates, including pesticides. Biological agents are biological material used or designed for use as a weapon.

For the avoidance of doubt, but not by way of limitation, this exclusion will also apply to the following list of biological and chemical warfare/nerve agents, including but not limited to following list of constituents: carbonyl chloride, hexachloromethylcarbonate, chlorine cyanide, phenyl chloromethyl ketone, phenyl chloromethyl ketone, diphenylamine chloroarsine, diethyl malonate, isopropyl methyl phosphonofluoridate, 2,2'-dichlorodiethyl sulfide, 2,2'-dichlorotriethylamine, 2,2',2"-trichloroethylamine, 2-chlorovinylchloroarsine, nitrotrichloromethane and their degradation products.

However, this exclusion does not apply to any training kit used to train personnel in the identification of common toxic chemical agents which are not nerve agents or biological agents, including any containers or parts of such kit or any material or chemical contained in or coming from any such kit.

In addition, this exclusion does not apply to pesticides that are not now or at any time in the past were not part of, contained within or migrating from chemical weapons.

Polychlorinated Biphenyls (PCBs)

based upon or arising out of the existence, required removal or abatement of any polychlorinated biphenyls (PCBs), in any form, including but not limited to products containing PCBs, and any testing for such PCBs in or which is part of any structure existing on any COVERED LOCATION as of the inception date of the Policy, or in the atmosphere in any such structure.

All other terms and conditions remain the same.
MANUS

ENDORSEMENT #

This endorsement, effective 12:01 a.m., forms a part of

Policy No. issued to

by .

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SECTION V. EXTENDED REPORTING PERIOD AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

The INSURED and the Company agree to the following Policy change(s):

Section V. EXTENDED REPORTING PERIOD, is deleted in its entirety and replaced with the following:

V. EXTENDED REPORTING PERIOD

A. Automatic Extended Reporting Period:

The INSURED shall be entitled to a ninety (90) day Automatic Extended Reporting Period for no additional premium, commencing on the last day of the POLICY PERIOD, subject to the following terms and conditions:

1. The Automatic Extended Reporting Period shall apply to a CLAIM first made against the INSURED during the POLICY PERIOD and reported to the Company, in writing, by the INSURED during the Automatic Extended Reporting Period and otherwise covered by this Policy.
2. The Automatic Extended Reporting Period shall also apply to a CLAIM first made against the INSURED during the Automatic Extended Reporting Period, resulting from any POLLUTION CONDITION, MEC POLLUTION CONDITION or MUNITIONS AND EXPOLOSIVES OF CONCERN first discovered and reported to the Company, in writing, by the INSURED during the POLICY PERIOD and otherwise covered by this Policy. In this case, the CLAIM shall be deemed to have been made against the INSURED on the last day of the POLICY PERIOD.
3. The Automatic Extended Reporting Period shall also apply to any POLLUTION CONDITION, MEC POLLUTION CONDITION or MUNITIONS AND EXPOLOSIVES OF CONCERN first discovered by the INSURED during the POLICY PERIOD and reported to the Company, in writing, by the INSURED within the Automatic Extended Reporting Period and otherwise covered under this Policy.

The ninety (90) day Automatic Extended Reporting Period does not apply where:

1. this Policy is terminated for fraud, misrepresentation or non-payment of premium as described in Section IX. CONDITIONS, B. Cancellation, Items 2.a. and 2.b.; or
2. the INSURED has purchased other insurance to replace this Policy, which provides coverage for a CLAIM, POLLUTION CONDITION, MEC POLLUTION CONDITION and/or MUNITIONS AND EXPOLOSIVES OF CONCERN.

B. Optional Extended Reporting Period:

The FIRST NAMED INSURED shall be entitled to purchase an Optional Extended Reporting Period in the event this Policy is non-renewed, subject to the following terms and conditions:

1. The Optional Extended Reporting Period shall become effective upon payment of an additional premium of not more than one hundred percent (100%) of the full Policy Premium. The Optional Extended Reporting Period shall be effective for three (3) consecutive three-hundred and sixty-five (365) day periods commencing on the last day of the POLICY PERIOD. The FIRST NAMED INSURED must indicate its intention, in writing, to purchase this Optional Extended Reporting Period within thirty (30) days from the last day of the POLICY PERIOD. The Automatic Extended Reporting Period of ninety (90) days will be merged into this period and is not in addition to this period.
2. The Optional Extended Reporting Period shall only apply to a CLAIM first made against the INSURED during the Optional Extended Reporting Period, resulting from any POLLUTION CONDITION, MEC POLLUTION CONDITION or MUNITIONS AND EXPOLOSIVES OF CONCERN first discovered and reported to the Company, in writing, by the INSURED, during the POLICY PERIOD and otherwise covered by this Policy.

The Optional Extended Reporting Period does not apply where:

1. this Policy is terminated for fraud, misrepresentation or non-payment of premium as described in Section IX. CONDITIONS, B. Cancellation, Items 2.a. and 2.b.; or
2. the INSURED has purchased other insurance to replace this Policy, which provides coverage for a CLAIM, POLLUTION CONDITION, MEC POLLUTION CONDITION and/or MUNITIONS AND EXPOLOSIVES OF CONCERN.

It is a condition precedent to the operation of the rights granted under Item B. above that payment of the appropriate premium shall be made not later than thirty (30) days after expiration of this Policy in the case of non-renewal.

For purposes of Item B. Optional Extended Reporting Period as referenced above, the quotation of different terms and conditions by the Company shall not be construed as a non-renewal of this Policy.

All other terms and conditions remain the same.
MANUS

ENDORSEMENT #

This endorsement, effective 12:01 a.m., forms a part of

Policy No. issued to

by .

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SECTION VI. LIMITS OF LIABILITY AND SELF-INSURED RETENTION AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

The INSURED and the Company agree to the following Policy change(s):

Section VI. LIMITS OF LIABILITY AND SELF-INSURED RETENTION, is deleted in its entirety and replaced with the following:

VI. LIMITS OF LIABILITY AND SELF-INSURED RETENTION

- A.** The Company will pay one hundred percent (100%) of all covered POLLUTION LOSS, POLLUTION REMEDIATION EXPENSE, POLLUTION LEGAL EXPENSE, MEC LOSS, MEC LEGAL EXPENSE and any other coverages afforded by endorsement attached to this Policy in excess of the applicable Self-Insured Retention Amount stated in Item 4. of the Declarations and subject to the Limits of Liability stated in Item 3. of the Declarations and the other terms and conditions of this Policy.
- B.** The Self-Insured Retention Amount is borne by the INSURED and is not to be insured unless the Company has expressed its prior consent in writing to the FIRST NAMED INSURED. The applicable Self-Insured Retention Amount stated Item 4. of the Declarations shall apply.
- C.** All POLLUTION LOSS, POLLUTION REMEDIATION EXPENSE, POLLUTION LEGAL EXPENSE, MEC LOSS, MEC LEGAL EXPENSE and any other coverages afforded by endorsement attached to this Policy arising out of the same or related POLLUTION CONDITION, MEC POLLUTION CONDITION or MUNITIONS AND EXPLOSIVES OF CONCERN at any one COVERED LOCATION shall be considered a single POLLUTION CONDITION, MEC POLLUTION CONDITION or MUNITIONS AND EXPLOSIVES OF CONCERN and shall be subject to the applicable Limits of Liability stated in Item 3a. of the Declarations and the Self-Insured Retention Amount stated in Item 4. of the Declarations.
- D.** All POLLUTION LOSS, POLLUTION REMEDIATION EXPENSE, POLLUTION LEGAL EXPENSE, MEC LOSS, MEC LEGAL EXPENSE or any other coverages afforded by endorsement attached to this Policy during the POLICY PERIOD or, where applicable, the EXTENDED REPORTING PERIOD shall not exceed the Limits of Liability stated in Item 3b. of the Declarations.
- E.** Any POLLUTION LOSS, POLLUTION REMEDIATION EXPENSE, POLLUTION LEGAL EXPENSE, MEC LOSS, MEC LEGAL EXPENSE and any other coverages afforded by endorsement incurred and reported to the Company, in writing, over more than one policy period, and resulting from the same or related POLLUTION CONDITION, MEC POLLUTION CONDITION or MUNITIONS AND EXPLOSIVES OF CONCERN, shall be considered a single POLLUTION CONDITION, MEC POLLUTION CONDITION or MUNITIONS AND EXPLOSIVES OF CONCERN. The POLLUTION LOSS, POLLUTION REMEDIATION EXPENSE, POLLUTION LEGAL EXPENSE, MEC LOSS, MEC LEGAL EXPENSE and any other coverages afforded by endorsement attached to this Policy will be subject to the same Limits of

Liability and the Self-Insured Retention Amount in effect at the time the POLLUTION CONDITION MEC POLLUTION CONDITION or MUNITIONS AND EXPLOSIVES OF CONCERN was first reported to the Company, in writing, by the INSURED, during the POLICY PERIOD or, where applicable, the EXTENDED REPORTING PERIOD.

All other terms and conditions remain the same.
MANUS

SPECIMEN

ENDORSEMENT #

This endorsement, effective 12:01 a.m., forms a part of

Policy No. issued to

by .

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SECTION VII. REPORTING, DEFENSE, SETTLEMENT AND COOPERATION AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

The INSURED and the Company agree to the following Policy change(s):

Section VII. REPORTING, DEFENSE, SETTLEMENT AND COOPERATION, is deleted in its entirety and replaced with the following:

VII. REPORTING, DEFENSE, SETTLEMENT AND COOPERATION

A. As a condition precedent to the coverage hereunder, in the event any CLAIM is made against the INSURED for POLLUTION LOSS, POLLUTION REMEDIATION EXPENSE, POLLUTION LEGAL EXPENSE, MEC LOSS, MEC LEGAL EXPENSE, or any POLLUTION CONDITION, MEC POLLUTION CONDITION or MUNITIONS AND EXPLOSIVES OF CONCERN, is first discovered by the INSURED that results in a POLLUTION LOSS, POLLUTION REMEDIATION EXPENSE, POLLUTION LEGAL EXPENSE, MEC LOSS, MEC LEGAL EXPENSE:

1. The INSURED shall forward to the Company or to any of its authorized agents every demand, notice, summons, order or other process received by the INSURED or the INSURED's representative as soon as practicable; and
2. The INSURED shall provide to the Company, whether orally or in writing, notice of the particulars with respect to the time, place and circumstances thereof, along with the names and addresses of the injured and of available witnesses. In the event of oral notice, the INSURED agrees to furnish to the Company a written report as soon as practicable.

It is further agreed, that the INSURED shall cooperate with the Company and upon the Company's request shall submit to examination by a representative of the Company, under oath if required, and shall attend hearings, depositions and trials and shall assist in effecting settlement, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits, as well as in the investigation and/or defense thereof, all without charge to the Company. The INSURED shall further cooperate with the Company and do whatever is necessary to secure and effect any rights of indemnity, contribution or apportionment which the INSURED may have.

B. No costs, charges or expenses shall be incurred, nor payments made, obligations assumed or remediation commenced without the Company's written consent which shall not be unreasonably withheld. This provision does not apply to costs incurred by the INSURED on an emergency basis, where any delay on the part of the INSURED would cause injury to persons or damage to property, or increase significantly the cost of responding to any POLLUTION CONDITION, MEC POLLUTION CONDITION or MUNITIONS AND EXPLOSIVES OF CONCERN. If such emergency occurs, the INSURED shall notify the Company immediately thereafter.

C. The Company shall have the right and the duty to defend an INSURED against any CLAIM seeking damages for a POLLUTION LOSS, POLLUTION REMEDIATION EXPENSE, POLLUTION LEGAL EXPENSE, MEC LOSS, and MEC LEGAL EXPENSE. The Company will have no duty to defend the INSURED against any CLAIM for POLLUTION LOSS, POLLUTION REMEDIATION EXPENSE, POLLUTION LEGAL EXPENSE, MEC LOSS, and MEC LEGAL EXPENSE to which this Policy does not apply.

D. The Company shall have the right and the duty to assume the investigation, adjustment or defense of any CLAIM. In case of the exercise of this right, the INSURED, on demand of the Company, shall promptly reimburse the Company for any element of POLLUTION LOSS, POLLUTION REMEDIATION EXPENSE, POLLUTION LEGAL EXPENSE, MEC LOSS, MEC LEGAL EXPENSE or any other coverages afforded by endorsement falling within the Self-Insured Retention Amount stated in Item 4. of the Declarations.

The INSURED shall not admit liability or settle any CLAIM without the Company's consent. If the Company recommends a settlement of any CLAIM:

1. for an amount within the Self-Insured Retention Amount and the INSURED refuses such settlement, the Company shall not be liable for any POLLUTION LOSS, POLLUTION REMEDIATION EXPENSE, POLLUTION LEGAL EXPENSE, MEC LOSS, MEC LEGAL EXPENSE and any other coverages afforded by endorsement in excess of the Self-Insured Retention Amount; or

2. for a total amount in excess of the Self-Insured Retention Amount and the INSURED refuses such settlement, the Company's liability for POLLUTION LOSS, POLLUTION REMEDIATION EXPENSE, POLLUTION LEGAL EXPENSE, MEC LOSS, MEC LEGAL EXPENSE and any other coverages afforded by endorsement shall be limited to that portion of the recommended settlement and the costs, charges and expenses as of the date of the INSURED's refusal which exceed the Self-Insured Retention Amount but fall within the Limits of Liability.

E. If a POLLUTION CONDITION, MEC POLLUTION CONDITION or MUNITIONS AND EXPLOSIVES OF CONCERN is first discovered by the INSURED during the POLICY PERIOD and reported in writing to the Company during the POLICY PERIOD or, where applicable, the EXTENDED REPORTING PERIOD, and a CLAIM associated with such POLLUTION CONDITION, MEC POLLUTION CONDITION or MUNITIONS AND EXPLOSIVES OF CONCERN is made against the INSURED and reported to the Company after the expiration of this Policy, such CLAIM shall be deemed to have been first made and reported on the last day of the POLICY PERIOD in which the POLLUTION CONDITION, MEC POLLUTION CONDITION or MUNITIONS AND EXPLOSIVES OF CONCERN is first discovered, provided that the INSURED has maintained an equivalent policy with the Company on a continuous uninterrupted basis and the CLAIM is made against the INSURED and reported to the Company prior to the cancellation or expiration of such subsequent policy. It is further agreed that coverage for such CLAIM will not be provided under any subsequent policy issued by the Company.

F. The Company shall have the right to designate legal counsel for the investigation, adjustment and defense of a CLAIM. The Company shall consult with the INSURED in conjunction with the selection of counsel.

All other terms and conditions remain the same.
MANUS

SPECIMEN

ENDORSEMENT #

This endorsement, effective 12:01 a.m., forms a part of

Policy No. issued to

by .

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SECTION VIII. TRANSFER OF LEGAL DEFENSE DUTIES AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

The INSURED and the Company agree to the following Policy change(s):

Section VIII. TRANSFER OF LEAGL DEFENSE DUTIES, is deleted in its entirety and replaced with the following:

VIII. TRANSFER OF LEGAL DEFENSE DUTIES

A. If the Company believes that the Limits of Liability stated in Item 3. of the Declarations has been or soon will be exhausted in defending a CLAIM or that the Company has paid out or will soon pay out the Aggregate Liability stated in Item 3.b. of the Declarations, the Company will so notify the FIRST NAMED INSURED in writing as soon as possible. The Company will advise that its duty to defend a CLAIM seeking damages within those Limits of Liability has terminated, subject to payment of the Limits of Liability, and that it will have no duty to defend or indemnify the INSURED for any CLAIM for which notice is given after the date it sends out such notice. The Company will take immediate and appropriate steps to transfer control of any existing defense prior to exhaustion of the limits to the FIRST NAMED INSURED. The FIRST NAMED INSURED agrees to reimburse the Company for any costs which the Company bears in connection with the transfer of the defense.

B. The Company will take appropriate steps necessary to defend the CLAIM during the transfer of the defense and avoid any unfavorable legal action provided that the FIRST NAMED INSURED cooperates in the transfer of the duties of the defense.

C. The exhaustion of the applicable Limits of Liability by the payment of POLLUTION LOSS, POLLUTION REMEDIATION EXPENSE, POLLUTION LEGAL EXPENSE, MEC LOSS, MEC LEGAL EXPENSE and any other coverages afforded by endorsement will not be affected by the Company's failure to comply with any of the provisions of this section.

All other terms and conditions remain the same.
MANUS

ENDORSEMENT #

This endorsement, effective 12:01 a.m., forms a part of

Policy No. issued to

by .

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SECTION IX. CONDITIONS AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

The INSURED and the Company agree to the following Policy change(s):

Section IX. CONDITIONS, K. Jurisdiction and Venue and L. Choice of Law, are deleted in their entirety.

All other terms and conditions remain the same.
MANUS

SPECIAL MANUS

ENDORSEMENT #

This endorsement, effective 12:01 a.m., forms a part of

Policy No. issued to

by .

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INSTITUTIONAL AND ENGINEERING CONTROLS VIOLATION EXCLUSION

This endorsement modifies insurance provided under the following:

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

The INSURED and the Company agree to the following Policy change(s):

Section IV. EXCLUSIONS, is amended by the addition of the following:

Institutional and Engineering Controls Violation

based upon or arising out of any INSURED's and/or its agent's operation of, maintenance of, installation of, or failure to operate, maintain, or install any institutional control(s) or engineering control(s) applicable to any COVERED LOCATION.

All other terms and conditions remain the same.
PARL6 422 (0108)

