

Carolina Casualty Insurance Company

Excess Liability Insurance Policy

This is a Claims Made Policy. Please read it carefully.

CLAIMS MADE WARNING FOR POLICY

NOTICE: THIS POLICY PROVIDES COVERAGE ON A CLAIMS-MADE BASIS SUBJECT TO ITS TERMS. THIS POLICY APPLIES ONLY TO ANY "CLAIM" (AS DEFINED IN THE PRIMARY POLICY) FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR THE EXTENDED REPORTING PERIOD, IF APPLICABLE. THE LIMIT OF LIABILITY AVAILABLE TO PAY DAMAGES OR SETTLEMENTS SHALL BE REDUCED AND MAY BE EXHAUSTED BY AMOUNTS INCURRED AS "COSTS OF DEFENSE" (AS DEFINED IN THE PRIMARY POLICY).

PLEASE READ AND REVIEW THE POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.

In consideration of the payment of the premium, and in reliance upon the statements made to the **Insurer** by application forming a part hereof and its attachments and the material incorporated therein, the **Insurer** agrees as follows:

I. Insuring Agreement

This Policy provides excess coverage over the **Underlying Insurance** during the **Policy Period**. Coverage hereunder attaches only after the **Underlying Insurance** has been exhausted by payments for losses and shall then apply in conformance with the provisions of the **Primary Policy** at its inception, except for premium, limit of liability and as otherwise specifically set forth in this Policy.

II. Extended Reporting Period

If the **Insureds** purchase an extended reporting period under the **Primary Policy**, then the **Insureds** shall have the right to purchase an extension of this Policy in conformance with the terms, conditions and limitations of the extended reporting period of the **Primary Policy**. The right to purchase this Extended Reporting Period is contingent upon payment of an additional premium which will be calculated as a percentage of the full annual premium for this Policy. The additional percentage of premium charged for the Extended Reporting Period under the **Primary Policy** will be used as the percentage of the annual premium charged for purchasing the Extended Reporting Period under this Policy. There is no separate or additional Limit of Liability for this Extended Reporting Period.

III. Definitions

Whenever printed in boldface type in this Policy, the following terms shall have the meanings indicated below.

- A. **"Insured(s)"** means those persons or entities insured under the **Primary Policy**.
- B. **"Insurer"** means the entity issuing this Policy as listed on the Declarations Page.
- C. **"Policy Period"** means the period of time from the inception date shown in Item 2. of the Declarations to the earlier of the expiration date shown in Item 2. of the Declarations or the effective date of cancellation of this Policy.
- D. **"Primary Policy"** means the policy listed in Item 7. A. of the Declarations.
- E. **"Underlying Insurance"** means all policies scheduled in Item 7. of the Declarations.

IV. Exclusions

The **Insurer** shall not be liable to make any payment for Loss in connection with a Claim made against any **Insured**:

(Refer to attached endorsements, if applicable.)

V. Limit of Liability

The Limit of Liability stated in Item 3. of the Declarations is the maximum limit of the **Insurer's** liability for all losses, under this Policy. Costs of defense are not payable by the **Insurer** in addition to the Limit of Liability.

VI. Maintenance of Underlying Insurance

- A. The **Underlying Insurance** shall be maintained in full effect during the **Policy Period**, except for any reduction of the limits of liability available under the **Underlying Insurance** solely by reason of payment of losses thereunder. Failure to comply with the foregoing shall not invalidate this coverage, but the **Insurer** shall not be liable to a greater extent than if this condition had been complied with. To the extent that the **Underlying Insurance** is not maintained in full effect during the **Policy Period**, then the **Insured** shall be deemed to retain any loss for the amount of the limit of liability of the **Underlying Insurance** which is not maintained. A condition of this coverage is that the **Insurer** be notified in writing, as soon as practicable, of any cancellation or alteration of any provision of the **Underlying Insurance**.

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- B. If the limit(s) of liability of the **Underlying Insurance** are depleted solely as the result of actual payment of losses thereunder by the applicable insurers, this Policy shall, subject to the **Insurer's** Limit of Liability and to the other terms of this Policy, continue to apply to losses as excess insurance over the amount of insurance remaining under the **Underlying Insurance**. If the limit(s) of liability of the **Underlying Insurance** are exhausted solely as a result of payment of losses thereunder, subject to this Policy's provisions the remaining Limit of Liability available under this Policy shall continue for subsequent losses as primary insurance and any retention specified in the **Primary Policy** shall be imposed under this Policy as to each claim made; otherwise no retention shall be imposed under this Policy.
- C. This Policy only provides coverage excess of the **Underlying Insurance**. This Policy does not cover any loss not covered by the **Underlying Insurance** except and to the extent that such loss is not paid under the **Underlying Insurance** solely by reason of the reduction or exhaustion of the available **Underlying Insurance** through payment of loss thereunder. If the insurer issuing any of the **Underlying Insurance** fails to pay loss in connection with any claim covered thereunder as a result of the insolvency, bankruptcy, or liquidation of such insurer, then the **Insureds** shall be deemed to be self-insured for the amount of the limit of liability of such **Underlying Insurance** issued by such insurer which is not paid as a result of such insolvency, bankruptcy or liquidation.

VII. Notices / Claims

The **Insureds** shall, as a condition precedent to their rights under this Policy, notify the **Insurer** of any claim, at the **Insurer's** address stated on the Declarations, in the same manner required by the provisions of the **Primary Policy**. The **Insureds** shall give the **Insurer** full cooperation and such information as it may reasonably require. The **Insurer** may, at its sole discretion, participate in the investigation, settlement or defense of any claim against any of the **Insureds** even if the **Underlying Insurance** has not been exhausted.

The **Insured** shall not admit liability for or settle any claim or incur costs of defense, which are reasonably likely to involve the Limit of Liability of this Policy, without the **Insurer's** prior written consent, which consent shall not be unreasonably withheld.

VIII. General Conditions

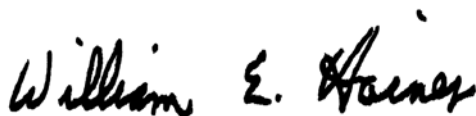
A. Termination of Policy and Non-Renewal

1. The **Insurer** may not cancel this Policy except for non-payment of any premium when due. This Policy shall terminate 20 days after receipt by the entity stated in Item 1. of the Declarations, of the **Insurer's** written notice of cancellation for non-payment of premium. If this Policy is cancelled by the entity stated in Item 1. of the Declarations, then the **Insurer** shall retain the customary short rate proportion of the premium herein.
2. If the **Insurer** decides not to renew this Policy, or offers to renew this Policy on terms which involve any change in the Limit of Liability or other terms and conditions, the **Insurer** shall provide written notice to the entity stated in Item 1. of the Declarations, at least 60 days prior to the end of the **Policy Period**. The notice shall include the reason for such non-renewal.
3. Any notices to be given to the entity stated in Item 1. of the Declarations under this section shall be provided to the entity stated in Item 1. of the Declarations, at the last known principal address and to its insurance agent or broker. The mailing by certified mail of such notice shall be sufficient.

B. Subrogation

As this Policy provides only "excess coverage", the **Insureds'** and the **Insurers'** right of recovery against any other person or entity may not be exclusively subrogated. However, if payment is made under this Policy, the **Insurer** shall be subrogated to the **Insured's** rights of recovery against any person or entity. The **Insureds** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. Any amounts recovered after payment hereunder shall be apportioned in the inverse order of payment. Expenses necessary to recover any such amounts shall be apportioned in the ratio of their respective recoveries as finally settled.

In witness whereof, the **Insurer** has caused this Policy to be signed by its President and Chief Executive Officer and Secretary, but this Policy shall not be valid unless countersigned on the Declarations Page by a duly authorized representative of the **Insurer**.



President and Chief Executive Officer



Secretary