

Difference in Conditions Declarations



Specified Peril Coverage

Company: **Westchester Fire Insurance Company**
 YM: **FS** Policy ID: **I20644904 003**

Named Insured & Mailing Address

State of West Virginia
C/O Board of Risk & Insurance
Management
90 MacCorkle Avenue S.W.
S Charleston WV 25303

Producer's Name & Address:

SWETT & CRAWFORD
200 NORTHCREEK STE 800
3715 NORTHSIDE PKWY NW
ATLANTA GA 30327-2806
66911W-I20644904 002

General Policy Information	The Named Insured Is: Corporation
	Business Description: Municipality
	Policy Period: 12 months
	When Coverage Begins: 07/01/2005 12:01 A. M. Standard Time At Named Insured's Address
	When Coverage Ends: 07/01/2006 12:01 A. M. Standard Time At Named Insured's Address
In Return For The Payment Of The Premium And Subject To All The Terms Of This Policy, We Agree With You To Provide The Insurance As Stated In This Policy.	

I. Premium	Total Premium:	Included
	Minimum Earned Premium:	N/A

II. Mortgagee	
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III. Attached Forms	See Forms Schedule CPfs2

IV. Authorization Information	Countersigned At:	
	Date:	
	Authorized Agent:	

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V. Coverage Location

- Per Schedule totaling the Total Insurable Values \$5,192,810,004 on file with the Company
- See attached Schedule

VI. Limits of Insurance

Insurance Applies Only To Those Coverages For Which A Limit Is Shown, And Our Liability Shall Not Exceed Such Limit. See attached Coverage Schedule

Coverage(s)	Location 1:	Location 2:	Location 3:
Building (BLD)			
Personal Property(PP)			
Loss of Income (LOI)			
Extra Expense (EE)			

See Difference in Conditions Coverage Form

Our limit of liability in any one Occurrence for all the above coverages combined shall not exceed: **See Difference in Conditions Coverage Form**

Annual Aggregate Limit: **See Difference in Conditions Coverage Form**

VII. Coverage Options

The Following Causes Of Loss Forms Are Included In This Policy Only If Indicated By An "X". **(See Difference in Conditions Coverage Form)**

Earthquake – DIC3Q

Flood – DIC3F

The Following Additional Provisions Are Applicable To Coverage Options, If Indicated By An "X":

Sprinkler Leakage exclusion B. 1. k. is deleted from the Causes of Loss- Earthquake form DIC3Q.

Special Excess Provision (Form DIC3C, item D.3.b.) Applies. Flood coverage is excess over maximum limits available under a National Flood Insurance Program (NFIP) policy, whether or not purchased, for Locations located within the following NFIP Zones: A, A1 through A30, AE, AH, AO, A99, V, V1 through V-30 AND VE

No flood coverage is provided under this Policy for Locations located within the following NFIP Zones: A, A1 through A30, AE, AH, AO, A99, V, V1 through V-30 AND VE

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III. Deductible

If used in this section, Unit of Insurance means:
(a) each separate building or structure;
(b) your business personal property or property of others in each building or structure; or
(c) property in the open at each Covered Location

The Following Deductibles Will Apply To All Loss Covered Under The Causes of Loss – Earthquake Form.

The deductible amount is N/A.

This deductible will apply separately to each Unit of Insurance.

If the above deductible is a percentage, It is of the separate Insurable value of each Unit of Insurance involved in the loss; as of the date of Loss; subject to a minimum maximum of \$

The Following Deductibles Will Apply To All Loss Covered Under The Causes of Loss – Flood Form.

The deductible Amount is (See Difference in Conditions Coverage Form)

This Deductible will apply separately to each Covered Location.

If the above deductible is a percentage, It is of the total Insurable value at all Covered Locations involved in the loss; as of the date of Loss; subject to a minimum maximum of \$

If Loss Of Income Or Extra Expense Is Covered The Deductible For These Coverages Will Be As Follows Regardless Of The Cause Of Loss:

The deductible Amount is \$
 Days

This deductible will apply separately to each Occurrence.

Forms Schedule

Company: **Westchester Fire Insurance Company**

SYM: FS

Policy ID: 120644904 003

Policy Period	When Coverage Begins: 07/01/2005	12:01 A. M. Standard Time At Named Insured's Address
	When Coverage Ends: 07/01/2006	12:01 A. M. Standard Time At Named Insured's Address

Applicable to all Coverage Parts	<p><u>Form No. and Description</u> BB-5W58a (12/95) - Common Policy Declarations MA-608255 (09/04) - ACE Property & Casualty Claims Directory</p>
Commercial Inland Marine	<p><u>Form No. and Description</u> DIC2SP (10/02) - Difference in Conditions Declarations Difference In Conditions Coverage Form including - Endorsement A ACE0204 (01/02) - Additional Exclusion - Fungus, Wet Rot, Dry Rot and Bacteria ACE0206 (07/02) - Definition of Occurrence ACE061d (11/02) - Asbestos Material Endorsement ACE063 (05/05) - Occurrence Limit of Liability Endorsement ACE126 (10/01) - Electronic Data Amendment Endorsement ACE0208 (02/03) - Limited Exclusion of Certified Acts of Terrorism ACE0210 (02/03) - Nuclear, Chemical and Biological Exclusion Endorsement ACE0214 (11/04) - Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act Of 2002) IL 09 99 (05/04) - Disclosure of Premium and Estimated Premium for Certified Acts of Terrorism Coverage</p>

ACE Property & Casualty Claims Directory

Claims or Loss Notices related to this policy should be reported to the following:

Claim Office	Location	Primary Fax Numbers
ACE Westchester Specialty Group	P.O. Box 100008 Roswell, GA 30077	Fax: 678.795.4095 888.763.7999 Back-up Fax: 678.795.4081 888.982.2333



STATE OF WEST VIRGINIA DIFFERENCE IN CONDITIONS COVERAGE FORM

1. INSURED

"The State of West Virginia" means:

"The legislative, judicial and executive branches of the State of West Virginia, including all of its boards, commissions, councils, authorities, institutions, universities, colleges, schools, departments, divisions and agencies; provided, however, the State of West Virginia shall not be considered to include county commissions, municipalities or other political subdivisions of the state regardless of any state aid that may be provided."

2. TERM OF INSURANCE

In consideration of \$136,844 annual deposit premium for the period July 1, 2005 to July 1, 2006 (of which \$8,952 represents the Terrorism premium), this Policy attaches and covers for one (1) year, beginning and ending at 12 noon, standard time, at the location of the property involved.

3. LIMITS OF LIABILITY

This company, subject to buildings declared on statement of values for the State of West Virginia, shall not be liable for more than its proportion of:

\$ 10,000,000 any one "occurrence" and in the aggregate annually for the period July 1, 2005 to July 1, 2006 subject to per building maximum of \$500,000 and contents per building maximum of \$500,000, but limited to the maximum amount for type and occupancy of buildings that could be recovered from a policy of the National Flood Insurance Program.

\$ 10,000,000 is excess of deductible stated elsewhere herein.

4. DEDUCTIBLE

All claims for loss, damage or expense arising out of any one occurrence shall be adjusted as one loss, and from the amount of such adjusted loss shall be deducted the sum of one million dollars (\$1,000,000).

5. COVERAGE

Except as hereinafter excluded, this Policy covers:

A. Real and Personal Property

1. The interest of the Insured in all real and personal property (including improvements and betterments, owned, used, or intended for use by the Insured.

In the event of loss or damage, this Company agrees to accept and consider the Insured as sole and unconditional owner of improvements and betterments, notwithstanding any contract or lease to the contrary.

6. PERILS INSURED AGAINST

- A. This Policy insures against all risks of direct physical loss of or damage to property described herein including general average, salvage, and all other charges on shipments covered hereunder, caused by an "occurrence", except as hereinafter excluded.

7. PERILS EXCLUDED

This Policy does not insure against loss caused by or resulting from:

- A. Any perils covered by Westchester Fire Insurance Company Policy No. D 3 58 67 82 A 003.
- B. Infidelity or dishonesty of the Insured, or any officer, employee or public official of any kind, elected or appointed thereof; or loss or damage resulting from the Insured voluntarily parting with title or possession of any property if induced to do so by any fraudulent scheme, trick, device or false pretense; nor any unexplained loss, or loss or shortage disclosed on taking inventory, except as provided elsewhere herein.
- C. The cost of making good defective design or specifications, faulty material, or faulty workmanship.
- D. Electrical arcing, electrical injury or disturbance to electrical appliances, devices, fixtures, wiring or other electrical equipment, caused by electrical currents artificially generated.
- E. Machinery or mechanical breakdown.
- F. Explosion, rupture, or bursting of pressure vessels or pipes, boilers, steam pipes, steam turbines, steam engines or flywheels owned or operated by the Insured.

- G. Damage sustained to that part of the property insured which is actually being worked upon and directly resulting therefrom; or caused by any repairing, adjusting, servicing, maintenance operations, testing or turning.
- H. Wear and tear, deterioration, rust or corrosion, mold, wet or dry rot; inherent or latent defects; smog, smoke, vapor or gas from agricultural or industrial operations; settling, expansion or contraction due to changes of temperature, cracking, shrinkage, bulging or expansion of pavements, foundations, walls, floors, roofs or ceilings; animals, birds, vermin, termites or other insects.
- I. Delay, loss of market or use, indirect or consequential loss or loss directly attributable to legal proceedings.
- J. Against nuclear reaction, nuclear radiation, or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote; or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in this Policy.
- K.
 - 1. Against hostile or warlike action in time of peace or war, including action in hindering, combating, or defending against an actual, impending, or expected attack:
 - a. By any government or sovereign power (de jure or de facto) or by any authority maintaining or using military, naval, or air forces;
 - b. Or by military, naval, or air forces;
 - c. Or by an agent of any such government, power, authority, or forces;
 - 2. Against any weapon employing atomic fission.
 - 3. Against rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such occurrence.
 - 4. Seizure or destruction by order of public authority.
 - 5. Risks of contraband or illegal trade.
- L.
 - 1. Contributed to or aggravated by "Earthquake".
 - 2. Contributed to or aggravated by "Flood" solely with regard to the property listed in Paragraph 9.K.1. through 9.K.5. of Westchester Fire Insurance Company Policy No. D 3 58 67 82 A 003.
- M. Plumbing, heating, air conditioning or other equipment or appliances for loss by leakage or overflow from such equipment or appliances caused by or resulting from freezing.

- N. 1. Contamination or pollution.
2. Expense resulting from any governmental direction or request to investigate or remediate actual or potential contamination or pollution or declaring that a material present in or part of or utilized on the undamaged portion of the Insured's property no longer can be used for the purpose for which it was intended as installed and must be removed or modified.
3. Any expenses incurred in the removal of debris unless (a) it is the result of a loss caused by a covered peril, and (b) the debris to be removed is covered hereunder, and (c) the debris is on the Insured's premises covered hereunder.

The total amount recoverable for both loss to property and debris removal expense under this Policy shall be a part of and not in addition to the applicable limit of liability.

Contamination and pollution includes, but is not limited to, the inclusion or intrusion of foreign material into or onto any property insured hereunder which causes damage, deterioration, loss of value, marketability, or loss of use to property insured hereunder.

Nothing in this clause shall be deemed to extend this insurance to property which is otherwise specifically excluded from coverages by the terms of this Policy.

8. PROPERTY EXCLUDED

This Policy does not cover loss or damage to:

- A. Currency, money, deeds, bills, evidence of debt or title, notes, manuscripts or securities; jewelry, precious stones, precious metals, bullion, watches, silverware, furs and articles trimmed with fur, or fine arts;
- B. Growing crops, standing timber, trees, shrubs, plants, lawns, animals or birds;
- C. Watercraft, floating docks, or aircraft;
- D. Property in transit;
- E. Water, land and land value;
- F. Outdoor swimming pools; fences, piers, wharves and docks; beach or diving platforms or appurtenances; retaining walls not constituting a part of building; walkways, roadways, highways, turnpikes, parkways and all other paved surfaces; unless such items are specifically on statement of values;

- G. The cost of excavations, grading or filling; foundations of buildings; machinery, boilers or engines whose foundations are below the under surface of the lowest basement floor, or where there is no basement, below the surface of the ground; pilings, piers, pipes, flues and drains which are underground; pilings which are below the low water mark;
- H. Dams, dikes, underground mines and mining equipment located beneath the surface of ground; bridges, tunnels, highways, railroad tracks and trestles.
- I. Buildings and structures while in the course of construction, unless specifically endorsed on this Policy.

9. VALUATION

A. Improvements and Betterments

1. If repaired or replaced at the expense of the Insured within a reasonable time after such loss, the actual expenditure incurred in repairing, rebuilding or replacing the damaged improvements and betterments.
2. If not repaired or replaced within a reasonable time after such loss, that proportion of the original cost at time of installation of the damaged improvements and betterments which the unexpired term of the lease at the time of loss bears to the period(s) from the date(s) such improvements and betterments were made to the expiration date of the lease.
3. If repaired or replaced at the expense of others for the use of the Insured, there shall be no liability hereunder.

B. Stock

1. Raw stock, merchandise and supplies at the replacement cost.
2. Stock in process at the value of raw stock and labor expended, plus the proper proportion of overhead charges.
3. Finished stock at the regular cash selling price less all discounts and charges to which such finished stock would have been subject had no loss occurred.

C. Real and Personal Property other than Stock and Improvements and Betterments

The cost to repair or replace the damaged property, without deduction for depreciation, with materials of like kind, size, capacity and quality subject to:

1. Liability under these terms shall not exceed the lesser of the following:

- a. The values on file with West Virginia Board of Risk and Insurance Management;
 - b. The cost to repair, rebuild or replace on the same site with material of like kind, size, capacity and quality;
 - c. The actual expenditure incurred in repairing, rebuilding or replacing on the same or another site but not to exceed size and operating capacity that existed at time of loss;
 - d. In the event of loss or damage to property which is not repaired, rebuilt or replaced within two years from the date of loss or damage, this Company shall not be liable for more than the actual cash value (with proper deduction for depreciation) of the property destroyed.
2. In the event that replacement with like kind and quality cannot be accomplished, the basis of loss adjustment will be the replacement cost new of unlike kind and quality to restore the function which existed prior to loss.

10. GENERAL CONDITIONS

A. Conformity with Statute

The terms of this Policy and forms attached hereto which are in conflict with the statutes of the State of West Virginia wherein this Policy is issued are hereby amended to conform to such statutes.

B. Declarations

By acceptance of this Policy, the named Insured agrees that the statements furnished are his agreements and representations, that this Policy is issued in reliance upon the truth of such representations and that this Policy embodies all agreements existing between himself and the Company or any of the agents relating to this insurance.

C. Changes

The terms of this Policy shall not be waived or changed, except by endorsement issued by the Company to form a part of this Policy.

D. Inspection and Audit

The Company shall be permitted but not obligated to inspect the named Insured's property and operations at any time. Neither the Company's right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the named Insured or others, to

determine or warrant that property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

E. No Benefit to Bailee

This insurance shall in no way inure directly or indirectly to the benefit of any carrier or other bailee for hire.

F. Assignment

This Policy shall be void if assigned or transferred without the written consent of this Company.

G. Cancellation of Policy

This Policy may be cancelled by either party providing the other with one hundred twenty (120) days written notice to the address named in the Policy except in the event of non-payment of premium by the Insured in which case the Policy may be cancelled by the giving of ten (10) days written notice to the first named Insured by the Company.

H. Notice to Insured

If more than one Insured is named in the declarations, the Insured first named shall act for itself and for every other Insured for all purposes of this Policy. Knowledge possessed by an Insured shall, for the purposes of this Policy, constitute knowledge possessed by every Insured. Cancellation of this Policy by, or through notice to, the Insured first named shall be cancellation of this Policy with respect to every Insured.

I. Protective Safeguards

It is a condition of this insurance that the Insured shall maintain so far as is within his control protective safeguards in effect at inception or added during the Policy term.

Failure to maintain such protective safeguards shall suspend this insurance, only as respects the location or situation affected, for the time of such discontinuance.

J. Inadvertent Errors or Omissions

With regard to property owned by the State of West Virginia, coverage shall not be invalidated by any inadvertent errors, omissions, or improper descriptions mentioned in schedules related to the policy, or in the policy itself.

K. Demolition and Increased Cost of Construction

In the event of loss or damage under this policy that causes the enforcement of any law or ordinance regulating the construction or repair of damaged facilities, this company shall be liable for:

1. a. The cost of demolishing the undamaged facility, including the cost of clearing the site;
 - b. The proportion that the value of the undamaged part of the facility bore to the value of the entire facility prior to loss;
 - c. Increased cost of repair or reconstruction of the damaged and undamaged facility on the same or another site and limited to the minimum requirements of such law or ordinance regulating the repair or reconstruction of the damaged property on the same site. However, this Company shall not be liable for any increased cost of construction loss unless the damaged facility is actually rebuilt or replaced.
2. The provisions of Paragraph 7(N)(2) shall apply.

L. Debris Removal

- a. This Policy also covers expense of removal of debris remaining after any loss hereby insured against, except that there shall be no liability assumed for the expense of removal of: (a) any foundations other than damaged portions which must be removed for repair or rebuilding; (b) any building or part thereof, the removal of which is required by any ordinance or law regulating demolition, construction, or repair. The total liability under this Policy for both loss to property covered and debris removal expense shall not exceed the amount of insurance applying under this Policy. Coverage for expense of the removal of debris of the property covered, however, shall not apply to removal of any property which discharges, releases or escapes into or upon any watercourse or body of water or onto property beyond the Insured's premises.
- b. The provisions of Paragraph 7(N)(2) shall apply.

M. What to do when loss occurs

1. The Insured shall, as soon as practicable, report to this Company every loss or damage which may become a claim under this Policy. Failure by the Insured to report the loss or damage and to file proof of loss as required shall invalidate any claim hereunder for such loss;
2. It shall be necessary for the Insured to use all lawful and proper efforts for the safeguarding and recovery of the property covered or its value without prejudice to this insurance, and this Company will contribute to the just and reasonable charges thereof in such proportion as the amount of insurance hereunder bears to

the whole value of the property involved in the disaster at the time such loss shall occur. The acts of each party or their agents in saving, preserving or recovering the property shall not be considered or held to be either a waiver or an acceptance of abandonment;

3. The Insured and every claimant hereunder shall submit to examination by the Company, subscribe the same, under oath, if required, and produce for the Company's examination all pertinent records, all at such reasonable times and places as the Company shall designate and shall cooperate with the Company in all matters pertaining to loss or claims with respect thereto;
4. No action shall lie against the Company unless, as a condition precedent thereto, there shall have been full compliance with all the terms of this Policy nor until sixty (60) days after the sworn statements in proof of loss have been filed with the Company, nor at all unless commenced within two (2) years from the date when the Insured first has knowledge of the loss;
5. The Insured property may be owned by the Insured or held by him in any capacity or may be property for which the Insured is legally liable; provided the insurance applies only to the interest of the Insured in such property, including the Insured's liability to others, and does not apply to the interest of any other person or organization in any of said property unless included in the Insured's proof of loss;
6. It shall always be the option of this Company to take all or any part of the articles at the ascertained or appraised value or to repair or replace any property lost or damaged with other of like kind and quality within a reasonable time of giving notice, within sixty (60) days after receipt of the proof herein required, of its intention to do so;
7. There can be no abandonment to this Company of the property insured unless specifically agreed to by the Company;
8. All adjusted covered claims shall be paid or made good within sixty (60) days after presentation and acceptance of sworn to and satisfactory statements in proof of interest and loss at this office of this Company unless otherwise stated herein. No loss shall be paid hereunder if the Insured has collected the same from others;
9. If the Insured and the Company fail to agree as to the scope and the monetary amount of loss, each shall, on the written demand of either, made within sixty (60) days after receipt of proof of loss by the Company, select a competent and disinterested appraiser. The appraisers shall first select a competent and disinterested umpire, and failing for fifteen (15) days to agree upon such umpire, then, on the request of the Insured or the Company, such umpire shall be selected by a judge of a court of record in the state in which such appraisal is pending. The appraisers shall then set the amount of loss stating separately the actual cash value at the time of loss and the amount of loss and failing to agree

shall submit their differences to the umpire. An award in writing of any two shall determine the amount of loss. The Insured and the Company shall each pay his or its chosen appraiser and shall bear equally the other expenses of the appraisal and umpire. The Company shall not be held to have waived any of its rights by any act relating to appraisal;

10. If the Insured shall sustain any loss covered by this Policy which exceeds the applicable amount of insurance hereunder, the Insured shall be entitled to all recoveries (except from suretyship insurance, excess insurance, reinsurance, security or indemnity taken by or for the benefit of the Company) by whomsoever made, on account of such loss under this Policy until fully reimbursed, less the actual cost of effecting the same; and any remainder shall be applied to the reimbursement of the Company.
11. Each Insured must cooperate with the West Virginia Board or Risk and Insurance Management and the Company in the investigation and settlement of a claim.

N. Impairment of Recovery

Except as noted below, the Company shall not be bound to pay any loss if the Insured shall have impaired any right of recovery for loss to the property insured. It is agreed that as respects property while on the premises of the Insured, permission is given the Insured to release others in writing from liability for loss prior to loss, and such release shall not affect the right of the Insured to recover hereunder.

O. Contributing Insurance

Contributing insurance is insurance written upon the same plan, terms, conditions, and provisions as those contained in this Policy. This insurance shall contribute in accordance with the conditions of this Policy only with other contributing insurance as defined.

P. Excess Insurance

Excess insurance is insurance over the limit of liability set forth in this Policy. The existence of such excess insurance shall not prejudice the coverage provided under this Policy nor will it reduce any liability hereunder.

Q. Underlying Insurance

1. Underlying insurance is insurance on all or any part of the deductible and against all or any of the perils covered by this Policy including declarations of value to the carrier. The existence of such underlying insurance shall not prejudice or affect any recovery otherwise payable under this Policy.

2. If the limits of such underlying insurance exceed the deductible amount which would apply in the event of loss under this Policy, then that portion which exceeds such a deductible amount shall be considered "other insurance."

R. Other Insurance

Except for insurance described by the contributing insurance clause, by the excess insurance clause, or by the underlying insurance clause, this Policy shall not cover to the extent of any other insurance, whether prior or subsequent hereto in date, and whether directly or indirectly covering the same property against the same perils. This Company shall be liable for loss or damage only to the extent of that amount in excess of the amount recoverable from such other insurance. Notwithstanding that this Policy only covers for the excess of any other collectible insurance, this Company guarantees prompt payment in full of the amount of loss which would have been otherwise recoverable hereunder and agrees to advance the amount of loss as a loan, without interest, repayable only in the event of and to the extent of recovery from such other insurance.

S. Miscellaneous Conditions

1. In the event of loss, permission is granted for the Insured to make reasonable repairs, temporary or permanent, provided such repairs are confined solely to the protection of the property from further damage, and provided further that the Insured shall keep an accurate record of such repair expenditures. The cost of such repairs directly attributable to damage by any peril insured hereunder shall be included in determining the amount of loss. Nothing herein contained is intended to modify the Policy requirements applicable in case loss occurs, and the Insured shall protect the property from further damage.
2. Permission is hereby granted for such unoccupancy as is usual or incidental to the insured occupancy.
3. Permission is hereby granted for such use of the premises as is usual and incidental to the occupancy and to keep and use all materials in such quantities as are usual and incidental to such occupancy.

T. No Control

This insurance shall not be prejudiced:

1. By any act or neglect of the owner of any building if the Insured is not the owner thereof, or by any act or neglect of any occupant (other than the Insured) of any building, when such act or neglect of the owner or occupant is not within the control of the Insured, or
2. By failure of the Insured to comply with any warranty or condition contained in any form or endorsement attached to this Policy with regard to any portion of the premises over which the Insured has no control.

U. Loss Clause

With the exception of loss subject to annual aggregate limits, no loss hereunder shall reduce the amount of this Policy.

V. Loss Payable Clause

Loss if any, shall be adjusted with the first named Insured and shall be payable to it unless other payee is specifically named hereunder; provided, at the option of the Company any loss to property of others may be adjusted with and paid to the owner of such property.

W. Territory

This Policy covers within the fifty (50) states comprising the United States of America and also covers in the District of Columbia and Canada.

X. Other Provision

The insurance afforded by this Policy shall not be subject to the provisions of West Virginia Code Section 33-17-9, commonly known as the West Virginia Valued Policy Law. It is further agreed that no coinsurance clause shall be applicable to this Policy.

11. DEFINITIONS

- A. 1. The term "occurrence" shall mean any loss or series of losses commencing during the policy period caused by or arising out of one event.
2. All weather-related losses shall be considered a single occurrence provided the United States Weather Bureau or other authority has declared that such weather conditions arose from the same atmospheric disturbance.
- B. The term "Earthquake" shall encompass other earth movements including landslide, mudflow, earth sinking, earth rising, or shifting.
- C. The term "Flood" shall mean: Surface water, waves, tidal water or tidal wave, overflow of streams or other bodies of water, or spray from any the foregoing, all whether driven by wind or not.

12. TITLES OF PARAGRAPHS

The several titles of the various paragraphs of this form (and of endorsements and supplemental contracts, if any, now or hereinafter attached to this Policy) are inserted

solely for convenience or reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

13. PREMIUM ADJUSTMENT

- A. The deposit premium shown above was computed based on declared values of \$5,192,810,004 and rate of \$.00246 in effect at the time the Policy was issued.
- B. The Insured agrees to report to this Company at the end of the annual policy term the total values of insured property, including loss of **earnings** and extra expense. If the values reported are greater than those reported at inception, additional premium is due and payable on the basis of pro rata of the annual rate for the difference in values. If the report is less than the previous reported values, return premium is due and payable to this Insured on the basis of pro rata of the annual rate for the difference in values.

Attached to and made part of Policy No. I 2 06 44 90 4 003

of the Westchester Fire Insurance Company

Issued to: State of West Virginia

(Authorized Signature)

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT OF 2002. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

DISCLOSURE OF PREMIUM AND ESTIMATED PREMIUM FOR CERTIFIED ACTS OF TERRORISM COVERAGE (PURSUANT TO TERRORISM RISK INSURANCE ACT OF 2002)

SCHEDULE

Terrorism Premium (Certified Acts)	
(A) Premium through 12/31/05	\$4,485.
(B) Estimated Premium beyond 12/31/05 (refer to Paragraph C. below)	\$4,467.
Additional information, if any, concerning the terrorism premium:	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act of 2002, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under that Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 90% of that portion of the amount of such insured losses that exceeds the applicable insurer retention.

C. Possibility Of Additional Or 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 of 2002. The federal program established by the Act is scheduled to terminate at the end of 12/31/05 unless extended by the federal government. If the federal program terminates or if the level or terms of federal participation change, the estimated premium shown in **(B)** of the Schedule may not be appropriate.

If this policy contains a Conditional Exclusion, 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 the Conditional Exclusion. If this policy does not contain a Conditional Exclusion, coverage for certified acts of terrorism will continue. In either case, when disposition of the federal program is determined, we will recalculate the premium shown in **(B)** of the Schedule and will charge additional premium or refund excess premium, if indicated.

If we notify you of an additional premium charge, the additional premium will be due as specified in such notice.

U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL EXCLUSION - FUNGUS, WET ROT, DRY ROT AND BACTERIA

The following exclusion is added:

We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any cause or event that contributes concurrently or in any sequence to the loss:

"Fungus", Wet Rot, Dry Rot and Bacteria - Presence, growth, proliferation, spread or activity of "fungus", wet rot or dry rot or bacteria. But if "fungus" wet rot, dry rot or bacteria results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss". This exclusion does not apply when "fungus", wet or dry rot or bacteria results from fire or lightning.

Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or

The cost associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

B. The following is added to the Definitions

"Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or byproducts produced or released by fungi.

All other terms and conditions remain unchanged.

Authorized Representative

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEFINITION OF OCCURRENCE

The following definition applies to the word "Occurrence" whenever used in this policy, whether the word appears in quotations, italic, bold or normal print. This definition replaces any other definition of Occurrence contained in the policy, if any.

"Occurrence" shall mean all losses or damages that are attributable directly or indirectly to one cause, event, incident or repeated exposure to the same cause, event or incident, or to one series of similar causes, events, incidents or repeated exposures to the same cause, event, or incident first occurring in the policy period. All such losses and/or damages and the total amount of such losses and/or damages will be treated as one occurrence irrespective of the period of time or area over which such losses and/or damages occur, unless a specific period of time is otherwise set forth herein. The most we will pay for loss or damage in any one "occurrence" is the applicable Limit of Insurance shown in the Declarations.

.I other terms and conditions remain unchanged.

Authorized Representative

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ASBESTOS MATERIAL ENDORSEMENT
(DIC)**

This policy does not insure loss or expense resulting from:

1. asbestos material removal;
2. demolition or increased cost of construction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos material;
3. any governmental direction or request declaring that asbestos material present in or part of or utilized on any undamaged portion of the insured's property can no longer be used for the purpose for which it was intended or installed and must be removed or modified.

All other terms and conditions remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OCCURRENCE LIMIT OF LIABILITY ENDORSEMENT

The following terms and conditions will apply to this policy:

1. The amount of insurance shown on the face of this policy is an amount per occurrence. In no event will the liability of this Company exceed this amount in any one covered loss, disaster or casualty, irrespective of the number of locations involved.
2. The premium for this policy is based upon the Statement of Values on file with the Company. In the event of covered loss, liability of the Company shall be limited to the least of the following:
 - (a) the actual adjusted amount of covered loss, less applicable deductible(s);
 - (b) for covered loss sustained to any specifically scheduled item or element of coverage, as scheduled in the most current Statement of Values on file with the Company, 100% of the individually stated amount for each individually scheduled item or element of coverage, less applicable deductibles, regardless of any reference to any sum total amount of specifically scheduled items or elements of coverage by location as may be listed or contained in the Statement of Values.
 - (c) the Limit of Liability or amount of insurance shown on the face of this policy, less applicable deductibles (s).

.ll other terms and conditions remain unchanged.

All other terms and conditions remain unchanged.

Authorized Representative

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ELECTRONIC DATA AMENDMENT ENDORSEMENT

A. This endorsement replaces and supersedes any and all contrary policy provisions. This policy does not insure against loss, damage, destruction, distortion, erasure, corruption, alteration, diminishment in value, or loss of use or usefulness of:

1. "Electronic Data" by any cause whatsoever (including but not limited to "Computer Virus"); and/or
2. "Electronic Media" caused by or resulting from the loss, damage, destruction, distortion, erasure, corruption, alteration, diminishment in value, or loss of use or usefulness of "Electronic Data";

regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, destruction, distortion, erasure, corruption, alteration, diminishment in value, or loss of use or usefulness of "Electronic Data" or "Electronic Media".

This exclusion does not apply to loss or damage to "Electronic Data" or "Electronic Media" caused by or resulting from the Perils of Fire; Lightning; Explosion; Windstorm or Hail; Smoke; Aircraft or Vehicles; Riot and Civil Commotion; Willful or malicious physical loss or damage by a means other than "Computer Virus"; Leakage from fire extinguishing equipment; Sinkhole collapse; Falling Objects, Weight of snow, ice or sleet, Water Damage; Building glass breakage; Sonic Boom; Flood, Earth Movement or Volcanic Action, if and to the extent such Perils are already covered by this or by any underlying policy.

B. Definitions

1. "Electronic Data" means facts, concepts, information or data, including compilations thereof, in a form useable or intended for use or processing by "Computers" or for storage on "Electronic Media". "Electronic Data" includes but is not limited to files, programs, applications, operating systems, and other coded instructions for the processing, calculation and storage of facts, concepts and information by "Computers".
2. "Electronic Media" means any physical device that holds, stores, contains or transfers "Electronic Data", and includes but is not limited to disks, drives, films, tapes, records, drums, or cells.
3. "Computers" includes but is not limited to mainframes, servers, workstations and portable "Computers", personal information managers, wide and local area network hardware, electronic and electromechanical equipment, data processing equipment, electronic controls for machinery, electronically programmed memory chips, and electronically controlled communication equipment.
4. "Computer Virus" means instructions, code, applications or any software program that has the ability or is suspected to have the ability to damage, destroy, erase, corrupt, alter, or prevent access to "Electronic Data", "Electronic Media" or "Computers" or to disrupt or interfere with the operations of "Computers".

.If other terms and conditions remain unchanged.

Authorized Representative

LIMITED EXCLUSION OF CERTIFIED ACTS OF TERRORISM

Named Insured State of West Virginia			Endorsement Number
Policy Symbol TS	Policy Number 120644904 003	Policy Period 07/01/2005 to 07/01/2006	Effective Date of Endorsement
Issued By (Name of Insurance Company) Westchester Fire Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES YOUR POLICY. PLEASE READ IT CAREFULLY.

This Endorsement modifies insurance provided under the following:

Difference in Conditions Coverage Form

A. Any other provision of this Policy notwithstanding, we will not pay any portion of a loss resulting from or arising out of a Certified Act of Terrorism for which we are not responsible under the terms of TRIA (including subsequent action of Congress pursuant to TRIA) because the aggregate insured losses of all insurers resulting from or arising out of Certified Acts of Terrorism during the applicable period provided in TRIA exceed \$100 billion (or such other amount as Congress may specify pursuant to TRIA).

B. Regardless of whether the terms of any exclusion or limitation of coverage pursuant to this Endorsement applies to a particular Act of Terrorism, coverage of such Act of Terrorism under this Policy or Coverage Part is subject to all other terms, conditions, exclusions and coverage limitations under the Policy or Coverage Part, including, but not limited to, the Nuclear, Biological and Chemical Exclusion Endorsements in the policy.

C. As used in this Endorsement:

"Act of Terrorism" means either a Certified Act of Terrorism or a Non-Certified Act of Terrorism.

"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, to be an "act of terrorism" pursuant to TRIA. TRIA includes the following criteria for a Certified Act of Terrorism:

1. The act resulted in aggregate property and casualty insurance losses in excess of \$5 million; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to co-

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

"Non-Certified Act of Terrorism" means an activity (other than a Certified Act of Terrorism), whether or not committed in concert with or on behalf of any organization or government, that:

1. Involves any violent act or any act dangerous to human life or tangible or intangible property, and that causes damage to property or injury to persons or causes a threat thereof; and
2. Appears to be intended, in whole or in part, to:
 - a. Intimidate or coerce a civilian population; or
 - b. Disrupt any segment of a nation's economy; or
 - c. Influence the policy of a government by intimidation or coercion; or
 - d. Affect the conduct of a government by mass destruction, assassination, kidnapping or hostage-taking; or
 - e. Respond to governmental action or policy.

"Property and casualty insurance" means the commercial lines of property and casualty insurance that are included in the definition of "property and casualty insurance" set forth in TRIA.

"TRIA" means the federal Terrorism Risk Insurance Act of 2002.

Authorized Representative

NUCLEAR, CHEMICAL AND BIOLOGICAL EXCLUSION ENDORSEMENT

Named Insured State of West Virginia			Endorsement Number
Policy Symbol S	Policy Number 120644904 003	Policy Period 07/01/2005 to 07/01/2006	Effective Date of Endorsement
Issued By (Name of Insurance Company) Westchester Fire Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES YOUR POLICY. PLEASE READ IT CAREFULLY.

This Endorsement modifies insurance provided under the following:

Difference in Conditions Coverage Form

The following exclusions are added to your Policy or Coverage Part.

This insurance does not apply to:

- A. Loss or damage arising directly or indirectly from nuclear detonation, reaction, nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, or due to any act or condition incident to any of the foregoing, whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by, any physical loss or damage insured against by this Policy or Coverage Part, however such nuclear detonation, reaction, nuclear radiation or radioactive contamination may have been caused. This exclusion replaces any other nuclear detonation, nuclear reaction, nuclear radiation or radioactive contamination exclusions found elsewhere in this Policy.
- B. Loss or damage arising directly or indirectly from the dispersal, application or release of, or exposure to, chemical or biological materials or agents, all whether controlled or uncontrolled, or due to any act or condition incident to any of the foregoing, whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by, any physical loss or damage insured against by this Policy or Coverage Part, however such dispersal, application, release or exposure may have been caused.

Authorized Representative

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONDITIONAL EXCLUSION OF TERRORISM (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT OF 2002)

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART COMMERCIAL PROPERTY COVERAGE PART

A. Applicability Of The Provisions Of This Endorsement

1. The provisions of this endorsement will become applicable commencing on the date when any one or more of the following first occurs:
 - a. The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act of 2002, has terminated with respect to the type of insurance provided under this Coverage Form, Coverage Part or Policy; or
 - b. A renewal, extension or continuation of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:
 - (1) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or
 - (2) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or
 - (3) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other

types of events or occurrences under this policy.

The Program is scheduled to terminate at the end of December 31, 2005 unless renewed, extended or otherwise continued by the federal government.

2. If the provisions of this endorsement become applicable, such provisions:
 - a. Supersede any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism" and/or "other acts of terrorism", but only with respect to loss or damage from an incident(s) of terrorism (however defined) that occurs on or after the date when the provisions of this endorsement become applicable; and
 - b. Remain applicable unless we notify you of changes in these provisions, in response to federal law.
 3. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this policy, that addresses "certified acts of terrorism" and/or "other acts of terrorism", will continue in effect unless we notify you of changes to that endorsement in response to federal law.
- B. The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.

"Terrorism" means activities against persons, organizations or property of any nature:

1. That involve the following or preparation for the following:
 - a. Use or threat of force or violence; or
 - b. Commission or threat of a dangerous act; or
 - c. Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
2. When one or both of the following applies:
 - a. The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
 - b. It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

C. The following exclusion is added:

EXCLUSION OF TERRORISM

We will not pay for loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

D. Application Of Other Exclusions

1. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss or damage which would otherwise be excluded under this Coverage Form, Coverage Part or Policy, such as losses excluded by any Nuclear Hazard Exclusion or any War And Military Action Exclusion.

Authorized Representative