

**LEXINGTON INSURANCE COMPANY
BOSTON, MASSACHUSETTS**

NEW
RENEWAL OF NUMBER

LAW ENFORCEMENT PROFESSIONAL LIABILITY

Policy No. 5539976

Item 1. Named Insured and Address: (No., Street, Town, or City, County, State)

**PHILADELPHIA 2000
200 SOUTH BROAD STREET
SUITE 700
PHILADELPHIA PA 19102**

Item 2. Policy Period: (Mo., Day, Yr.)

From 12/20/1999 TO 12/20/2000

12:01 A.M., standard time at the address of the Named Insured as stated herein.

The Named Insured is:

Individual Partnership Corporation Joint Venture Other: **City of Philadelphia, RNC**

Business of the Named Insured is:

Host for Political Convention

Item 3. The insurance afforded is only with respect to the following Hazards for which a specific premium charge(s) is indicated in the schedule below.

Coverages	Limits of Liability \$1,000,000 Each Wrongful Act \$3,000,000 Aggregate
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SCHEDULE	GENERAL LIABILITY HAZARDS		
DESCRIPTION OF HAZARDS	PREMIUM BASIS	RATES	ADVANCE PREMIUMS
Premises Operations LAW ENFORCEMENT PROFESSIONAL	NUMBER OF POLICE OFFICERS	FLAT	\$ 100,000
Independent Contractors EXCLUDED			EXCLUDED
Completed Operations EXCLUDED			EXCLUDED
Products EXCLUDED			EXCLUDED

Forms numbers of endorsements,
Attached at issue

See attached Forms Schedule

Item 4. Annual minimum Premium for this policy.	\$100,000	Total Advance Premium for this Policy	\$100,000
Minimum Earned Premium for this policy.	\$100,000		

Location of all premises owned by, rented to or controlled by the Named Insured.	
Enter same if same as item 1 of Declarations.	
Interest of Named Insured, in such premises	Owner
Part Occupied by Named Insured.	Entire

The foregoing discloses all hazards insured hereunder known to exist at the effective date of this policy, unless otherwise stated herein.

Countersigned On: 1/11/00 By: Joseph P. [Signature]
Authorized Representative

These Declarations and the Commercial General Liability Insurance Policy Provisions and Endorsement(s), if any, issued to form a part thereof, complete the above numbered policy.

FORMS SCHEDULE

Named Insured: PHILADELPHIA 2000

Policy No.: 5539976

Effective Date: 12/20/1999

Form Number	Edition Date	Title
		L AW ENFORCEMENT LIAB DEC
		L AW ENFORCEMENT LIAB TEXT
ENDT #001	05/98	D RE COMMERCIAL GENERAL LIAB
ENDT #002	03/92	E MPLY-RELATED PRACTICES EXCL
ENDT #003	03/86	M INIMUM EARNED PREMIUM
ENDT #004		AMENDATORY ENDORSEMENT
ENDT #005	06/91	S ECURITY & FINANCIAL INTEREST

**LAW ENFORCEMENT PROFESSIONAL LIABILITY
SPECIFIED ACTS**

In consideration of the premium paid and in reliance upon the statements in the Application completed by you and upon the Declarations, and subject to its terms, conditions, and exclusions, we agree to this Policy as a contract with you.

Throughout the Policy, the words **you** and **your** refer to the Named Insured shown in the Declarations. The words **we**, **us** and **our** refer to the company providing this insurance.

The word **Insured** means any person or organization qualifying as such under Section III. **WHO IS AN INSURED.**

Other words and phrases that appear in boldface have special meaning. Refer to SECTION II. DEFINITIONS.

SECTION I. INSURING AGREEMENT

- A. **We shall pay those amounts that the Insured becomes legally obligated to pay to compensate others for bodily injury, property damage, or personal injury arising out of the Insured's wrongful act. The wrongful act shall take place during the policy period, and shall arise solely in your capacity as a law enforcement agency.**

SECTION II. DEFINITIONS

- A. **Auto** means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. **Auto**, however, does not include **mobile equipment**.
- B. **Bodily Injury** means physical injury, sickness, disease, mental anguish, or emotional distress sustained by any person including death resulting from any of these at any time.
- C. **Claim(s)** means a demand for money.
- D. **Discrimination** means the violation of any law, whether statutory or common law, including but not limited to, race, color, religion, national origin, age, sex, marital status, sexual orientation, handicap, pregnancy, chronic medical condition, or obesity.
- E. **Loss(es)** means damages, judgments, and settlements from any **claim** or **suit**.
- F. **Loading or Unloading** means the handling of property:
1. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft, or auto;

2. While it is in or on an aircraft, watercraft or auto; or
3. While it is being moved from an aircraft, watercraft or auto to the place where it is finally delivered.

But loading or unloading does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft, or auto.

G. **Mobile Equipment** means any of the following types of land vehicles, including any attached machinery or equipment:

1. Bulldozers, farm machinery, forklifts, and other vehicles designed for use principally off public roads;
2. Vehicles maintained for use solely on or next to premises you own or rent;
3. Vehicles that travel on crawler treads;
4. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - a. Power cranes, shovels, loaders, diggers or drills; or
 - b. Road construction or resurfacing equipment such as graders, scrapes or rollers;
5. Vehicles other than those described in 1, 2, 3, or 4 above that are not self-propelled and are maintained primarily mobility to permanently attached equipment of the following types:
 - a. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - b. Cherry pickers and similar devices used to raise or lower workers.
6. Vehicles other than those described in 1, 2, 3, or 4 above that are maintained primarily for purposes other than the transportation of persons or cargo.

Self-propelled vehicles, however, with the following types of permanently attached equipment are not mobile equipment but shall be considered autos:

- a. Equipment designed primarily for:
 - i. Snow removal;
 - ii. Road maintenance, but not construction or resurfacing; or

- iii. Street cleaning.
 - b. Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - c. Air compressor, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
- H. **Personal Injury** means injury other than bodily injury arising out of one or more of the following:
- 1. False arrest, wrongful detention, or wrongful imprisonment;
 - 2. Malicious prosecution;
 - 3. Assault and battery from the use of reasonable force to protect persons or property;
 - 4. Discrimination unless uninsurable by law;
 - 5. Humiliation;
 - 6. False or improper service or process;
 - 7. Violation of property rights;
 - 8. Violation of civil rights;
 - 9. Wrongful eviction or wrongful entry, or other violations of the right of private occupancy; and
 - 10. The oral or written publication of material that:
 - a. Defames, slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
 - b. Violates a person's right of privacy.

Personal injury, however, does not include the oral or written publication of material in the course of, or related to, advertising, broadcasting, telecasting, or videotaping activities conducted by or on behalf of any Insured.

- I. **Policy Period** means the period commencing on the effective date shown in the Declarations. This period ends on the earlier of the expiration date or the effective date of cancellation of this Policy. If any Insured became an Insured under this Policy after the

effective date, the policy period begins on the date that insured became an insured and ends on the earlier of the expiration date or the effective date of cancellation of this Policy.

- J. **Pollutants** means any solid, liquid, gaseous, or thermal irritant or contaminant, including: smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes, but is not limited to, material to be recycled, reconditioned or reclaimed, as well as medical waste.
- K. **Property Damage** means:
1. Physical injury to, or destruction of, tangible property including the loss of use of it; or
 2. Loss of use of tangible property, which has not been physically injured or destroyed.
- L. **Suit** means a civil proceeding seeking money damages and includes an arbitration, mediation, or any other alternative dispute resolution procedure seeking such damages or an administrative proceeding arising from a claim, to which the Insured shall submit or may submit with our consent.
- Suit shall not include any civil proceeding or administrative proceeding arising from any labor or grievances dispute which is subject to a collective bargaining agreement.**
- M. **Wrongful Act** means any negligent act, error, or omission in performing or failing to perform services.

SECTION III. WHO IS AN INSURED

- A. **You are in Insured;**
- B. Each of the following is also an Insured, but only while acting within the scope of their duties for you:
1. Your law enforcement officers and, in the event of their death, incapacity or bankruptcy, their heirs, executors, administrators, assigns, and legal representative;
 2. The political entity or subdivision of which the law enforcement agency is a part department or bureau and its public officials, provided such political entity or subdivision is legally constituted at the inception of this Policy; and
 3. All other employees, auxiliary personnel, reserves, and authorized volunteers of the law enforcement agency.

No person or organization is an Insured with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

SECTION IV. DEFENSE COSTS, CHARGES AND EXPENSES

We shall pay the costs related to the following:

- A. We have the right and (duty to defend) and appoint an attorney to defend any claim or suit brought against any Insured for a wrongful act to which this insurance applies even if the suit is groundless or fraudulent. Our duty to defend any claim or suit ends after the applicable Limit of Liability has been exhausted by payment of judgments and settlements.
- B. We have the right to investigate and settle any claim or suit that we believe is proper.
- C. We shall pay all reasonable costs we ask the Insured to incur while helping us investigate or defend a claim or suit. We, however, shall not pay more than \$100 per day for earnings lost by the Insured because of time taken off from work.
- D. We shall pay premiums for appeal bonds, or bonds to release property being used to secure a legal obligations, if required in a suit we defend. We shall only pay, however, for bonds valued up to our applicable Limit of Liability. We shall have no obligation to appeal or to obtain these bonds.
- E. We shall pay the costs taxed against an Insured in a suit we defend.
- F. We shall pay all interest on the amount of any judgment within our Limit of Liability:
 - 1. Which accrues after entry of judgment; and
 - 2. Before we pay, offer to pay, or deposit in court that part of the judgment within our applicable Limit of Liability.
- G. Pre-judgment interest awarded against the Insured on that part of the judgment we pay.

SECTION V. EXCLUSIONS

This insurance does not apply to any claims directly or indirectly arising out of:

- A. Any Insured's failure to fulfill any duty or obligation imposed by the Employment Retirement Income Security Act of 1974, including amendments to that law, or similar federal, state, or local statutory or common law;
- B. Any transmission of or exposure to any communicable disease, including but not limited to, Acquired Immune Deficiency Syndrome, tuberculosis, or hepatitis;
- C. Any employment practice, including but not limited to, application for employment, refusal to employ, termination of employment, coercion, demotion, evaluation, re-assignment,

discipline, defamation, harassment including sexual harassment, humiliation, **discrimination**, or violation of civil rights;

D. Any dishonest, fraudulent, bad faith, criminal or malicious:

1. Act;
2. Error; or
3. Omission;

by any Insured other than you, unless you directed or had knowledge of the act, error, or omission.

E. Any willful violation, or any violation in which any Insured had knowledge or consented to the violation, of any federal, state, or local statute, ordinance, rule, or regulations;

F. Any claim brought by any person or organization covered under this Policy;

G. Any claim for which you or any carrier as your insurer may be held liable under any worker's compensation, unemployment compensation or disability benefits law, or under any similar law;

H. Any liability assumed by any Insured under any contract or agreement. This exclusion does not apply to liability for damages:

1. Assumed in a contract or agreement that is an insured contract provided the **bodily injury, property damage, personal injury, or wrongful act** occurs subsequent to the execution of the contract or agreement; or
2. That you would have in the absence of the contract or agreement;

I. Any actual, alleged, attempted, threatened, or proposed sexual physical contact, sexual abuse, or sexual verbal harassment by any Insured other than you, unless you directed or had knowledge of the act, error, or omission. This exclusion shall not apply to employment practices;

1. The actual, alleged, or threatened, discharge, dispersal, seepage, migration, release, or escape of **pollutants**; or
2. Any direction or request, to test for, monitor, cleanup, remove, contain, treat, detoxify; or neutralize **pollutants** or in any way respond to or assess the effects of **pollutants**; or

K. That part of any claim or suit seeking non-monetary relief including, but not limited to, injunctive relief, declaratory relief, or any other equitable remedies;

L. Property damage to:

1. Property you own, rent, or occupy;
2. Premises you sell, give away, or abandon, if the property damage arises out of any part of those premises;
3. Property loaned to you;
4. Personal property in the care, custody, or control of any Insured;

M. Nuclear energy liability for:

1. Bodily injury or property damage against an Insured who is also an Insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Underwriters, or Nuclear Insurance Association of Canada, or would be an Insured under any such policy but for its termination upon exhaustion of its limits of liability; or
2. For bodily injury or property damage arising from or caused by hazardous properties of nuclear material and with respect to any person or organization required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any subsequent amendment of that Act or the Insured is, or had this Policy not been issued would be entitled to, indemnity from the United States of America, or any agency, under any agreement entered into the United States of America, or any agency, with any person or organization;
3. For bodily injury or property damage arising from or caused by hazardous properties of nuclear material if:
 - a. The nuclear material is at any nuclear facility owned by, or operated by or on behalf of an Insured or has been discharged or dispersed from that nuclear facility;
 - b. The nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of any Insured; or
 - c. The bodily injury or property damage arises out of the furnishing by an Insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility. If such nuclear facility, however, is located within the United States of America, its territories or possessions or Canada, this exclusion applies only to property damage to such nuclear facility and its property.

4. For any medical payment.

5. Definitions as used in this exclusion:
- a. **Hazardous properties** mean radioactive, toxic, or explosive properties;
 - b. **Nuclear material, Special nuclear material, and By-product material** as defined in the Atomic Energy Act of 1954 or in any subsequent amendment of the Act.
 - c. **Spent fuel** means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a **nuclear reactor**;
 - d. **Waste** means any waste material containing **by-product material** and resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph e. below.
 - e. **Nuclear facility** means:
 - i. **Any nuclear reactor**;
 - ii. Any equipment or device designed or used for:
 - (a). Separating the isotopes of uranium or plutonium;
 - (b). Processing or utilizing **spent fuel**; or
 - (c). Handling, processing or packaging waste;
 - iii. Any equipment or device used for the processing, fabrication or alloying of **special nuclear material** if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
 - iv. Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of **waste**, and includes the site on which any of the foregoing is located all operations conducted on such site and all premises used for such operations;
 - f. **Nuclear reactor** means any apparatus designed or used to sustain nuclear fission in self-supporting chain reaction or to contain a critical mass of fissionable material.
- N. Any liability for fines or penalties;

- O. The rendering of, or failure to render, professional services by an attorney, a member of the medical profession, or the clergy while acting in the scope of their professional duties; or
- P. The ownership, maintenance, management, use, operation, control; **loading or unloading**, or entrustment to others of any aircraft, auto, or watercraft:
 - 1. Owned, operated by, rented, or loaned to any Insured; or
 - 2. Operated by any person on behalf of or in the course of employment by an Insured.

SECTION VI. LIMITS OF LIABILITY

- A. The limits shown in the Declaration to this Policy and the information contained in this section fix the most we shall pay (Including Defense Costs, Charges and Expenses provided in Section IV) regardless of the number of:
- B. Each **wrongful act** limit is the most we shall pay for all **loss** that results from a single **wrongful act**.
- C. Aggregate Limit is the most we shall pay for all **losses** covered under this Policy.
- D. All **claims** arising from continuous, repeated, or related **wrongful acts** shall be treated as one **claim**. Such **wrongful acts** shall be considered to have taken place when the earliest **wrongful act** offense takes place.
- E. All **claims** arising out of a **wrongful act** shall be deemed to be made on the date that the first such **claim** is made.

SECTION VII. DEDUCTIBLE

- A. You shall be responsible for the deductible amount shown in the Declarations. Expenses we incur in investigating and defending **claims** and **suits** are included in the deductible. The deductible applies to each **wrongful act** and you may not insured against it. All **claims** arising from a single **wrongful act** or continuous, repeated, or related **wrongful acts** shall be subject to one deductible.
- B. We may pay all or part of the deductible to settle a **claim** or **suit**. You agree to repay us promptly after we notify you of the settlement.

SECTION VIII. OTHER PROVISIONS AFFECTING COVERAGE

A. Where Coverage Applies

We cover wrongful acts in the United States of America, its territories and possessions, Puerto Rico, Canada, or, the Oneida Indian Nation, but only if a claim is made and suit is brought for such wrongful act in the United States of America, its territories and possessions, Puerto Rico Canada, or the Oneida Indian Nation.

B. YOUR ASSISTANCE AND COOPERATION**1. You agree to cooperate with and help us:**

- a. Make Settlement;
- b. Enforce any legal rights you or we may have against anyone who may be liable to you;
- c. Attend depositions, hearings and trials; and
- d. Secure and give evidence, and obtain the attendance of witnesses.

You shall not admit any liability, assume any financial obligations, or pay not any money without our prior consent. If you do, it shall be at your own expense.

C. RIGHT AND DUTIES OF THE LAW ENFORCEMENT AGENCY

You agree that when there is more than one person or entity covered under this Policy, the first Named Insured in the Declarations shall act on behalf of all Insureds as to:

1. Giving and receiving notice of cancellation;
2. Payment of premiums and receipt of return premiums;
3. Acceptance of any endorsements to this Policy; or
4. Purchasing or deciding not to purchase the Extended Reporting Period Endorsement.

D. LAWSUITS AGAINST US

1. No one can sue us to recover under this Policy unless all of the terms have been honored.
2. A person or organization may sue us to recover up to the Limits of Liability under this Policy only after your liability has been decided by:

- a. Trial, after which a final judgment has been entered; or
- b. A written settlement agreement signed by you, us, and the party making the claim.

E. BANKRUPTCY

You or your estate's bankruptcy or insolvency does not relieve us of our obligations under this Policy.

F. CHANGES

The first Named Insured shown in the Declarations is authorized to make changes in the terms of this Policy with our written consent. This Policy's terms can be amended or waived only by endorsement issued by us and made a part of this Policy.

G. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this Policy at any time during the policy period and up to three years afterward.

H. INSPECTIONS AND SURVEYS

We have the right but are not obligated to:

1. Make inspection and surveys at any time;
2. Give you reports on the conditions we find; and
3. Recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

1. Are safe or healthful; or
2. Comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendation on our behalf.

I. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this Policy may not be transferred without our written consent.

If you are declared legally bankrupt, your rights and duties shall be transferred to your legal representative but only while acting within the scope of his duties as your legal representative.

J. CONFORMANCE TO STATUE

To the extent a term of this Policy conflicts with a statute of the State within which this Policy is issued, the term shall be deemed amended so as to conform to the statute.

K. DUTIES IN THE EVENT OF A WRONGFUL ACT, CLAIM OR SUIT

1. If, during the policy period, incidents or events occur which you reasonably believe may give rise to a claim or suit for which coverage may be provided, you shall, during the policy period, give written notice to us. Such written notice shall contain:

- a. The identity of the person(s) alleging the wrongful act;
- b. The identity of the Insured(s) who allegedly were involved in the incidents or events;
- c. The date the alleged incidents or events took place; and

If you submit written notice containing items a. through c. above, then any claim or suit that may subsequently be made against an Insured arising out of such incidents or events shall be deemed, for the purpose of this insurance, to have been first made during the policy period in effect at the time such written notice was submitted to us.

2. If a claim is made or suit is brought against any Insured, you shall:

- a. Immediately record the specifics of the claim and the date received, and
- b. Notify us as soon as practicable.

You shall see to it that we receive written notice of this claim as soon as practicable.

3. You and any other Insured shall:

- a. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with any claim or suits,

- b. Authorize us to obtain records and other information,
- c. Cooperate with us in the investigation, settlement, or defense of the claim or suit, and
- d. Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the Insured because of injury or damage to which this insurance may also apply.

L. OTHER INSURANCE

If during the policy period any other valid and collectible insurance is available to you for a loss we cover under this Policy, our obligations are limited as follows:

1. Primary Insurance

This insurance is primary except when 2. below applies. If this insurance is primary, our obligations are not effected unless any of the other insurance is also primary. Then, we shall share with that other insurance by the method described in 3. below.

2. Excess Insurance

This insurance is excess over any of the other insurance, whether primary, excess, contingent, or on any other basis, that is:

- a. Effective prior to the beginning of the policy period shown in the Declarations of this insurance;
- b. Applies on other than a claims-made basis; and
- c. Has a policy period which continues after the retroactive date shown in the Declarations of this insurance.

When this insurance is excess, we shall have no duty under this Policy to defend any claim or suit that any other insurer has a duty to defend. If no other insurer defends, we shall undertake to do so, but we shall be entitled to your rights against all those other insurers.

When this insurance is excess over other insurance, we shall pay only our share of the amount of the loss, if any, that exceeds the sum of:

- a. The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- b. The total of all deductible and self-insured amounts under all other insurance.

We shall share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Liability shown in the Declarations.

3. Method of Sharing

If all of the other insurance permits contribution by equal shares, we shall also follow this method. Under this approach each insurer contributes equal amounts until it has paid its applicable Limit of Liability or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we shall contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable Limit of Liability to the total applicable Limits of Liability of all insurers.

M. MULTIPLE POLICIES

1. Two or more policies may be issued by us or other member companies of American International Group, Inc. These policies may provide coverage for:
 - a. **Claims or suits** arising from the same or related **wrongful act**; for
 - b. Persons or organization covered is those policies that are jointly and severally liable.
2. In such a case, we shall not be liable under this Policy for an amount greater than the proportion of the loss that this Policy's applicable Limit of Liability bears to the total applicable Limits of Liability under all such policies.

In addition, the total amount payable under all such policies is the highest applicable Limit of Liability among all such policies.

N. REPRESENTATIONS

1. By accepting this Policy, you agree that the statements in the Application and Declarations are true, and that they are **your** agreements and representations.
2. You agree that this Policy is issued in reliance upon the truth of those representations.
3. Any and all relevant provisions may be voidable by us in any case of fraud, intentional concealment, or misrepresentation or material fact by you.

O. SEPARATION OF INSUREDS

Except with respect of the Limits of Liability, and any rights or duties specifically assigned to the first Named Insured, this insurance applies:

1. As if each Named Insured were the only Named Insured; and
2. Separately to each Insured against who claim is made or suit is brought

P. GOVERNMENTAL IMMUNITY

As a public institution, you may be entitled to governmental immunity. This Policy shall not constitute a waiver of any Governmental Immunity to which you are entitled.

Q. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If an Insured has rights to recover all or part of any payment we have mad under this Policy, those rights are transferred to us. The insured shall do nothing to impair them. At our request, the Insured shall bring suit or transfer those rights to us and help us enforce them.

R. PREMIUM AUDIT

1. We shall compute all premiums for any Coverage Section in accordance with our rules and rates.
2. Premium shown on the Declarations for any Coverage Section as advance premium is a deposit premium only. At the close of each audit period we shall compute the earned premium for that period. Audit premiums are due and payable on notice to you. If the sum of the advance and audit premiums paid for the Policy is greater than the earned premium, we shall return the excess to you.
3. You shall keep records of the information we need for premium computation and send us copies at such times as we may request.

- S. Service of Suit. In the event of the failure of the Company to pay any amount claimed to be due hereunder, the Company, at the request of the Insured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this condition constitutes or should be understood to constitute a waiver of the Company's rights to commence an action in any court of competent jurisdiction in the United States to remove an action to a United States District Court or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. It is further agreed that service of process in such suit may be made upon Counsel, Legal Department, Lexington Insurance Company, 200 State Street, Boston, Massachusetts, 02109 or his or her representative, and that in any suit instituted against the Company upon this policy, the Company will abide by the final decision of such court or of any appellate court in the event of an appeal.

Further, pursuant to any statute of any state, territory, or district of the United States which makes provision therefor, the Company hereby designates the Superintendent, Commissioner or Director of Insurance, or other officer specified for that purpose in the statute, or his or her successor or successor in office as its true and lawful attorney upon whom may be served any lawful process in any action, suit, or proceeding instituted by

or on behalf of the Insured or any beneficiary hereunder arising out of this policy of insurance, and hereby designates the above named Counsel as the person to whom the said officer is authorized to mail such process or a true copy thereof.

- T. Arbitration. Notwithstanding the Service of Suit clause above, in the event of a disagreement as to the interpretation of this policy. It is mutually agreed that such dispute shall be submitted to binding arbitration before a panel of three (3) Arbitrators, consisting of two (2) party-nominated (non-impartial) Arbitrators and a third (impartial) arbitrator (hereinafter "umpire") as the sole and exclusive remedy.

The party desiring arbitration of a dispute shall notify the other party, said notice including the name, address and occupation of the Arbitrator nominated by the demanding party. The other party shall within 30 days following receipt of the demand, notify in writing the demanding party of the name, address and occupation of the Arbitrator nominated by it. The two (2) Arbitrators so selected shall, within 30 days of the appointment of the second Arbitrator, select an umpire. If the Arbitrators are unable to agree upon an umpire, each Arbitrator shall submit to the other Arbitrator a list of three (3) proposed individuals, from which list each Arbitrator shall choose one (1) individual. The names of the two (2) individuals so chosen shall be subject to a draw, whereby the individual drawn shall serve as umpire.

The parties shall submit their cases to the panel by written and oral evidence at a hearing time and place selected by the umpire. Said hearings shall be held within thirty (30) days of the selection of the umpire. The panel shall be relieved of all judicial formality, shall not be obligated to adhere to the strict rules of law or of evidence, shall seek to enforce the intent of the parties hereto and may refer to but are not limited to, relevant legal principles. The decision of a least two (2) of the three (3) panel members shall be binding and final and not subject to appeal except for grounds of fraud or gross misconduct by the Arbitrators. The award will be issued within 30 days of the close of the hearings. Each party shall bear the expenses of its designated Arbitrator and shall jointly and equally share with the other expense of the umpire and of the arbitration proceeding.

The arbitration proceeding shall take place in or in the vicinity of Boston, Massachusetts. The procedural rules applicable to this arbitration, shall, except as provided otherwise herein, be in accordance with the Commercial Rules of the American Arbitration Association.

SECTION IX. CANCELLATION

- A. The first Named Insured shown in the Declarations may cancel this Policy by mailing or delivering to us advance written notice of cancellation.
- B. We may cancel this Policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
1. Ten (10) days before the effective date of cancellation if we cancel for nonpayment of premium; or
 2. Sixty (60) days before the effective date of cancellation if we cancel for any other reason.
- C. We shall mail or deliver our notice to the first Named Insured's last mailing address known to us.
- D. Notice of cancellation shall state the effective date of cancellation. This policy period shall end on that date.
- E. If this Policy is canceled, we shall send the first Named Insured any premium refund due. If we cancel, the refund shall be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation shall be effective even if we have not made or offered a refund.
- F. If notice is mailed, proof of mailing shall be sufficient proof of notice.
- G. If you cancel you shall return the Policy or a properly executed Lost Policy Release by mail or delivery to us or our Program Administrator within 7 days of the effective date of cancellation.

IN WITNESS WHEREOF, we have caused this Policy to be signed by our President and Secretary and countersigned where required by law on the Declarations page by our duly authorized representative.

Elizabeth M. Tuck

Secretary

L. H. Kelley

President

This endorsement, effective 12:01 AM 12/20/1999

Forms a part of policy no.: 5539976

Issued to: PHILADELPHIA 2000

By: LEXINGTON INSURANCE COMPANY

DATE RECOGNITION ENDORSEMENT

This endorsement modifies insurance under the Commercial General Liability policy.

This insurance does not apply to "bodily injury," "property damage," "personal injury" or "advertising injury" arising directly or indirectly out of:

- A. Any actual or alleged failure, malfunction or inadequacy of:
1. Any of the following, whether belonging to any Insured or to others:
 - a. Computer hardware, including microprocessors;
 - b. Computer application software;
 - c. Computer operating systems and related software;
 - d. Computer networks;
 - e. Microprocessors (computer chips) not part of any computer system; or
 - f. Any other computerized or electronic equipment or components; or
 2. Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph A.1. of this endorsement
due to the inability to correctly recognize, process, distinguish, interpret or accept the year 2000 and beyond.
- B. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for any potential or actual problems described in Paragraph A. of this endorsement.

All other terms and conditions of this policy remain unchanged.

Joseph George

AUTHORIZED REPRESENTATIVE

OR Countersignature (In states where applicable)

This endorsement, effective 12:01 AM 12/20/1999

Forms a part of policy no.: 5539976

Issued to: PHILADELPHIA 2000

By: LEXINGTON INSURANCE COMPANY

EMPLOYMENT-RELATED PRACTICES EXCLUSION


In consideration of the premium charged, it is understood and agreed that the insurer shall have no obligation to defend or indemnify with respect to any claim alleging or asserting in any respect loss, injury, or damage (including consequential bodily injury) in connection with Wrongful Termination of the Insured's employees and/or Discrimination involving the Insured's employees and/or Sexual Harassment of the Insured's employees.

The following definitions apply to the foregoing:

Wrongful Termination means termination of an employment relationship in a manner which is against the law and wrongful or in breach of an implied agreement to continue employment.

Discrimination means termination of an employment relationship or a demotion or a failure or refusal to hire or promote any individual because of race, color, religion, age, sex, disability, pregnancy or natural origin.

Sexual Harassment means unwelcome sexual advances and/or requests for sexual favors and/or other verbal or physical conduct of a sexual nature that (1) are made a condition of employment and/or (2) are used as a basis for employment decisions and/or (3) create a work environment that interferes with performance.



Authorized Representative OR
Countersignature (In states where applicable)

This endorsement, effective 12:01 AM 12/20/1999

Forms a part of policy no.: 5539976

Issued to: PHILADELPHIA 2000


By: LEXINGTON INSURANCE COMPANY

MINIMUM EARNED PREMIUM

It is understood and agreed that in the event of cancellation of this policy by or at the direction of the Insured, the Company shall retain a Minimum Earned Premium of \$100,000.

It is further agreed that the provision regarding cancellation by the Insured is amended to read:

"If the Insured cancels this policy, earned premium will be computed in accordance with the customary short-rate table and procedure, or the Minimum Earned Premium stated herein, whichever is greater".



Authorized Representative OR
Countersignature (In states where applicable)

Endorsement #004

This endorsement, effective 12:01 A.M. 12/20/1999

Forms a part of policy no.: 5539976

Issued to: Philadelphia 2000

By: LEXINGTON INSURANCE COMPANY

NAMED INSURED, ADDITIONAL INSURED, SCOPE OF COVERAGE, AND EARNED PREMIUM AMENDATORY ENDORSEMENT

In consideration of the premium for which this policy is issued, it is understood and agreed that, Item #1. Of the declarations is amended to include:

- ✓ 1. The City of Philadelphia;
- ✓ 2. The Republican National Committee;
- ✓ 3. Committee On Arrangements for the 2000 Republican National Convention;
4. Pennsylvania Convention Center Authority;

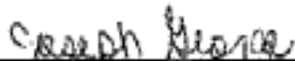
— As Named Insureds under this policy, but only respects activities within the scope of coverage of this policy that pertain to the planning and organizing of security or law enforcement activities in conjunction with the specific activities of the Republican National Convention at any of the specified Convention locations.

It is also understood and agreed that the following entities, are added as Additional Insureds, subject to the above limitation of coverage:

1. Spectrum Arena Limited Partnership;
2. Philadelphia Authority for Industrial Development.

It is also understood and agreed that the premium for this policy is 100% earned at policy inception, and that this policy may only be cancelled for non-payment of the premium.

All other terms and conditions of this policy remain unchanged.



Authorized Representative OR
Countersignature (In states where applicable)

This endorsement, effective 12:01 AM 12/20/1999

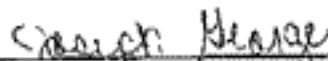
Forms a part of policy no.: 5539976

Issued to: PHILADELPHIA 2000

By: LEXINGTON INSURANCE COMPANY

SECURITIES AND FINANCIAL INTEREST EXCLUSION

In consideration of the premium charged, it is understood and agreed that the Insurer shall have no obligation to defend or indemnify with respect to any claim alleging or asserting in any respect loss, injury or damage in connection with the purchase or sale, the offer, solicitation, or advertising for the purchase or sale, or the depreciation or decline in price or value, of any security, debt, bank deposit, or financial interest or instrument.



Authorized Representative OR
Countersignature (In states where applicable)

ENDORSEMENT # 006

This endorsement, effective 12:01 AM 12/20/1999

Forms a part of policy no.: 5539976

Issued to: PHILADELPHIA 2000

By: LEXINGTON INSURANCE COMPANY

In consideration of the premium charged it is understood and agreed that the Named Insured's address is amended as follows:

2301 Market Street
Suite 75-1
Philadelphia, PA 19103

All other terms and conditions remain unchanged.

Authorized Representative OR
Countersignature (In states where applicable)

ENDORSEMENT # 007

This endorsement, effective 12:01 AM 12/20/1999

Forms a part of policy no.: 5539976

Issued to: PHILADELPHIA 2000

By: LEXINGTON INSURANCE COMPANY

In consideration of the premium charged it is understood and agreed that the Endorsement #004 is hereby deleted and replaced by the following:

NAMED INSURED, ADDITIONAL INSURED, SCOPE OF COVERAGE,
AND EARNED PREMIUM AMENDATORY ENDORSEMENT

In consideration of the premium for which this policy is issued, it is understood and agreed that, Item#1. Of the declarations is amended to include:

1. The City of Philadelphia;
2. The Republican National Committee;
3. Committee On Arrangements for the 2000 Republican National Convention;
4. Philadelphia Authority for Industrial Development;

As Named Insureds under this policy, but only respects activities within the scope of coverage of this policy that pertain to the planning and organizing of security or law enforcement activities in conjunction with the specific activities of the Republican National Convention at any of the specified Convention locations.

It is also understood and agreed that the following entities, are added as Additional Insureds, subject to the above limitation of coverage:

1. Spectrum Arena Limited Partnership;
2. Pennsylvania convention Center Authority;

It is also understood and agreed that the premium for this policy is 100% earned at policy inception, and that this policy may only be cancelled for non-payment of the premium.

All other terms and conditions remain unchanged.

Authorized Representative OR
Countersignature (In states where applicable)

Lexington Insurance Company

200 STATE STREET
BOSTON, MASSACHUSETTS 02109
(617) 330-1100

June 8, 1998

To Our Insureds:

I am writing to call your attention to a situation that has the potential to cause unprecedented dislocation to businesses in the United States and throughout the world. As many of you know, thousands, perhaps millions, of computers and devices with embedded microchips record only the last two digits of a year. As a result, they may not be able to recognize that January 1, 2000 (or subsequent dates) comes *after* December 31, 1999. As soon as dates in the Year 2000 become relevant to the operation of products or business transactions - a process that has already begun-computers and microchips containing the "millennium bug" may produce erroneous calculations or cease to function, causing problems that can range from the merely inconvenient to the potentially disastrous. Inventory and accounting systems will be affected; so will credit-card validation, electronic data interchange, automated banking reports, pension benefit payments, drug distribution systems for pharmacies and hospitals, and mechanical systems operating everything from office building environmental controls and elevator banks to telephone switches and oil refineries. The cost of fixing the problem in the United States alone has been estimated at more than \$600 billion.

Whether the dislocation resulting from this "bug" will be crippling or merely extraordinarily expensive, we believe that any business that uses or is affected by computers - in other words, every business in the country - must respond immediately, proactively, and aggressively. Most Year 2000 problems can be averted, given sufficient foresight, resources, and will. Companies will be judged - and, in some cases, will succeed or fail - depending on how they address these issues.

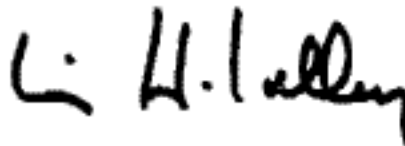
We have identified those of our systems that are subject to Year 2000 risk, and we are well on the way to ensuring that all of our systems will be Year 2000-compliant in time to prevent any significant disruption or dislocation in our business or in the services we provide to our insureds. We are also communicating with the third-party brokers, agents, and administrators with whom we deal to alert them to these issues and encourage them to take similar actions. Every process to address Year 2000 should include backup and contingency plans to ensure that any incidents that do occur have minimal impact on operations.

The principal purpose of this letter is to encourage you, in the strongest possible terms, to do what is necessary to ensure that you have the same degree of comfort about the operation of your business in the face of potential Year 2000 problems as we have about ours. The Year 2000 bug is, first and foremost, a business and technical problem that must be addressed on that basis. It cannot be too strongly emphasized that a company's most important response to the Year 2000 problem is to take all feasible steps to eliminate the problem on a *technical* basis-or, to the extent the problem cannot be eliminated, to minimize its impact. Resources must be assembled and managed; the board of directors should take an active and ongoing role in ensuring that management has identified, addressed, and resolved problems on a timely basis.

What, then, should your organization do? There is obviously no single general solution to a problem that will have as many different manifestations as there are addressees of this letter, but a few common sense guideposts may be helpful:

- If you have not yet evaluated your Year 2000 exposure, do it now. Assemble whatever resources are needed to get a handle on the scope of the problem at your organization now, so that remedial efforts can be started without further delay. Most public companies will already have started this process in response to SEC disclosure requirements, but everyone should take a good, hard look at their compliance efforts to ensure that nothing has been overlooked.
- Set priorities. What is critical and what merely important? What can be fixed and what should be junked?
- Be practical. Many "Year 2000 questionnaires" seem designed as much to transfer potential blame as to solve the problem. If there is a truly crucial third party – your payroll services vendor, for example, or the sole supplier of an indispensable raw material – don't just send a questionnaire. Instead, give serious consideration to direct testing and evaluation of the vendor or supplier's systems. If there is a crippling Year 2000 problem, a later breach of warranty claim against the supplier's trustee in bankruptcy will not provide you a great deal of comfort.
- Test, test, and then test some more. Expect and plan for the unexpected.

As I said at the outset of this letter, the potential for dislocation from Year 2000 problems is unprecedented. But so is the level of knowledge concerning the problem and the technical ability to solve it. I urge all of our insureds to address their Year 2000 issues promptly and aggressively.



Kevin Kelley
Chairman