

JOINT EXCESS LOSS COMMITTEE

EXCESS LOSS CLAUSES

1 REINSURANCE CLAUSE

1.1 In consideration of the payment of premium to reinsurers by or on behalf of the reassured, the reinsurers hereon shall indemnify the reassured in settlement of its net loss (as defined in clause 2 below) under business accepted by the reassured as fully described in section C of the schedule attached to and forming part of this contract. The period of reinsurance, the reassured's retention, the limit of indemnity and the premium are as fully described in the applicable sections of the schedule. This contract is subject to all terms, conditions and exclusions contained herein.

1.2 Each reinsurer shall be liable only for its own respective proportion.

1.3 It is a condition precedent to liability under this contract that settlement by the reassured shall be in accordance with the terms and conditions of the original policies or contracts.

2 NET LOSS

2.1 "Net loss" under this contract means the sum paid by the reassured in settlement of loss, damage, liability or expense (other than the reassured's office and salary expenses) after deduction of all salvage and recovery including recovery from all reinsurances other than those specified in section D of the schedule.

2.2 Where salvage, recovery or other payment is received or recovered after a settlement under this contract, the indemnity shall be adjusted as if it had been received before settlement was made.

2.3 Nothing in this clause shall be construed to mean that a claim is not recoverable until the net loss has been finally determined.

2.4 Liability of the reinsurers hereon in respect of any loss hereunder shall not be increased by the reassured's failure to collect any amount due from any other reinsurer.

3 EVENT CLAUSE

3.1 "Loss" under this contract means loss, damage, liability or expense arising from any one event or as described in section J of the schedule.

3.2 Where the reassured is liable under "losses discovered" policies, liability under this contract shall be determined by treating the loss as arising on the date of discovery of loss by the original assured.

3.3 Where the reassured is liable under "claims made" policies, liability under this contract shall be determined by treating the loss as arising on the date when the circumstance giving rise to a claim is first notified to the original insurer.

4 OVERLAPPING PERIOD

If this contract reaches the expiry date shown in section B of the schedule while an event is in progress, all loss from that event shall be treated as occurring during the currency of this contract.

5 WAR

5.1 This contract excludes loss, damage, liability or expense arising from war or civil war.

5.2 Notwithstanding the foregoing, if specified in section K of the schedule this contract shall be extended to include loss, damage, liability or expense arising from war and civil war as covered in the original policies provided that such loss, damage, liability or expense would be recoverable:

5.2.1 under the terms and conditions of the relevant Institute War and Strikes Clauses or relevant London aviation clauses in current use at the inception of this contract, or at the time when war risks

cover would have commenced under the original policies within the terms of such clauses, whichever is the earlier, or

5.2.2 under insurances permissible under the United Kingdom War and Civil War Risks Exclusion Agreements, or

5.2.3 under the terms and conditions of clauses approved by Lloyd's Underwriters' Association and the Institute of London Underwriters or their authorized joint committees.

6 NUCLEAR ENERGY RISKS EXCLUSION

6.1 This contract excludes nuclear energy risks whether written directly or by way of reinsurance or via pools or associations. Under this contract the term "nuclear energy risks" means any first or third party insurance (other than workers' compensation or employers' liability) in respect of:

6.1.1 nuclear reactors and nuclear power stations or plant;

6.1.2 any other premises or facilities concerned with

6.1.2.1 the production of nuclear energy or

6.1.2.2 the production or storage or handling of nuclear fuels or nuclear waste;

6.1.3 any other premises or facilities eligible for insurance by any local nuclear pool or association but only to the extent of the requirements of the local pool or association;

6.1.4 nuclear or radioactive fuel, or nuclear or radioactive waste.

6.2 However, this exclusion shall not apply

6.2.1 to any insurance or reinsurance in respect of the construction, erection or installation of buildings, plant and other property (including contractor's plant and equipment used in connection therewith):

6.2.1.1 for the storage of nuclear fuel - prior to the commencement of storage

6.2.1.2 as regards reactor installations - prior to the commencement of loading of nuclear fuel into the reactor, or prior to the initial criticality, depending on the commencement of the insurance or reinsurance of the relevant local nuclear pool or association;

6.2.2 to any machinery breakdown or other engineering insurance or reinsurance not coming within the scope of 6.2.1 above, nor affording coverage in the "high radioactivity" zone;

6.2.3 to any insurance or reinsurance in respect of the hulls of ships, aircraft or other conveyances;

6.2.4 to any insurance or reinsurance in respect of loss of or damage to (including any expenses incurred therewith) nuclear or radioactive fuel or nuclear or radioactive waste while in transit as cargo.

7 EXTRA-CONTRACTUAL OBLIGATIONS EXCLUSION

7.1 This contract excludes all cover in respect of extra-contractual obligations. The term "extra-contractual obligations" under this contract means any award made by a court of competent jurisdiction against an insurer or reinsurer, where that award is not within the cover granted by any insurance or reinsurance contract made between the parties in dispute.

7.2 Notwithstanding the above this contract shall not exclude any part of a claims related extra-contractual obligation loss incurred under the terms of proportional or non-proportional reinsurance unless such reinsurance is effected solely to cover extra-contractual obligations. A "claims related extra-contractual obligation" under this contract means the amount awarded against an insurer or reinsurer found liable by a court of competent jurisdiction to pay damages to an assured or reassured

in respect of the insurer's or reinsurer's conduct of a claim made against it under any policy or contract where such liability has arisen because of:

7.2.1 the failure of the insurer or reinsurer to agree or pay a claim within the policy limits or to provide a defence against such claims as required by law, or

7.2.2 bad faith or negligence in rejecting an offer of settlement, or

7.2.3 negligence or breach of duty in the preparation of the defence or the conduct of a trial or the preparation or prosecution of any appeal or subrogation or any subsequent action arising therefrom.

7.3 Any additional cover against extra-contractual obligations shall only be under the terms of clause A (Extra-Contractual Obligations Inclusion) in the Annex of Additional Clauses printed below and must be specified in section K of the schedule.

8 SEEPAGE AND POLLUTION EXCLUSION

8.1 This contract excludes any loss arising from seepage, pollution or contamination on land unless such risks are insured solely on a sudden and accidental basis. This contract also excludes liability in respect of disposal or dumping of any waste materials or substances.

8.2 These exclusions (8.1) shall not apply to coverage provided in respect of:

8.2.1 control of well policies where such seepage, pollution or contamination follows a well out of control above the surface of the ground or water bottom;

8.2.2 liability under

8.2.2.1 Offshore Pollution Liability Agreement

8.2.2.2 Outer Continental Shelf Lands Act, Federal Water Quality Improvement Act, Arctic Waters Pollution Protection Act

8.2.2.3 seepage, pollution or contamination covered by Protection and Indemnity policies

8.2.2.4 aviation policies subject to clauses no less restrictive than AVN 46B;

9 INSPECTION OF RECORDS

The reassured's books and records shall be open to inspection by authorized representatives of the reinsurers at any reasonable time during the existence of this contract or of any liability hereunder.

10 TERMINATION

10.1 War -automatic termination

If war (whether declared or not) arises between the countries in which the reassured and the reinsurer reside or carry on business or are incorporated, this contract shall be automatically terminated forthwith.

10.2 Termination for other reasons

If performance of any part of this contract is prohibited or rendered impossible in consequence of any law or regulation in any country or territory, or if any law or regulation shall prevent directly or indirectly the remittance of any payment due to or from either party, the party so constrained shall give immediate written advice thereof to the other party, who shall have the right either to terminate this contract forthwith or exclude from its protection all business to which the law or regulation applies.

10.3 Either party may terminate this contract immediately by giving the other party written notice if either:

10.3.1 becomes insolvent, suspends payment of debts, convenes a meeting of or enters into any agreement with creditors, loses the whole or any part of its paid up capital, has a receiver appointed or a petition presented for its liquidation, or has a resolution passed for its voluntary liquidation;

10.3.2 passes under the control of, is absorbed by or amalgamated with any other body corporate or unincorporate, is nationalised or becomes controlled by the government of the country in which it is incorporated or in which it has its principal office, or agrees to any arrangement whereby it ceases to have a separate existence;

10.4 Notice of termination shall be confirmed by registered post.

10.5 Termination of this contract shall not relieve either party of its prior rights and obligations.

11 NOTICE OF CLAIMS

The reassured shall give prompt notice to the reinsurers of any loss which it has reason to believe may lead to a claim under this contract.

12 REINSTATEMENT

12.1 When any loss is settled hereunder in part or in whole, the amount of such loss shall be automatically reinstated from the date of such loss in accordance with the terms shown in section G of the schedule.

For any reinstatement under clause 5 above the reinsurers shall not be liable for more than the amount shown in section F of the schedule for any one loss, nor for more than twice that amount for all loss recoverable under clause 5 above.

12.2 If premium under this contract is subject to adjustment, any reinstatement premium due hereunder shall be paid provisionally at the time settlement is effected as if the deposit premium represented the final earned premium hereunder. Thereafter, the reinstatement premium shall be adjusted in the same manner as, and simultaneously with any adjustment of the deposit premium to, the final earned premium due hereunder.

13 CURRENCY

13.1 Claims settled in any currency other than that specified in section F of the schedule shall be converted into that currency (other than United States or Canadian dollars) at the rate of exchange on the date of settlement by the reassured, unless the contract provides for claims in United States or Canadian dollars to be settled in those currencies.

13.2 Where a claim is settled in more than one currency any recovery hereunder shall be in the same proportion as settlement by the reassured, using the exchange rate shown in section F of the schedule.

14 RUN-OFF

Should the reassured cease to underwrite the business reinsured hereunder then, subject to agreement by the reinsurers before expiry of this contract, a twelve month extension of cover may be granted, at terms to be agreed, for loss under business underwritten before expiry of, and within the scope of, this contract. No such cover shall be provided if the termination clause (clause 10) has been invoked.

15 ARBITRATION

15.1 The parties agree that prior to recourse to courts of law any dispute between them concerning the provisions of this contract shall first be the subject of arbitration.

15.2 The following arbitration procedure shall be used in any dispute concerning this contract, and shall exist as a separate contract if there is a dispute over the validity or formation of the contract.

15.3 Unless the parties agree upon a single arbitrator within thirty days of one receiving a written request from the other for arbitration, the claimant (the party requesting arbitration) shall appoint his arbitrator and give written notice thereof to the respondent. Within thirty days of receiving such notice the respondent shall appoint his arbitrator and give written notice thereof to the claimant, failing which the claimant may apply to the appointor hereinafter named to nominate an arbitrator on behalf of the respondent.

15.4 Before the commencement of arbitration proceedings the two arbitrators shall appoint a third arbitrator who shall act as chairman of the tribunal. Should they fail to appoint such a third arbitrator within thirty days of the appointment of the respondent's arbitrator then either of them or either of the parties may apply to the appointor for the appointment of the third arbitrator. The arbitrators appointed by the parties in dispute shall decide the verdict: if they cannot agree, they shall seek the verdict of the chairman of the tribunal, which shall prevail.

15.5 Unless the parties otherwise agree the arbitration tribunal shall consist of persons with not less than ten years' experience of insurance or reinsurance.

15.6 The arbitration tribunal shall have power to fix all procedural rules for the holding of the arbitration including discretionary power to make orders as to any matters which it may consider proper in the circumstances of the case with regard to pleadings, discovery, inspection of the documents, examination of witnesses and any other matter whatsoever relating to the conduct of the arbitration and may receive and act upon such evidence whether oral or written strictly admissible or not as it shall in its discretion think fit.

15.7 The appointor shall be the person indicated in section L of the schedule.

15.8 All costs of the arbitration shall be at the discretion of the arbitration tribunal who may direct to and by whom and in what manner they shall be paid.

15.9 The seat of the arbitration shall be in London and the arbitration tribunal shall apply the laws of England as the proper law of this contract unless indicated in section L to the schedule.

15.10 The award of the arbitration tribunal shall be in writing and binding upon the parties who covenant to carry out the same. If either of the parties should fail to carry out any award the other may apply for its enforcement to a court of competent jurisdiction in any territory in which the party in default is domiciled or has assets or carries on business.

ANNEX OF ADDITIONAL CLAUSES EXTRA-CONTRACTUAL OBLIGATIONS INCLUSION

A.1 Notwithstanding clause 7 above, in consideration of the additional premium shown in section K of the schedule this contract shall extend to cover any loss arising from a claims related extra-contractual obligation as defined above either

A.1.1 awarded against the reassured, or

A.1.2 incurred by the reassured where it has paid its proportionate share of a claims related extra-contractual obligation

A.1.2.1 awarded against one or more of its coinsurers or

A.1.2.2 arising from its participation in a proportional reinsurance, or

A.1.3 incurred by the reassured under the terms of any non-proportional reinsurance provided that the insurance or reinsurance policy or contract giving rise to the extra contractual obligation award falls within the scope of this contract.

A.2 There shall be no liability under this contract in respect of

A.2.1 any assumption of liability by way of participation in any mutual scheme or insurance or reinsurance designed to cover extra-contractual obligations only, or

A.2.2 any extra-contractual obligation arising from the fraud of a director, officer or employee of the reassured acting individually or collectively or in collusion with an individual or corporation or with any other organisation or party involved in the presentation defence or settlement of any claim.

A.3 The reinsurers' liability hereunder in respect of any one such loss is subject to the terms, conditions and exclusions of this contract, and shall not exceed the limit of indemnity provided herein in respect of each loss. Furthermore, the following specific provisions shall take precedence in the event of any inconsistency.

A.4 Any payment of claims related extra-contractual obligations shall for the purpose of this contract be deemed to be a loss arising from the same event as that giving rise to the claim to which the extra-contractual obligation award is related.

A.5 Any recovery under this contract in respect of claims related extra-contractual obligations shall only be for that part of any award which corresponds to the reassured's pro-rata share of the insurance or reinsurance policy or contract giving rise to the award, and all proportional and non-proportional protection effected by the reassured shall provide or be deemed to provide pro-rata coverage for such obligations.

AGGREGATE VOYAGE EXTENSION (CARGO)

B.1 Where cargo business is included in the attached schedule as reinsured hereunder the reassured may, if it requires, aggregate cargo losses of the same nature (including liability for such loss or damage, and related expenses including general average contribution, salvage charges and expenses incurred to avert or minimise such loss or damage) and treat them as losses arising from one event provided that

B.1.1 it is not possible to determine the quantum of loss applicable to separate events, and that

B.1.2 such losses are in respect of cargo carried in the same vessel for the same or an overlapping voyage.

B.2 The date of loss in such cases shall be deemed to be the date of arrival at the port of discharge of such cargo or the date of discovery of loss if earlier. If such cargo is discharged at more than one port, the date of loss shall be deemed to be the date of arrival at the first port of discharge or the date of discovery of loss if earlier.

B.3 Claims paid by the reassured in respect of any interests other than cargo as described above are specifically excluded from the protection afforded by this clause.

B.4 The reinsurers' liability hereunder in respect of any one such aggregate loss is subject to the terms, conditions and exclusions of this contract, and shall not exceed the limit of indemnity provided herein in respect of each loss.

NON-MARINE LIABILITY EXCLUSION

C This contract excludes claims for:

C.1 products liability unless written on a 'claims made' basis within general liability policies; this exclusion of products liability shall not apply to marine vessels, craft, offshore installations or aircraft

C.2 directors' and officers' liability

C.3 liability under the Securities Exchange Act

C.4 professional indemnity and errors and omissions, unless directly related to:

C.4.1 owning or handling ships, cargoes or goods in transit

C.4.2 classification societies or marine surveyors.

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