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8/2/2017	8/2/2017	Consolidated Commission on Uitlities	CCU Meeting 7/16/17*	34-17-806
8/2/2017	8/2/2017	Consolidated Commission on Uitlities	CCU Meeting 5/23/17*	34-17-807
8/2/2017	8/2/2017	Consolidated Commission on Uitlities	CCU Meeting 4/18/17*	34-17-808
8/2/2017	8/2/2017	Consolidated Commission on Uitlities	CCU Meeting 6/6/17*	34-17-809
8/2/2017	8/2/2017	Consolidated Commission on Uitlities	CCU Meeting 3/21/17*	34-17-810
8/2/2017	8/2/2017	Consolidated Commission on Uitlities	CCU Meeting 2/21/17*	34-17-811
8/2/2017	8/2/2017	Consolidated Commission on Uitlities	CCU Meeting 1/24/17*	34-17-812
8/2/2017	8/2/2017	Consolidated Commission on Uitlities	CCU Meeting 1/12/17*	34-17-813
8/2/2017	8/2/2017	Consolidated Commission on Uitlities	CCU Meeting 12/6/16*	34-17-814
8/2/2017	8/2/2017	Consolidated Commission on Uitlities	CCU Meeitng11/22/16*	34-17-815
8/2/2017	8/2/2017	Consolidated Commission on Uitlities	CCU Meeting 10/25/16*	34-17-816

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OFFICE OF SPEAKER BENJAMIN J.F. CRUZ

Committee on Appropriations and Adjudication

I Mina'trentai Kuattro na Liheslaturan Guåhan

Guam Congress Building | 163 Chalan Santo Papa | Hagatna, GU 96910

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CONSOLIDATED
COMMISSION ON UTILITIES
Guam Power Authority • Guam Waterworks Authority
P.O.BOX 2977 • Agana,Guam 96932

Regular Board Meeting
CCU Conference Room, Gloria B. Nelson Public Service Building
5:30 p.m., March 21, 2017

AGENDA

1. CALL TO ORDER

2. APPROVAL OF MINUTES

3. COMMUNICATIONS
   - 3.1 Public Comments (2 min. per person)

4. NEW BUSINESS
   - 4.1 GPA
   - 4.1.1 GM Report Update
   - 4.1.2 Financials
   - 4.1.3 Resolution No. 2017-08 Relative to the Consolidated Commission on Utilities Expressing to Congress its Support of Tax Exempt Municipal Bonds

   - 4.2 GWA
   - 4.2.1 GM Report Update
   - 4.2.2 Financials
   - 4.2.3 Resolution No. 23-FY2017 Relative to Approving the Property Insurance, General Liability Insurance, Directors and Officers Liability Insurance, Cyber Insurance, Automobile Insurance and Crime Insurance Bid in Guam Waterworks ("GWA") Bid Number IFB 2017-12 and Authorizing GWA to Petition the Public Utilities Commission ("PUC") Under the Contract Review Protocol
   - 4.2.4 Resolution No. 24-FY2017 Relative to Creation of the Cross Connection Control Manager Position
   - 4.2.5 Resolution No. 25-FY2017 Relative to the Consolidated Commission on Utilities Expressing to Congress its Support of Tax Exempt Municipal Bonds

5. OLD BUSINESS

6. ANNOUNCEMENTS
   - 6.1 Next CCU Meetings: GWA WS –April 12; GPA WS – April 13; CCU Meeting – April 18

7. ADJOURNMENT

CONSOLIDATED COMMISSION ON UTILITIES
Guam Power Authority • Guam Waterworks Authority
P.O.BOX 2977 • Agana,Guam 96932

Regular Board Meeting
CCU Conference Room, Gloria B. Nelson Public Service Building
5:30 p.m., February 21, 2017

MINUTES

1. CALL TO ORDER

The Chairman called the regular monthly meeting of February 21, 2017 to order at 5:33p.m. He announced that all (5) Commissioners are present.

Others present at the meeting include:

Commissioners:

Joseph T. Duenas	CCU Chairman
Francis Santos	CCU Vice Chairman
George Bamba	CCU Secretary
Judith Guthertz	CCU Treasurer
Simon Sanchez	Member

Executive Mgmt.:

John Benavente	GM / GPA
Miguel Bordallo	GM / GWA
John Kim	CFO / GPA
Greg Cruz	CFO / GWA
Kelly Clark	Staff Attorney / GWA
Graham Botha	Staff Attorney / GPA

Management & Staff:

Paul Kemp	AGM Compliance & Safety / GWA
Vangie Lujan	Compliance & Safety / GWA
Ron Topasna	GWA
Heidi Ballendorf	PIO / GWA
Art Perez	PIO / GPA
Joyce Sayama	Mgmt. Analyst / GPA Ex. Office
Ann Borja	Mgmt. Analyst / GWA Ex. Office
Lou Sablan	Board Secretary / CCU
Dave Fletcher	GWA
Vicente Pangelinan	GWA

Guest:

Angelica Perez	AM Insurance
Annmarie Muna	AM Insurance
Andy Niven	PUC
Nestor Licanto	KUAM
Kurt Bilz	Brown & Caldwell
George Watson	Brown & Caldwell

2. APPROVAL OF MINUTES

The Minutes of January 12, 2017 and January 24, 2017 were presented for approval.

Comm. Bamba motioned to approve the Minutes subject to verification and written correction; Comm. Sanchez seconded. There was no further discussion or objection and the motion passed.

3. COMMUNICATIONS

3.1 Public Comments - none

4. NEW BUSINESS

4.1 GWA

4.1.1 GM Report Update

GM Bordallo said there is no change to the General Manager's Report presented at the GWA Work Session and has nothing to add. The government water and wastewater meetings are ongoing and the quarterly meeting is happening this afternoon.

Comm. Bamba asked management to update the Commission relative to the water - question update on water outage in the south. The GM reported that there was a main break in Talofofo, a substantial leak and management did not want to lose all that water so it was decided to close the schools and fix the break. All is fixed and back to normal now.

Also, Comm. Santos commented about a complaint that aired at one of the local talk shows about referencing Public Works how construction on road work never goes back to original condition after GWA tears up the road. He said he is sure GWA has the same problem. GM Bordallo concurred that GWA does have the same issue and that he has met with the DPW director to discuss this matter. He said a list of about 100 incidences were noted and GWA checked to see if any of them were GWA's responsibility. For those that were, it was agreed that GWA would handle the repair. The result of this process determined that not all of these types of incidents are GWA's; some are private contractors. He added that management released a Request for Information for bidders to do the repair work but there was no responsive bidders. He said the basic response from bidders is that the project is not big enough for the big companies and too big a project for smaller companies by way of bonding. In the meantime, GWA has implemented immediate remedies for projects that are going on from now forward. Our recent performance is significantly better than past performance and this is the pattern that management is holding until we find a responsive bidder or decide to make it part of our standard operating procedure permanently. The GM said that management is

Comm. Guthertz asked if GWA corrected the problem in Inarajan by the Talofofo bridge. She said it's been several months and the mayor said she was promised that it would be prepared. The GM said management is waiting for the contractor to mobilize repair. The Commissioner asked if management could please push the contractor along because the Mayor is very upset.

Comm. Santos asked what does management do to contractor that break lines that belong to GWA. The GM said the work orders issued to respond to the incident is listed and the work is billed to the contractor. When this happens the contractor is put on notice and they are advised strongly that there are costs related to the incident.

Some suggestions to try to resolve this problem is the approach the Contractors Licensure Board or to black list contractors who are culprits or repeat offenders. If it is a federal contractor then management can initiate a dialog with the feds to come to terms with these types of issues.

Comm. Sanchez said that perhaps legal counsel can review and determine what can be done legally afford relief and address these types of problems. The penalty has to be substantial for it to be prohibitive. Perhaps the legislation needs to be revisited.

Comm. Santos said let's be proactive to ensure that contractors are held accountable. Management will have discussion with DPW Glenn Leon Guerrero since they too are guilty of this, not just independent contractors.

Comm. Guthertz asked if communication companies have impacted the community in the same way. Management said not as much as DPW and other independent contractors.

4.1.2 Financials – None

4.1.3 Resolution No. 18-FY2017 Relative to Approval of the Route 1 (Asan-Adelup-Hagatna) Sewer Rehabilitation and Asan Sewer Break Repair Construction Project

Resolution 18-Y2017 was a poll vote item. The poll vote was taken on Feb. 15, 2017 and passed by a vote of four (4) ayes, zero (0) nays and one (1) no response.

For the record, the objective of this project is to rehabilitate, repair or replace deteriorating gravity sewer lines in Asan. Approximately 88 linear feet of 18-inch diameter gravity sewer line near Harley-Davidson has collapsed and needs to be replaced. A potential collapse has occurred across the Asan "War in the Pacific" National Historical Park which also requires attention. This project will assist GWA in addressing these issues and any other potential collapses that may arise within the project area of Route 1, from the Asan "War in the Pacific" National Historic Park to the Agana Main Pump Station.

The construction services contract was proposed by Pacific Rim Constructors for $757,302.00 for the base bid, and 1,713,356.00 for the additive bid, for a total basis of award amount of $2,470,658.00. This contract amount, which is primarily based on unit pricing, includes the furnishing of all labor, tools, equipment and materials, and agency coordination needed to complete the sewer infrastructure rehabilitation in the locations noted.

GWA management is seeking a total authorized funding amount to a maximum of Two Million Four Hundred Seventy Thousand Six Hundred Fifty-Eight Dollars ($2,470,658.00) - $757,302 base bid and $1,713,356.00 for additional bid. The funding for this project will be from USEPA Grant Funds. The estimated completion is September 2017.

Comm. Bamba motioned to ratify Resolution 18-FY2017 as per poll vote; Comm. Guthertz seconded. There was no further discussion or objection and the motion passed.

4.1.4 Resolution No. 19-FY2017 Relative to Approval of the Critical Wastewater Pump Station Repairs and High Water Alarms Construction Project

If approved, Resolution 19-FY2017 will improve operation functionality at certain sewer pump stations that are currently being monitored on a rotating basis by GWA personnel. The plan is to install an alarm system that would reduce GWA's response time, operation and maintenance cost, and potential environmental impact.

The sewer pump stations included in this project are: Southern Link, Yigo, Harmon, Ypao, Agana Main, Mamajanao, Barrigada, Dairy Road, Mangilao, Tai Mangilao, Pago Double, New Chaot, Asan, Piti, #13, #16, #17, Inarajan Lift and Inarajan Main.

The winning bid was from Pacific Rim Constructors, Inc., considered the lowest and most responsive with bid amount of One Million Four Hundred Forty-Four Thousand Eight Hundred Eighty-Eight Dollars ($1,444,888.00). With the normal ten percent (10%) contingency in the amount of One Hundred Forty-Four Thousand Four Hundred Eighty-Eight Dollars and Eighty Cents ($144,488.80), the total authorized funding amount is One Million Five Hundred Eighty-Nine Thousand Three Hundred Seventy-Six Dollars and Eighty Cents ($1,589,376.80). Funding for this project will be from USEPA SRF Grant Funds and, if necessary, GWA 2013 and 2016 Bond Funds applicable to the project. Completion expected to be September 2017.

Comm. Bamba motioned to approve Resolution 19-FY2017; Comm. Guthertz seconded. There was no further discussion or objection and the motion passed.

At this point, Chairman Duenas recognized PUC representatives and Mr. Tom Connor from USEPA.

4.1.5 Resolution No. 20-FY2017 Relative to Approval of 2016 Bond Fund as an Alternative Funding Source to PMO Amendment No. 5

Resolution 20-FY2017 provides an alternative funding source to fund work authorization related to Amendment #5 to the PMO contract. GWA management seeks to approve and implement remaining portions of authorizations that were part of Amendment #5, which were not executed at the time, through future contract change orders but now seeks CCU approval to include as a funding source the 2016 Bond proceeds that are applicable to the PMO's work and which are eligible to be used.

The CCU approved the PMO amendment #5 previously via Resolution No. 39-FY2015 but
Resolution 39 only cited the funding source for the Amendment #5 "will be from the 2010 and 2013 bond series proceeds…". This resolution will amend the funding source to include 2016 Bond proceeds. Completion date of work remaining under Amendment #5 is December 2018.

Comm. Bamba motioned to approve Resolution 20-FY2017; Comm. Guthertz seconded. There was no further discussion or objection and the motion passed.

4.1.6 Resolution No. 21-FY2017 Relative to the Amendment of the Classification Standards of the Water Meter Repairer and the Water Meter Repairer Supervisor Positions

It is necessary and urgent for the CCU to approve the above request to support the amendment of the Water Meter Repairer and Water Meter Repairer Supervisor positions to read Water Meter Maintenance and Repair Worker I and Water Meter Maintenance and Repair Worker Supervisor respectively. Resolution No. 57-FY2016 approved the creation of the Water Meter Maintenance and Repair Worker series of positions on September 27, 2016. GWA subsequently requests to amend the positions' titles to allow the Department of Administration to appropriately assign position classification

codes to the amended positions in order for the Authority to move forward with its recruitment efforts to optimize the operations and maintenance of the Test Bench Facility. These positions are to staff the Meter Calibration section of the Authority, specifically the Test Bench Facility and will be funded by revenue funds.

Comm. Bamba motioned to approve Resolution 21-FY2017; Comm. Guthertz seconded. There was no further discussion or objection and the motion passed.

4.1.7 Resolution No. 22-FY2017 Ratification of Purchases Under Indefinite Quantity Contract with JMI-Edison for the Purchase of Submersible Pumps and Motors for GWA Deep Wells

With Resolution 22-FY2017, management is requesting the Commission to purchase pumps and motors to improve reliability of GWA's water supply system. The project is to provide submersible pumps and motors to GWA Deep Wells to ensure adequate stock is available at all times and bring back online existing down wells. The cost is $963,018.62, for the purchases of submersible pumps and motors during the initial contract term of three (3) years and purchase orders as listed below:

Cost Summary

PO Purchases	$736,164.47
Additional Purchases	$226,854.15
TOTAL	**$963,018.62**

The indefinite quantity contract will be in place for an initial term of three (3) years and purchases will be ongoing on an as-needed basis over the life of the contract term and will be funded by Bond Fund Programs Budget and Water Production O&M Budget.

Comm. Bamba motioned to approve Resolution 22-FY2017; Comm. Guthertz seconded. There was no further discussion or objection and the motion passed.

Comm. Guthertz commented that at the last work session this was discussed and we need to determine why our pumps burn out. Is it the pumps, motors or design of installation. It might also warrant a consideration of a redesign to cut down burn out of motors. The lifetime of these motors is 7 years and it seems we are running then down in 3 years. The GM said GWA has a working group at looking at grounding and analyzers and quality of the power and any equipment on the front end all these options trying to find a solution.

Comm. Bamba added with this purchase, what is GWA's total inventory- once completed . The GM said GWA has 105 wells and these purchases will replenish GWA's inventory which we have depleted. We are getting to a critical point with stock on hand.

4.2 GPA

4.2.1 GM Report Update

Investment Conference date change is tomorrow at 2:30 p.m. with welcoming reception at 5:30 p.m. Other highlights the GM mentioned is that management is working on Dededo CT plant and will be commissioned by the end of March.

Chairman asked other than that just scheduled regular maintenance and the response was yes. He also said reserves would be back up to par. He said his report is available for review.

4.2.2 Financials

CFO John Kim reported that January revenues are better than expected – 12.8 compared to PY at 12.6. KwH sales is $131,000 vs. budget of $121,000, the demand was much higher than previous year. Customer numbers increased to 50,700 vs. 50,100 for prior year, primarily residential. Comm. Santos asked the CFO to update the commercial residential sales by quarter so the Commission can see the trend. The GM said that the figures provided will include those in the pipeline. Fuel Revenue is $11.8M

dropped slightly compared to December. O&M is ranging at $5M, consistent and better than last year and more favorable than budget projections. Debt service ratio is 2.21 which is still good. Net income is $1.19M and YTD is $6.39M.

Comm. Bamba asked about on the debt service ratio – if it was calendar or fiscal year; the CFO clarified it was Fiscal Year.

4.2.3 Resolution 2017-07 Relative to Approval of the Contract Extension for Korean East-West Power (KEWP) for the Management, Operation and Maintenance of the GPA Cabras 3&4 Power Plants

GPA intends to issue a 12-month contract extension to Korea East West Power (KEWP) until such time that the Insurance claim is settled or a final agreement with the Insurers as to the valuation of the loss due to the August 31, 2015 incident is determined. The contract extension period is from March 2017 to February 2018. If the insurance settlement is reached sooner, GPA will exercise its option to terminate the contract earlier. GPA needs to preserve the Cabras 3&4 Plant during the insurance process. KEWP has a vast historical knowledge of the operations of the Plant, and GPA has relied on them to direct the operations and maintenance of the Plant. There have been and continues to be numerous data requests from GPA's Insurers regarding the Cabras 3&4 Plant. GPA has a duty to cooperate with its Insurers under the policy. GPA continues in such cooperation. KEWP has proven to be instrumental in addressing the inquiries by the Insurers as GPA moves forward with its insurance claim. It is of special note that the Insurers themselves have hired their own technical experts to counter GPA's claim. GPA is taking reasonable efforts to protect its interests. The Cabras 3&4 Plant suffered severe and extensive damage. It has proven difficult in the aftermath of the plant explosion and fire to perform some of the repairs needed to facilitate the some required work. KEWP will continue to perform historical plant expertise / insurance claim technical support, damage assessment, plant preservation and expedited procurement, where needed, until the claim is settled.

GPA is currently negotiating the contract costs with KEWP. The fixed management fee, which includes travel, living allowances, wages, and applicable taxes, is expected to cost $65,820 which is approximately 30% less than the Fixed Management Fee in 2015 (before the Cabras 3&4 Plant fire). Additionally, to expedite the routine preservation efforts, a portion of the contract under Preservation Management Services as a reimbursable item will also be included in the amount not to exceed $25,000.

The anticipated costs for the 12-months extension are *$789,840* for *Fixed Management Fee* and $300,000 for *Preservation Management Services* (Reimbursable) for a total of *$1,089,840.*

The following constitutes the Preservation Management Services:

Preservation Management Services (Reimbursable Routine O&M)

Object Code	Description	Amount
15	Heavy Equipment Rental	$ 2,309.23
25	Technical Services	$ 841.75
26	EPA Compliance	$ 536.34
35	Other Maintenance	$ 3,337.21
40	Communication	$ 600.40
46	Accessory equipment	$ 14,145.14
62	Other Materials	$ 1,849.62
65	Office Supplies	$ 1,361.70
66	Safety Supplies	$ 18.62
	TOTAL	$ 25,000.00

Comm. Bamba motioned to approve Resolution 2017-07; Comm. Guthertz seconded. There was no further discussion or objection and the motion passed.

5. OLD BUSINESS - None

6. ANNOUNCEMENTS

6.1 Next CCU Meetings: GWA WS – March 15; GPA WS – March 16; CCU Meeting – March 21

The Chairman announced that the next meeting would be a work session for GWA on March 15 and GPA on March 16 followed by the CCU meeting on March 21.

He then called for a motion to move the meeting to Executive Session to discuss personnel matters.

Comm. Bamba motioned to move the meeting to executive session; Comm. Guthertz seconded. It was 6:06p.m.

7. EXECUTIVE SESSION

7.1 Personnel Matter

This matter was discussed.

At around 7:10 p.m., Chairman Duenas announced that the meeting has now moved back to Regular Session from Executive Session. Four (4) Commissioners were still present – Comm. Duenas, Santos, Bamba and Guthertz along with General Manager John Benavente and Legal Counsel Graham Botha. The Chairman said he will entertain a motion to approve what was adopted in Executive Session.

Comm. Bamba motioned that the Commission concur with the recommendation of the General Manager, John Benavente to hire Mrs. Beatrice Perez Limtiaco for position of Asst. General Manager of Administration at the salary of $128,282; Second by Comm. Guthertz. All were in favor and the motion passed.

Comm. Bamba motioned to concur with the recommendation of the General Manager, John Benavente, to promote Mr. John Cruz, Manager of SPORD to Asst. General Manager of Engineering and Technical at the proposed salary of $145,000; second by Comm. Guthertz All were in favor and the motion passed.

Comm. Santos motion to increase the salary of current Asst. General Manager of Operations, Mrs. Melinda Mafnas from $138,871 to proposed salary of $145,000; Seconded by Comm. Guthertz. All were in favor and the motion carried.

Comm. Santos moved to adjourn; Comm. Bamba seconded.

8. ADJOURNMENT

There was no further business to bring before the Commission and the meeting was adjourned at 7:35 p.m.

\\s\\
bls

Attested:

_____ _____

JOSEPH T. DUENAS, Chairman J. GEORGE BAMBA, Secretary

GUAM POWER AUTHORITY
ATURIDÅT ILEKTRESEDÅT GUAHAN
P.O.BOX 2977 • AGANA, GUAM U.S.A. 96932-2977

TO: **Consolidated Commission on Utilities**

FROM: **General Manager**

DATE: **March 21, 2017**

SUBJECT: **General Manager's Report**

1. **System Capacity Recovery Plan:**
   - The Dededo Combustion Turbine 40 MW Plant is scheduled to be commissioned by March 31st, 2017. Attachment A provided herein summarizes some latest activities of the rehabilitation. The plant commissioning will complete our capacity recovery plan effort and anticipate a commissioning ceremony sometime in April or May.
   - The following summarizes our current reserve capacity for March:

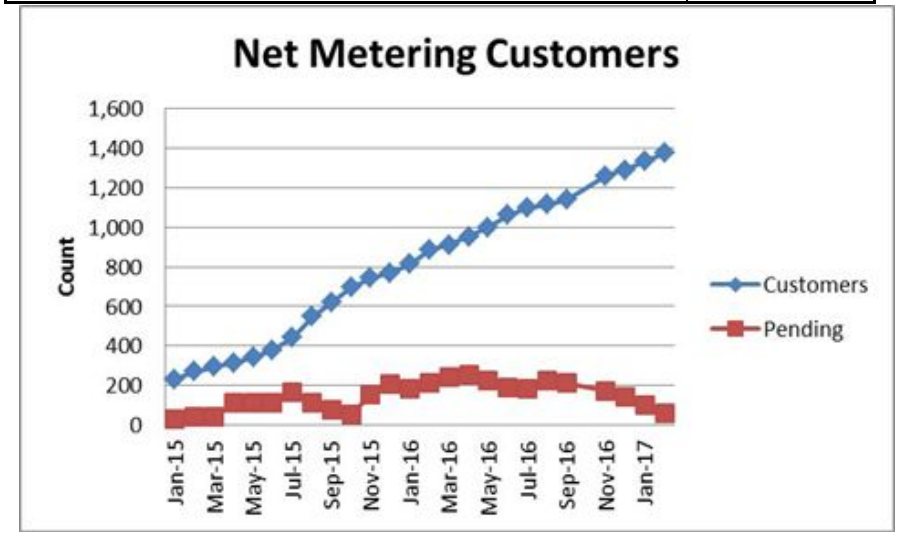
IWPS Reserve Capacity for March 2017

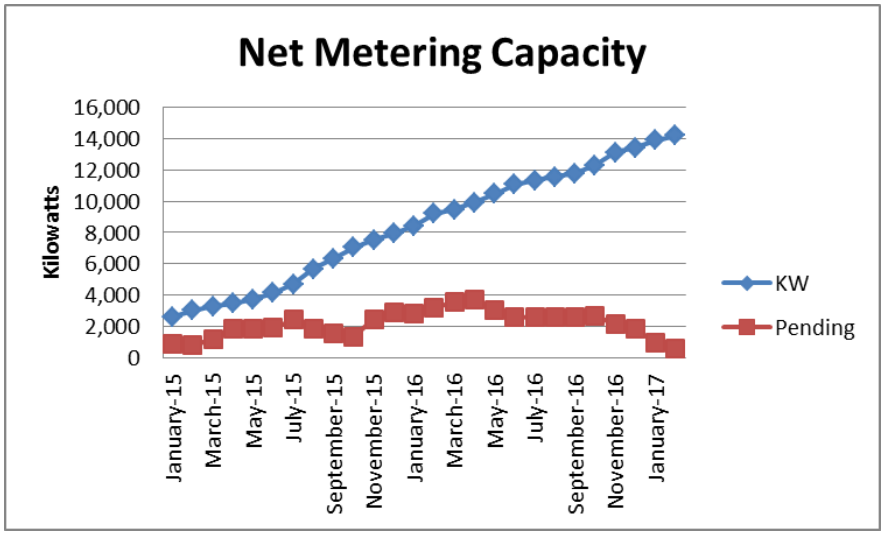
MW Capacity Available (March 15, 2017)		348
Expected MW Peak Demand for March		245
Available MW Reserve Capacity		**103**

2. Net Metering: Net Metering Summary Ending February 2017:

Description:	**Count**	**Kw**
Active	**1,374**	**14,202**
Pending	59	581
Totals:	1,433	14,783

Service:	**Count**	**KW**	**Kw/Customer**
Residential	1,303	11,727	9.0
Others	71	2,475	34.9
Total:	1,374	14,202	10.3
% Residential	**94.8%**	**82.6%**	
Estimated Full 12 Months Revenue Impact:	**$2,642,193**		
Cumulative Revenue Impact FY2009 to FY 2016	**$3,273,966**		





Customer Count

Year	Total	Cumulative
2009	7	7
2010	2	9
2011	7	16
2012	27	43
2013	67	110
2014	96	206
2015	565	771
2016	527	1,298
2017	76	1,374

Customer KW

Year	Total	Cumulative
2009	39	39
2010	39	79
2011	44	122
2012	355	477
2013	808	1,285
2014	1,091	2,376
2015	5,831	8,208
2016	5,366	13,573
2017	629	14,202

Renewable Energy Production Thru Feb 2017:

Energy Production Source:	**Kwh**
NRG Total Production beginning Oct 2015	71,681,593
Net Metering Estimated Production beginning Jan 2015	30,765,906
Wind Power Production beginning Jan 2016	585,055
Total Renewable Production	103,032,553

Fuel Oil Avoided:

Estimated System Fossil Fuel Heat Rate Kwh/Gal	15.5
Total Fuel Oil Gallons Avoided	6,647,261
Total Fuel Oil Barrels Avoided	**158,268**
Estimated Average $/BBL	$48.00
Fuel Cost Avoided	**$7,596,870.28**

3. **DSM Program:** Rebates thru March 1st 2017.



GPA to survey end use causes of the high energy users to determine best DSM to provide.

Residential Energy Sales Demographics:

KWH RANGE	Count	Min $	Max $	Cumulative	Comments
Below 0	884	$0.00	$0.00		
0-350	7,403	$0.00	$70.00		
351-500	**4,291**	**$70.20**	**$100.00**	**12,578**	**Lifeline Only**
501-750	7,681	$100.20	$150.00	20,259	
751-1000	7,221	$150.20	$200.00	27,480	Below 1,000Kwh
1001-2000	**13,887**	**$200.20**	**$400.00**		
2001-3000	**2,215**	**$400.20**	**$600.00**	**16,102**	**Between 1,000 to 3,000Kwh**

Target Group: 1,000 to 3,000 Kwh ($200 to $600 monthly)

4. **Phase II Renewables Bid:**
   - Management continues the process of evaluating the low bids. The system impact study for the low bids has begun to insure bids have considered all infrastructure upgrades necessary to integrate their PV system into the grid. It appears that GPA could provide its recommendation for award at the April CCU meeting.

5. **APPA Legislative Rally:** I attended this conference in Washington D.C. during the week of February 27th. As the CCU is aware, I was elected a board member for APPA last summer but unfortunately could not attend the new board orientation in October. I went thru the orientation this trip and in addition learned more about the different programs available to GPA thru APPA. I plan to have our managers review the different APPA programs and determine what opportunities we could take advantage of. In addition, I attended seminars on tax exempt bonds and cyber security so as to update myself on the latest issues and developments in these areas.

6. **APPA Safety Award:** GPA has received notification from APPA it has garnered the 3rd place safety award in its category of work hours between 250,000 to 999,999 man work hours. This is the 2nd year in a row GPA has received 3rd place recognition for its safety practices. I take pride in congratulating all employees for this excellent achievement in a most crucial area…**SAFETY FIRST!**

7. **Public Commission on Utilities Dockets:**
   - The following dockets were approved by the PUC at their February 23rd meeting:
     - GPA Docket 15-16, Award of Energy Storage Contract.
     - GPA Docket 17-16, Korea East West Power contract Extension.
     - GPA Docket 17-18, Diesel Fuel Procurement for Baseload and Peaking Plants.

8. **Key Performance Indicators:** The following pages provide updated information thru February 2017.

John M. Benavente, P.E.

Attachment A:

DEDEDO CT #1 & #2
Return to Service

	Year Installed	N.P. Rate
Dededo C.T. #1	1992	23
Dededo C.T. #2	1994	22

DEDEDO CT #2

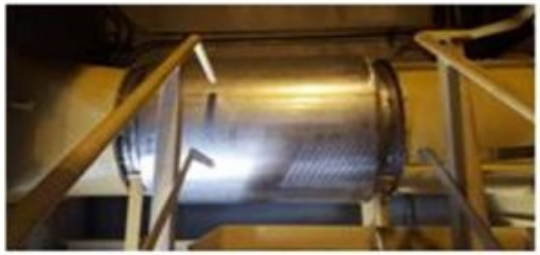
Ongoing

- Generator synchronized and loaded to 10 MW
- Black start diesel generator repairs and testing
- Repair of generator seal rings and coupling guard
- RO+EDI water within requirement (< 0.1 µS/cm)

March 21, 2017

- Conduct 100% power commissioning testing with generator at full load (22 MW)
- Test and calibrate water injection system during 100% power commissioning testing

DEDEDO CT #2



Air inlet Filter House new Scavenge Blower.



Refurbished Air inlet filter house. (interior)

DEDEDO CT #1

March 16th

- Full speed no load (FSNL) test

March 25th

- Synchronization to 10MW partial load

Pending

- 100% power full load commissioning testing including testing and calibration of water injection system

DEDEDO CT #1



New 480VAC MCC panel Switch Gear



New 13.8KV Metal Clad Panels



New Turbine Control System

DEDEDO CT #1



New Cooling Tower Structure
Construction of 8" berm wall ongoing as required by SPCC

DEDEDO CT #1



New Air Inlet Filter house Exterior hood.

DEDEDO CT FIRE PROTECTION

Fire Protection system certifications

March 15th

- Contractor will start testing of all fire protection systems

March 29th

- Forecasted completion for system certifications by FPE and GFD



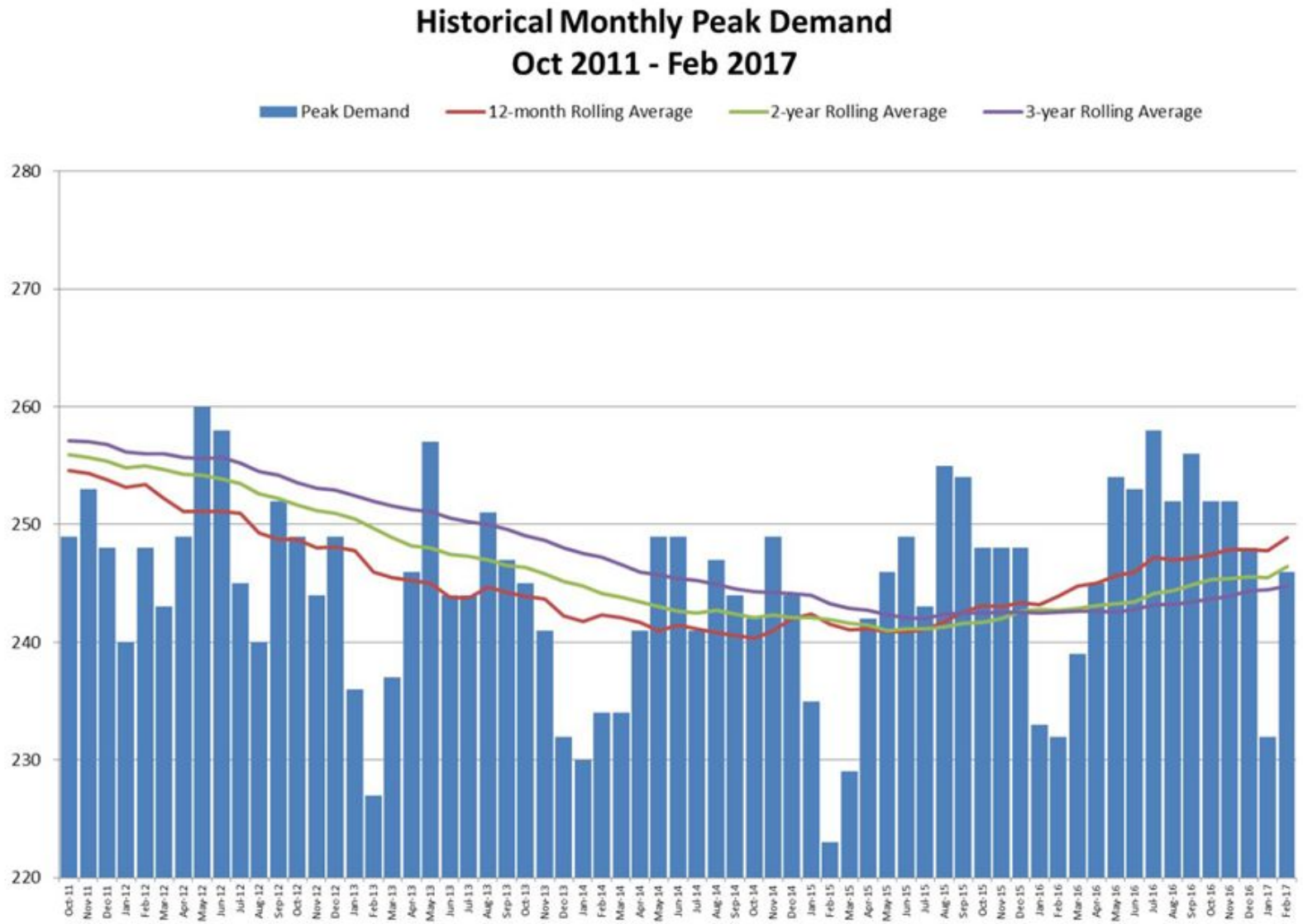
Fuel Tanks
Integrity testing complete and re-filled with ULSD fuel

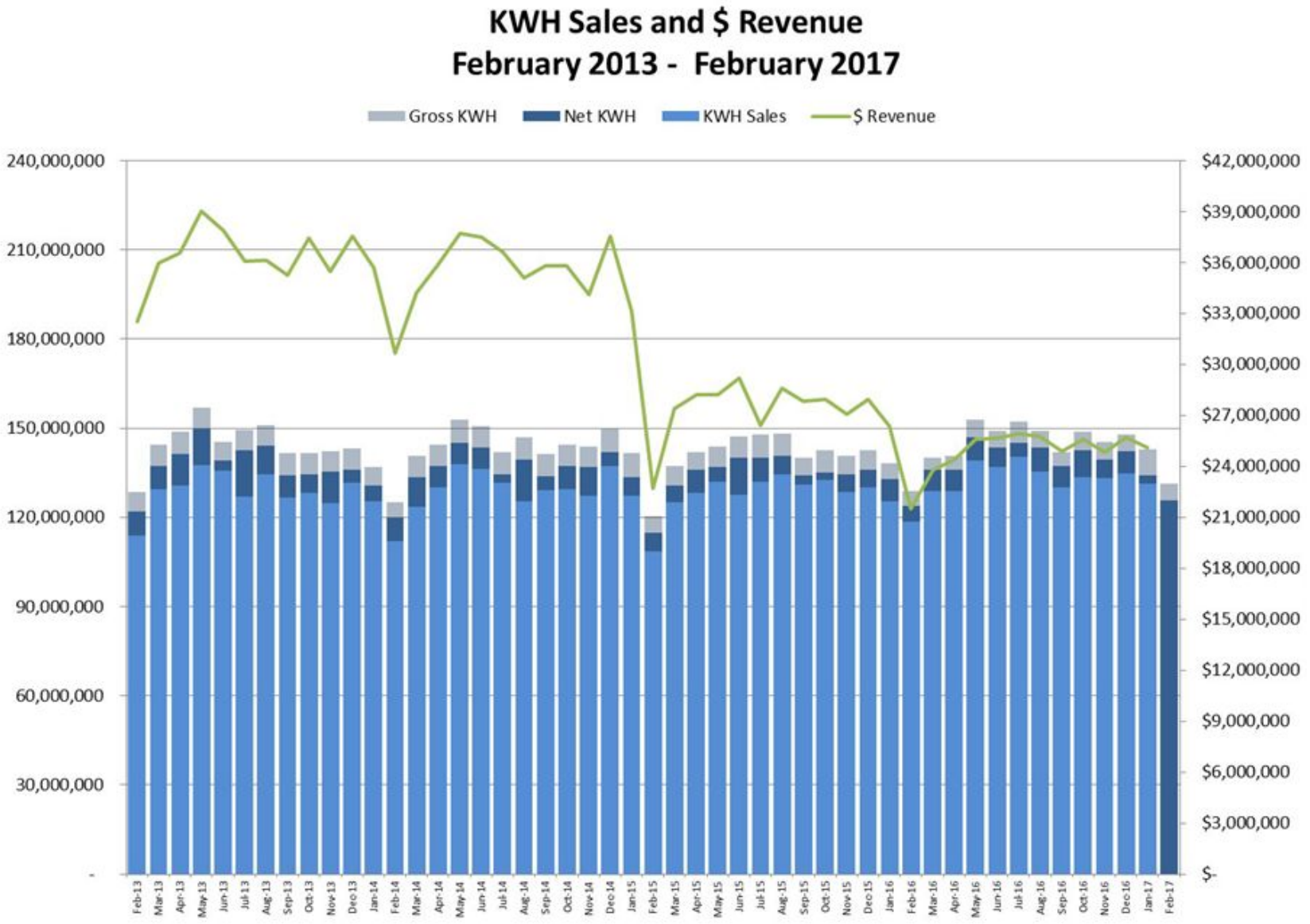


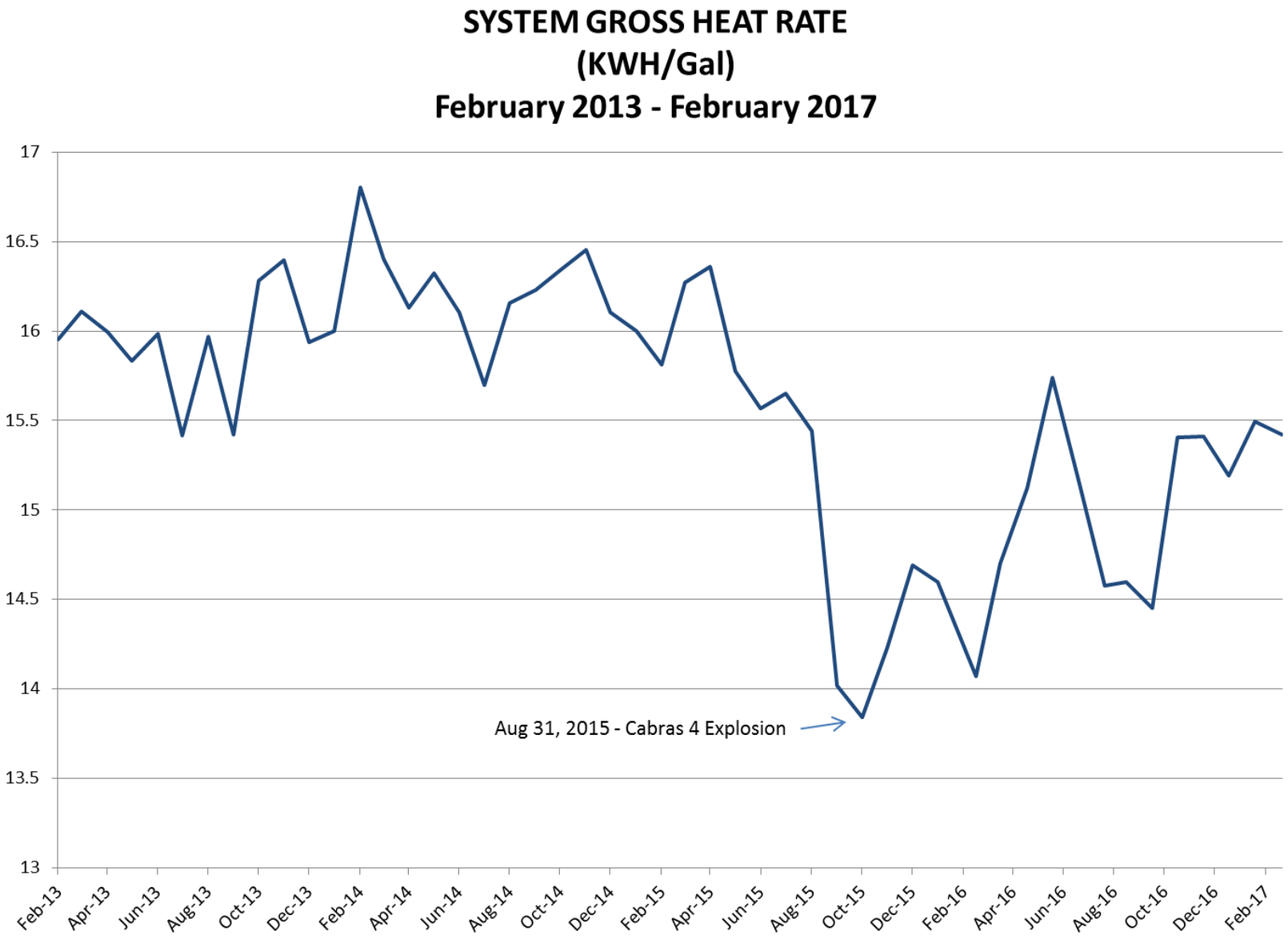
New Water Treatment System
Multimedia filters & Carbon Filters

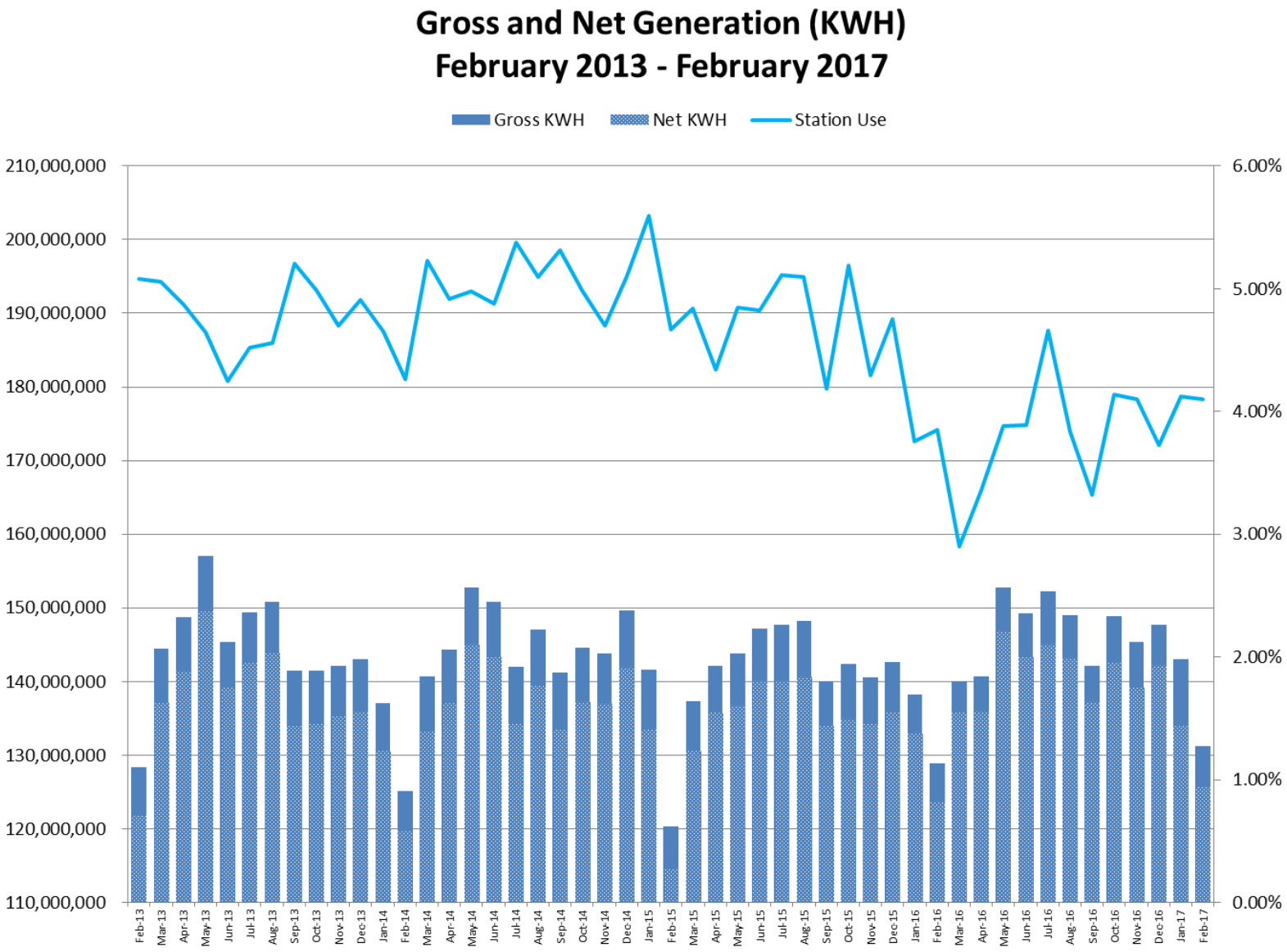


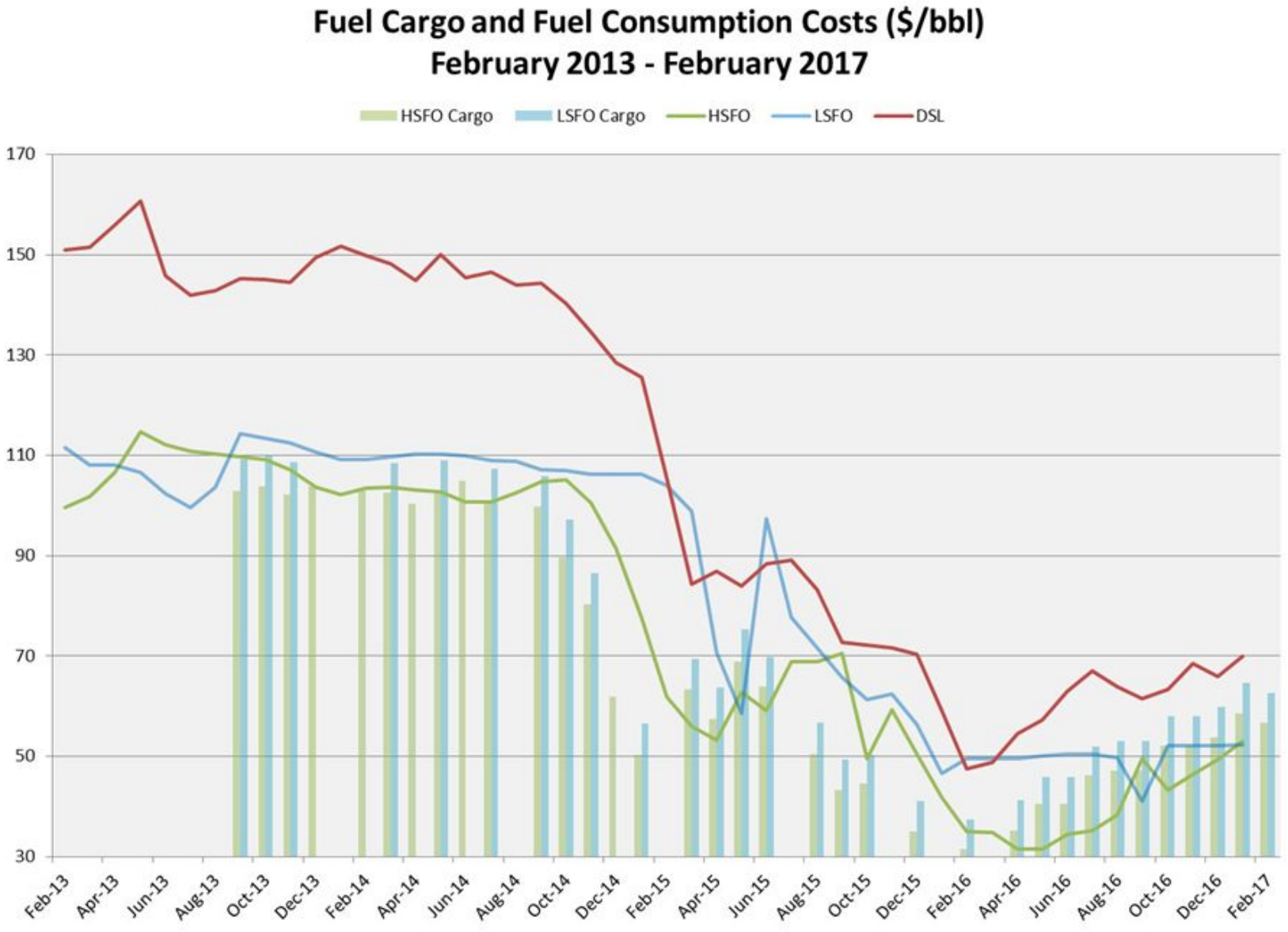
EDI sys supplied


Historical Monthly Peak Demand
Oct 2011 - Feb 2017
Peak Demand
12-month Rolling Average
2-year Rolling Average
3-year Rolling Average
280
270
260
250
240
230
220
Oct-11
Nov-11
Dec-11
Jan-12
Feb-12
Mar-12
Apr-12
May-12
Jun-12
Jul-12
Aug-12
Sep-12
Oct-12
Nov-12
Dec-12
Jan-13
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Jul-15
Aug-15
Sep-15
Oct-15
Nov-15
Dec-15
Jan-16
Feb-16
Mar-16
Apr-16
May-16
Jun-16
Jul-16
Aug-16
Sep-16
Oct-16
Nov-16
Dec-16
Jan-17
Feb-17


KWH Sales and $ Revenue
February 2013 - February 2017
Gross KWH
Net KWH
KWH Sales
$ Revenue
240,000,000
210,000,000
180,000,000
150,000,000
120,000,000
90,000,000
60,000,000
30,000,000
-
$42,000,000
$39,000,000
$36,000,000
$33,000,000
$30,000,000
$27,000,000
$24,000,000
$21,000,000
$18,000,000
$15,000,000
$12,000,000
$9,000,000
$6,000,000
$3,000,000
$-
Feb-13
Mar-13
Apr-13
May-13
Jun-13
Jul-13
Aug-13
Sep-13
Oct-13
Nov-13
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Jan-16
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May-16
Jun-16
Jul-16
Aug-16
Sep-16
Oct-16
Nov-16
Dec-16
Jan-17
Feb-17


SYSTEM GROSS HEAT RATE
(KWH/Gal)
February 2013 - February 2017
17
16.5
16
15.5
15
14.5
14
13.5
13
Aug 31, 2015 - Cabras 4 Explosion
Feb-13
Apr-13
Jun-13
Aug-13
Oct-13
Dec-13
Feb-14
Apr-14
Jun-14
Aug-14
Oct-14
Dec-14
Feb-15
Apr-15
Jun-15
Aug-15
Oct-15
Dec-15
Feb-16
Apr-16
Jun-16
Aug-16
Oct-16
Dec-16
Feb-17


Gross and Net Generation (KWH)
February 2013 - February 2017
Gross KWH
Net KWH
Station Use
210,000,000
200,000,000
190,000,000
180,000,000
170,000,000
160,000,000
150,000,000
140,000,000
130,000,000
120,000,000
110,000,000
6.00%
5.00%
4.00%
3.00%
2.00%
1.00%
0.00%
Feb-13
Mar-13
Apr-13
May-13
Jun-13
Jul-13
Aug-13
Sep-13
Oct-13
Nov-13
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May-16
Jun-16
Jul-16
Aug-16
Sep-16
Oct-16
Nov-16
Dec-16
Jan-17
Feb-17


Fuel Cargo and Fuel Consumption Costs ($/bbl)
February 2013 - February 2017
HSFO Cargo
LSFO Cargo
HSFO
LSFO
DSL
170
150
130
110
90
70
50
30
Feb-13
Apr-13
Jun-13
Aug-13
Oct-13
Dec-13
Feb-14
Apr-14
Jun-14
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Oct-14
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Aug-16
Oct-16
Dec-16
Feb-17

GUAM POWER AUTHORITY
ATURIDÅT ILEKTRESEDÅT GUAHAN
P.O.BOX 2977 • AGANA, GUAM U.S.A. 96932-2977

GUAM POWER AUTHORITY
FINANCIAL STATEMENT OVERVIEW
January 2017

Attached are the financial statements and supporting schedules for the month and fiscal year ended January 31, 2017.

Summary
The increase in net assets for the month ended was $1.2million as compared to the anticipated net decrease of $1.4 million projected at the beginning of the year. The total kWh sales for the month were 4.81% more than projected and non-fuel revenues were $0.4 million more than the estimated amount. O & M expenses for the month were $5.0 million which was $2.0 million less than our projections for the month. Other expenses for the month such as interest expense, IPP costs, (net of interest income and other income) totaled to $3.7 million, which was $0.2 million less than the projected amount. There were no other significant departures from the budget during the period.

Analysis

Description	Previous Month	Current Month	Target
Quick Ratio	2.26	1.70	2
Days in Receivables	37	34	52
Days in Payables	27	64	30
LEAC (Over)/Under Recovery Balance -YTD	$8,255,217	$4,893,195	$1,779,016
T&D Losses	4.75%	4.68%	7.00%
Debt Service Coverage	2.35	2.21	1.75
Long-term equity ratio	15%	19%	30 – 40%
Days in Cash	189	251	60

The Quick Ratio has been a challenge for GPA historically. However, over the last two fiscal years, the influx of cash has continued to improve this ratio. GPA has current obligations of approximately $103 million and approximately $176 million in cash and current receivables. The increase in cash is attributable to the receipt of nearly $32M in insurance proceeds. Debt Service Coverage ratio is calculated using the methodology in use before the Fiscal Year 2002 change in accounting practice.

Financial Statement
January 2017
Significant Assumptions

The significant assumptions in the financial statements are as follows:

- Accrual cutoff procedures were performed at month end
- An inventory valuation is performed at year-end only
- Accounts Receivable includes accruals based on prior months' usage.

Prepared by:	Reviewed by:	Approved by:
Lenora M. Sanz Controller	Corazon Montellano Chief Financial Officer	John M. Benavente, P.E. General Manager

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Net Position
January 31, 2017 and September 30, 2016

	Unaudited January 2017	Unaudited September 2016	Change from Sept 30 2015
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash and cash equivalents:			
Held by trustee for restricted purposes:			
Interest and principal funds	$ 11,690,496	$ 16,005,063	$ (4,314,567)
Bond indenture funds	64,605,518	69,821,815	(5,216,297)
Held by Guam Power Authority:			
Bond indenture funds	147,404,633	126,056,805	21,347,828
Self insurance fund-restricted	20,450,293	20,442,578	7,715
Energy sense fund	1,495,434	1,646,041	(150,607)
Total cash and cash equivalents	245,646,374	233,972,302	11,674,072
Accounts receivable, net	32,840,982	65,043,172	(32,202,190)
Total current receivables	32,840,982	65,043,172	(32,202,190)
Materials and supplies inventory	14,149,558	14,624,878	(475,320)
Fuel inventory	46,305,528	31,326,367	14,979,161
Prepaid expenses	6,696,336	753,398	5,942,938
Total current assets	345,638,778	345,720,117	(81,339)
Utility plant, at cost:			
Electric plant in service	1,069,347,593	1,038,493,831	30,853,762
Construction work in progress	25,989,118	18,407,877	7,581,241
Total	1,095,336,711	1,056,901,708	38,435,003
Less: Accumulated depreciation	(541,284,474)	(534,001,129)	(7,283,345)
Total utility plant	554,052,237	522,900,579	31,151,658
Other non-current assets:			
Investment - bond reserve funds held by trustee	48,534,994	48,550,887	(15,893)
Unamortized debt issuance costs	4,520,169	4,646,601	(126,432)
Total other non-current assets	53,055,163	53,197,488	(142,325)
Total assets	952,746,178	921,818,184	30,927,994
Deferred outflow of resources:			
Deferred fuel revenue	4,893,290	1,070,120	3,823,170
Unamortized loss on debt refunding	11,908,288	12,324,400	(416,112)
Pension	7,490,630	7,490,630	0
Unamortized forward delivery contract costs	743,598	796,718	(53,120)
Total deferred outflows of resources	25,035,806	21,681,868	3,353,938
	$ 977,781,984	$ 943,500,052	$ 34,281,932

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statement of Net Position, Continued
January 31, 2017 and September 30, 2016

	Unaudited January 2017	Unaudited September 2016	Change from Sept 30 2015
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Current liabilities:			
Current maturities of long-term debt	$ 1,780,000	$ 115,000	$ 1,665,000
Current obligations under capital leases	16,737,242	16,737,242	0
Accounts payable			
Operations	38,987,104	25,782,804	13,204,300
Others	22,408,067	22,364,991	43,076
Accrued payroll and employees' benefits	1,092,205	1,533,906	(441,701)
Current portion of employees' annual leave	2,477,509	2,405,799	71,710
Interest payable	10,329,131	15,146,696	(4,817,565)
Customer deposits	9,457,994	9,332,016	125,978
Total current liabilities	103,269,253	93,418,454	9,850,798
Regulatory liabilities:			
Provision for self insurance	19,550,977	19,550,977	0
Total regulatory liabilities	19,550,977	19,550,977	0
Long term debt, net of current maturities	592,374,806	595,057,778	(2,682,972)
Obligations under capital leases, net of current portion	45,960,372	22,872,720	23,087,652
Net Pension liability	61,108,027	63,293,549	(2,185,522)
DCRS sick leave liability	3,436,738	3,436,738	0
Employees' annual leave net of current portion	806,762	806,762	0
Customer advances for construction	327,816	319,321	8,495
Total liabilities	826,834,751	798,756,299	28,078,451
Deferred inflows of resources:			
Unearned forward delivery contract revenue	2,725,416	2,920,088	(194,672)
Pension	7,694,438	7,694,438	0
Other unearned revenues	0	0	0
Total deferred inflows of resources	10,419,854	10,614,526	(194,672)
Commitments and contigencies			
Net Position:			
Net investment in capital assets	11,792,503	6,171,221	5,621,282
Restricted	2,106,362	16,005,063	(13,898,701)
Unrestricted	126,628,513	111,952,943	14,675,570
Total net position	140,527,378	134,129,227	6,398,152
	$ 977,781,984	$ 943,500,052	$ 34,281,932

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM
Statement of Revenues, Expenses and Changes in Net Assets

	January 31			Four Months Ending January		
	Unaudited 2017	Unaudited 2016	% of change Inc (dec)	Unaudited 2017	Unaudited 2016	% of change Inc (dec)
Revenues						
Sales of electricity	$ 25,087,712	$ 26,357,241	(5)	$ 101,252,329	$ 109,320,753	(7)
Miscellaneous	429,359	(9,223)	(4,755)	959,263	567,172	69
Total	25,517,071	26,348,018	(3)	102,211,592	109,887,925	(7)
Bad debt expense	(83,333)	(91,667)	(9)	(333,333)	(366,668)	(9)
Total revenues	25,433,738	26,256,351	(3)	101,878,259	109,521,257	(7)
Operating and maintenance expenses						
Production fuel	11,867,294	13,662,915	(13)	47,012,787	56,760,494	(17)
Other production	1,201,369	1,013,831	18	5,036,738	4,710,994	7
	13,068,663	14,676,746	(11)	52,049,525	61,471,488	(15)
Depreciation	3,270,668	3,482,052	(6)	14,015,885	13,658,344	3
Energy conversion cost	1,694,693	1,449,119	17	6,065,323	5,712,305	6
Transmission & distribution	1,217,721	1,081,970	13	4,131,417	3,615,293	14
Customer accounting	448,841	470,074	(5)	1,418,060	1,532,572	(7)
Administrative & general	2,140,780	2,688,166	(20)	8,432,304	11,507,106	(27)
Total operating and maintenance expenses	21,841,366	23,848,127	(8)	86,112,514	97,497,108	(12)
Operating income	3,592,372	2,408,224	49	15,765,745	12,024,149	31
Other income (expenses)						
Interest income	91,936	65,979	39	319,739	223,667	43
Interest expense and amortization	(2,890,094)	(2,925,413)	(1)	(11,280,354)	(11,781,370)	(4)
Bond issuance costs	76,827	68,617	12	307,308	274,468	12
Allowance for funds used during construction	318,569	352,308	(10)	1,287,106	1,469,593	(12)
Other expense	0	(59,947)	(100)	(12,878)	58,801	(122)
Total other income (expenses)	(2,402,762)	(2,498,456)	(4)	(9,379,079)	(9,754,841)	(4)
Income (loss) before capital contributions	1,189,610	(90,232)	(1,418)	6,386,666	2,269,308	181
Capital contributions	0	0	0	11,488	1,177,961	(99)
Increase (decrease) in net assets	1,189,610	(90,232)	(1,418)	6,398,154	3,447,269	86
Total net assets at beginning of period (restated)	139,337,770	85,165,276	64	134,129,226	81,627,775	64
Total net assets at end of period	$ 140,527,379	$ 85,075,044	65	$ 140,527,379	$ 85,075,044	65

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Cash Flows
Period Ended January 31, 2017

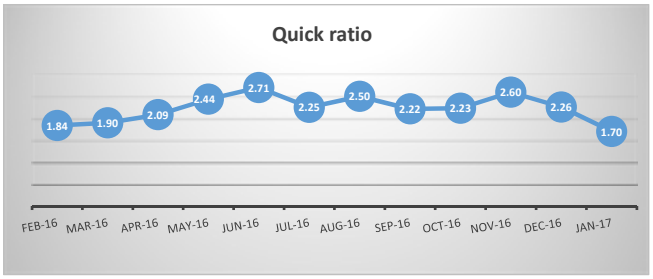
	Month Ended 1/31/2017	YTD Ended 1/31/2017
Increase(decrease) in cash and cash equivalents		
Cash flows from operating activities:		
Cash received from customers	$58,100,292	$ 134,135,892
Cash payments to suppliers and employees for goods and services	5,109,541	84,749,656
Net cash provided by operating activities	$52,990,751	49,386,236
Cash flows from investing activities:		
Interest and dividends on investments and bank accounts	91,936	319,739
Net cash provided by investing activities	91,936	319,739
Cash flows from non-capital financing activities		
Interest paid on short term debt	(5,872)	(23,773)
Provision for self insurance funds	-	(7,715)
Net cash provided by noncapital financing activities	(5,872)	(31,488)
Cash flows from capital and related financing activities		
Acquisition of utility plant	(40,026,583)	(45,167,543)
Principal paid on bonds and other long-term debt	-	(115,000)
Interest paid on bonds(net of capitalized interest)	318,569	(13,090,819)
Interest paid on capital lease obligations	(494,061)	(1,696,220)
Interest & principal funds held by trustee	(2,544,646)	4,314,567
Reserve funds held by trustee	(2,946)	15,893
Bond funds held by trustee	34,902	5,216,297
Principal payment on capital lease obligations	27,082,863	23,087,652
Grant from DOI/FEMA	-	11,488
Debt issuance costs/loss on defeasance	(225,743)	(902,972)
Net cash provided by (used in) capital and related financing activities	(15,857,645)	(28,326,657)
Net (decrease) increase in cash and cash equivalents	37,219,169.70	21,347,829
Cash and cash equivalents, beginning	110,185,465	126,056,805
Cash and cash equivalents-Funds held by GPA, January 31, 2017	**$ 147,404,634**	**$ 147,404,634**

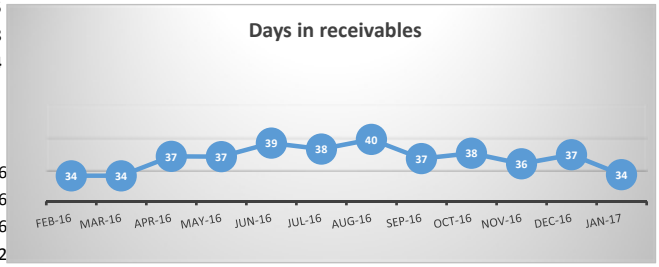
GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Cash Flows, continued
Period Ended January 31, 2017

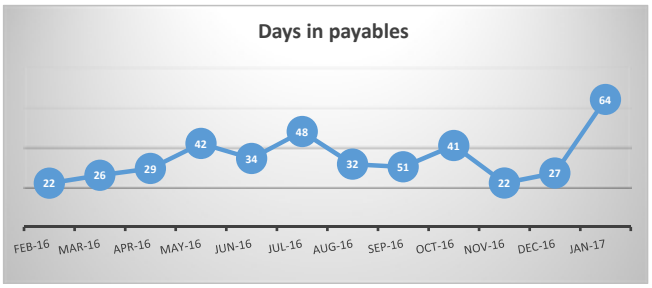
	Month Ended 1/31/2017	YTD Ended 1/31/2017
Reconciliation of operating earnings to net cash provided by operating activities:		
Operating earnings net of depreciation expense and excluding interest income	$3,592,372	$15,765,745
Adjustments to reconcile operating earnings to net cash provided by operating activities:		
Depreciation and amortization	3,270,668	14,015,885
Other expense	76,827	294,430
(Increase) decrease in assets:		
Accounts receivable	32,603,643	32,202,190
Materials and inventory	157,785	475,320
Fuel inventory	(6,992,871)	(14,979,161)
Prepaid expenses	934,954	(5,942,938)
Unamortized debt issuance cost	31,608	126,432
Deferred fuel revenue	(1,237,938)	(3,823,170)
Unamortized loss on debt refunding	104,028	416,112
Unamortized forward delivery contract costs	13,280	53,120
Increase (decrease) in liabilities:		
Accounts payable-operations	16,284,314	13,204,300
Accounts payable-others	77,839	193,683
Accrued payroll and employees' benefits	310,344	(441,701)
Net pension liability	(475,034)	(2,185,522)
Employees' annual leave	(16,267)	71,710
Customers deposits	(525,740)	125,978
Customer advances for construction	-	8,495
Other unearned revenue	4,829,607	-
Unearned forward delivery contract revenue	(48,668)	(194,672)
Net cash provided by operating activities	**$52,990,751**	**$49,386,236**

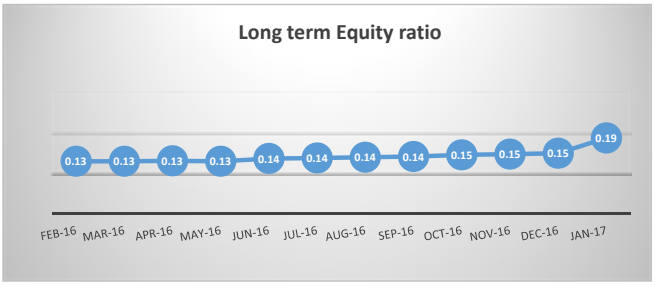
Guam Power Authority
Financial Analysis
January 31, 2017

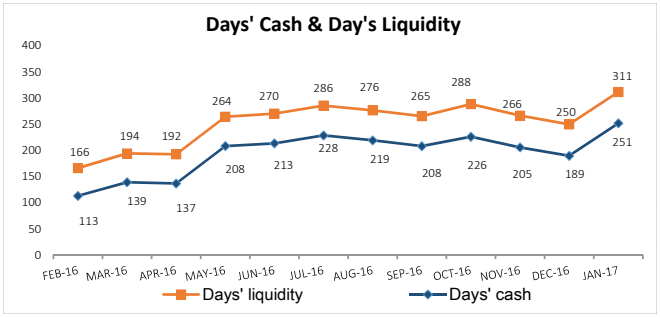
	Quick Ratio		
A	Reserve Funds Held by GPA		147,404,633
B	Current Accounts Receivable		28,445,218
C	Total Cash and A/R (A+B)		175,849,851
D	Total Current Liabilities		103,269,253
E	**Quick Ratio (F/G)**		**1.70**
	Days in Receivables		
A	FY 16 Moving 12 Mos.-Actual		304,568,815
B	No. of Days		366
C	Average Revenues per day (A/B)		832,155
D	Current Accounts Receivable		28,445,218
E	**Days in Receivables (D/C)**		**34**
	Days in Payables		
A	FY 16 Moving 12 Months-Actual		349,916,396
B	No. of Days		366
C	Average Payables per day (A/B)		956,056
D	Current Accounts Payables		61,395,172
E	**Days in Payables (D/C)**		**64**
	Long term equity ratio		
A	Equity	$	140,527,378.38
B	Total Long term Liability	$	606,956,061.00
C	Total Equity and liability	$	747,483,439.38
D	**Long term equity ratio (A/C)**		**19%**
	Days cash on hand		
A	Unresctricted cash & cash equivalents		147,405
B	No. of Days -YTD		123
C	A x B		18,130,770
D	Total Operating expenses excluding depreciation		72,097
E	**Days cash on hand**		**251**
	Days' Liquidity		
A	Unresctricted cash , cash equivalents & revolving Credi		182,405
B	No. of Days -YTD		123
C	A x B		22,435,770
D	Total Operating expenses excluding depreciation		72,097
E	**Days liquidity**		**311**











GPA 302
14-Feb-17

GUAM POWER AUTHORITY
ACCRUED REVENUE
JANUARY 2017

	FOR THE MONTH ENDED JANUARY		FOUR MONTHS ENDED JANUARY	
	2017	2016	2017	2016
KWH SALES:				
Residential	39,423,550	36,377,830	163,722,333	155,816,686
Small Gen. Non Demand	6,647,367	6,251,920	27,329,122	25,364,142
Small Gen. Demand	15,535,910	15,330,440	63,115,400	63,240,936
Large General	26,550,140	25,642,537	105,729,874	103,593,929
Independent Power Producer	92,493	61,452	366,402	273,600
Private St. Lights	36,736	52,626	178,289	210,569
Sub-total	88,286,197	83,716,806	360,441,419	348,499,862
Government Service:				
Small Non Demand	1,079,470	1,060,412	4,521,518	4,343,957
Small Demand	7,897,069	7,644,625	32,884,608	30,253,507
Large	6,032,854	5,708,837	24,768,168	22,979,019
Street Lighting	539,658	900,721	3,428,648	3,791,291
Sub-total	15,549,052	15,314,595	65,602,943	61,367,774
Total	103,835,249	99,031,401	426,044,362	409,867,636
U. S. Navy	27,625,278	26,232,862	106,905,672	106,541,028
GRAND TOTAL	131,460,526	125,264,263	532,950,034	516,408,664
REVENUE:				
Residential	$ 7,213,121	$ 7,459,365	$ 29,969,170	$ 31,854,417
Small Gen. Non Demand	$ 1,468,355	$ 1,534,356	$ 6,110,688	$ 6,211,503
Small Gen. Demand	$ 3,200,532	$ 3,492,514	$ 13,035,029	$ 14,376,274
Large General	$ 4,998,015	$ 5,405,849	$ 20,032,017	$ 21,895,729
Independent Power Producer	$ 18,807	$ 12,991	$ 73,836	$ 60,400
Private St. Lights	$ 25,546	$ 29,610	$ 106,825	$ 117,902
Sub-total	$ 16,924,376	$ 17,934,685	$ 69,327,566	$ 74,516,224
Government Service:				
Small Non Demand	$ 258,411	$ 277,478	$ 1,080,282	$ 1,136,123
Small Demand	$ 1,746,554	$ 1,865,919	$ 7,253,263	$ 7,416,771
Large	$ 1,286,951	$ 1,350,727	$ 5,280,268	$ 5,426,953
Street Lighting	$ 351,576	$ 456,140	$ 1,849,680	$ 1,856,478
Sub-total	$ 3,643,492	$ 3,950,264	$ 15,463,492	$ 15,836,325
Total	$ 20,567,868	$ 21,884,949	$ 84,791,058	$ 90,352,549
U. S. Navy	$ 4,519,844	$ 4,472,293	$ 16,461,272	$ 18,968,204
GRAND TOTAL	$ 25,087,712	$ 26,357,241	$ 101,252,330	$ 109,320,753
NUMBER OF CUSTOMERS:				
Residential	43,710	43,185	43,419	42,854
Small Gen. Non Demand	4,127	4,052	4,094	4,017
Small Gen. Demand	994	1,007	992	1,021
Large General	116	116	115	119
Independent Power Producer	3	3	3	3
Private St. Lights	525	533	527	535
Sub-total	49,475	48,896	49,151	48,548
Government Service:				
Small Non Demand	684	680	689	689
Small Demand	347	337	344	331
Large	45	45	45	43
Street Lighting	211	160	168	165
Sub-total	1,287	1,222	1,246	1,228
Total	50,762	50,118	50,397	49,776
US Navy	1	1	1	1
	50,763	50,119	50,398	49,777

GPA403
14-Feb-17

GUAM POWER AUTHORITY
ACCRUED REVENUE

	TWELVE MONTHS ENDED	JANUARY 2017	DECEMBER 2016	NOVEMBER 2016	OCTOBER 2016	SEPTEMBER 2016	AUGUST 2016	JULY 2016	JUNE 2016	MAY 2016	APRIL 2016	MARCH 2016	FEBRUARY 2016
KWH SALES:													
Residential	494,928,207	39,423,550	41,105,614	40,882,645	42,310,523	41,186,530	41,736,102	45,406,686	44,922,307	44,836,952	40,225,381	38,724,045	34,167,871
Small General Non Demand	82,249,047	6,647,367	6,987,253	6,646,441	7,048,061	6,885,525	6,830,745	7,304,373	7,402,321	7,254,820	6,571,445	6,643,435	6,027,261
Small General Demand	190,461,589	15,535,910	16,033,983	15,504,615	16,040,892	14,741,107	16,161,003	17,589,484	16,214,181	16,413,008	15,697,754	15,655,021	14,874,631
Large General	310,970,822	26,550,140	26,487,608	26,823,315	25,868,811	25,176,509	27,005,358	26,974,574	26,144,475	26,310,196	24,539,981	25,281,406	23,808,449
Private Outdoor Lighting	597,464	36,736	39,997	52,271	49,285	56,235	48,857	55,391	52,548	50,329	53,670	52,898	49,247
Independent Power Producer	860,682	92,493	96,065	87,525	90,319	62,052	87,741	30,869	58,806	74,939	64,373	-7,624	123,125
Sub-Total	1,080,067,811	88,286,197	90,750,519	89,996,812	91,407,891	88,107,957	91,869,806	97,361,377	94,794,639	94,940,244	87,152,604	86,349,181	79,050,584
Government Service:													
Small Non Demand	13,605,825	1,079,470	1,121,641	1,122,985	1,197,422	1,164,666	1,172,055	1,218,659	1,204,202	1,174,961	1,105,215	1,085,055	959,493
Small Demand	95,934,096	7,897,069	8,060,205	8,436,888	8,490,446	7,858,530	8,136,012	8,100,561	7,757,551	8,192,526	7,739,650	7,915,800	7,348,858
Large	71,844,253	6,032,854	6,238,617	6,094,610	6,402,088	5,804,148	6,189,305	5,961,435	5,890,099	5,980,723	5,844,996	5,861,708	5,543,670
Street Lighting (Agencies)	10,982,038	539,658	994,072	997,687	897,232	995,613	902,990	932,581	901,159	994,816	957,681	998,928	869,623
Sub-Total	192,366,213	15,549,052	16,414,534	16,652,169	16,987,187	15,822,957	16,400,363	16,213,237	15,753,012	16,343,026	15,647,542	15,861,491	14,721,643
Total	1,272,434,024	103,835,249	107,165,053	106,648,982	108,395,078	103,930,914	108,270,169	113,574,614	110,547,650	111,283,270	102,800,146	102,210,671	93,772,227
U.S. Navy	318,447,416	27,625,278	27,468,943	26,586,150	25,225,302	26,000,826	27,005,111	26,759,668	26,525,986	27,705,645	26,110,172	26,723,828	24,710,507
Grand Total	1,590,881,440	131,460,526	134,633,996	133,235,131	133,620,381	129,931,741	135,275,280	140,334,282	137,073,637	138,988,915	128,910,318	128,934,499	118,482,734
REVENUE:													
Residential	$ 90,172,113	$ 7,213,121	$ 7,527,553	$ 7,455,636	$ 7,772,860	$ 7,492,970	$ 7,638,875	$ 8,252,365	$ 8,172,237	$ 8,166,754	$ 7,344,934	$ 7,103,669	$ 6,031,139
Small General Non Demand	$ 18,290,139	$ 1,468,355	$ 1,572,329	$ 1,481,078	$ 1,588,926	$ 1,523,079	$ 1,535,319	$ 1,616,070	$ 1,624,200	$ 1,609,832	$ 1,463,634	$ 1,484,401	$ 1,322,917
Small General Demand	$ 39,160,713	$ 3,200,532	$ 3,341,792	$ 3,195,499	$ 3,297,206	$ 3,075,598	$ 3,324,470	$ 3,499,625	$ 3,307,319	$ 3,378,832	$ 3,242,757	$ 3,243,586	$ 3,053,498
Large General	$ 58,923,572	$ 4,998,015	$ 5,049,240	$ 5,084,685	$ 4,900,077	$ 4,802,289	$ 5,042,115	$ 5,074,460	$ 4,980,357	$ 4,948,442	$ 4,730,172	$ 4,829,239	$ 4,484,480
Private Outdoor Lighting	$ 334,056	$ 25,546	$ 25,575	$ 27,645	$ 28,060	$ 28,980	$ 27,331	$ 28,750	$ 28,526	$ 27,838	$ 28,916	$ 28,395	$ 28,494
Independent Power Producer	$ 173,903	$ 18,807	$ 19,759	$ 16,793	$ 18,478	$ 13,572	$ 17,553	$ 6,353	$ 12,907	$ 14,112	$ 12,767	$ (589)	$ 23,390
Sub-Total	$ 207,054,497	$ 16,924,376	$ 17,536,247	$ 17,261,335	$ 17,605,607	$ 16,936,487	$ 17,585,664	$ 18,477,624	$ 18,125,547	$ 18,145,810	$ 16,823,180	$ 16,688,702	$ 14,943,918
Government Service:													
Small Non Demand	$ 3,243,618	$ 258,411	$ 268,979	$ 268,355	$ 284,537	$ 277,519	$ 277,379	$ 289,886	$ 287,100	$ 280,970	$ 264,751	$ 255,836	$ 229,896
Small Demand	$ 21,160,643	$ 1,746,554	$ 1,798,184	$ 1,851,599	$ 1,856,926	$ 1,746,819	$ 1,760,715	$ 1,786,074	$ 1,733,527	$ 1,783,792	$ 1,733,876	$ 1,739,694	$ 1,622,883
Large	$ 15,306,633	$ 1,286,951	$ 1,334,239	$ 1,303,344	$ 1,355,735	$ 1,250,824	$ 1,304,812	$ 1,247,433	$ 1,251,920	$ 1,267,063	$ 1,258,758	$ 1,258,310	$ 1,187,244
Street Lighting (Agencies)	$ 5,376,456	$ 351,576	$ 548,266	$ 512,699	$ 437,139	$ 431,835	$ 437,775	$ 441,692	$ 436,404	$ 450,507	$ 444,854	$ 451,027	$ 432,682
Sub-Total	$ 45,087,349	$ 3,643,492	$ 3,949,668	$ 3,935,996	$ 3,934,337	$ 3,706,997	$ 3,780,681	$ 3,765,085	$ 3,708,951	$ 3,782,332	$ 3,702,240	$ 3,704,866	$ 3,472,705
Total	$ 252,141,846	$ 20,567,868	$ 21,485,915	$ 21,197,330	$ 21,539,944	$ 20,643,484	$ 21,366,345	$ 22,242,709	$ 21,834,498	$ 21,928,142	$ 20,525,420	$ 20,393,568	$ 18,416,623
U.S. Navy	$ 46,686,482	$ 4,519,844	$ 4,245,316	$ 3,640,144	$ 4,055,968	$ 4,256,406	$ 4,418,264	$ 3,676,367	$ 3,800,186	$ 3,672,842	$ 3,895,565	$ 3,399,739	$ 3,105,842
Grand Total	$ 298,828,328	$ 25,087,712	$ 25,731,231	$ 24,837,474	$ 25,595,912	$ 24,899,890	$ 25,784,609	$ 25,919,076	$ 25,634,683	$ 25,600,983	$ 24,420,985	$ 23,793,307	$ 21,522,465
NUMBER OF CUSTOMERS:													
Residential	43,419	43,710	43,582	43,594	43,487	43,408	43,483	43,322	43,333	43,405	43,221	43,250	43,236
Small General Non Demand	4,094	4,127	4,125	4,110	4,114	4,092	4,121	4,090	4,087	4,087	4,055	4,065	4,058
Small General Demand	992	994	991	980	985	987	991	988	991	999	996	1,003	1,004
Large General	115	116	116	116	115	116	115	114	114	115	116	115	116
Private Outdoor Lighting	527	525	517	519	526	525	525	528	528	526	536	534	536
Independent Power Producer	3	3	3	3	3	3	3	3	3	2	4	3	4
Sub-Total	49,151	49,475	49,334	49,322	49,230	49,131	49,238	49,045	49,056	49,134	48,928	48,970	48,954
Government Service:													
Small Non Demand	689	684	680	683	684	696	693	695	699	685	689	696	683
Small Demand	344	347	346	346	345	348	347	346	344	340	340	339	338
Large	45	45	45	45	45	45	45	45	45	45	45	45	45
Street Lighting (Agencies)	168	211	205	155	155	163	162	161	161	160	160	161	160
Sub-Total	1,246	1,287	1,276	1,229	1,229	1,252	1,247	1,247	1,249	1,230	1,234	1,241	1,226
Total	50,397	50,762	50,610	50,551	50,459	50,383	50,485	50,292	50,305	50,364	50,162	50,211	50,180
U.S. Navy	1	1	1	1	1	1	1	1	1	1	1	1	1
Grand Total	50,398	50,763	50,611	50,552	50,460	50,384	50,486	50,293	50,306	50,365	50,163	50,212	50,181

GPA303
14-Feb-17

GUAM POWER AUTHORITY
ACCRUED REVENUE
JANUARY 2017

RATE	NUMBER OF CUSTOMERS	KWH SALES	TOTAL REVENUE AMOUNT	TOTAL REVENUE C/KWH	BASE RATE REVENUE C/KWH	BASE RATE REVENUE AMOUNT	AVERAGE PER CUSTOMER KWH	AVERAGE PER CUSTOMER REVENUE	NON-FUEL C/KWH	NON-FUEL AMOUNT	FUEL C/KWH	FUEL AMOUNT
Month												
R Residential	43,710	39,423,550	$ 7,213,121	$ 18.30	$ 18.30	$ 7,213,121	902	$ 165	$ 9.6352	$ 3,798,529	$ 8.6613	$ 3,414,592
G Small Gen. Non Demand	4,127	6,647,367	$ 1,468,355	$ 22.09	$ 22.09	$ 1,468,355	1,611	$ 356	$ 13.4280	$ 892,607	$ 8.6613	$ 575,748
J Small Gen. Demand	994	15,535,910	$ 3,200,532	$ 20.60	$ 20.60	$ 3,200,532	15,630	$ 3,220	$ 11.9425	$ 1,855,379	$ 8.6584	$ 1,345,154
P Large General	116	26,550,140	$ 4,998,015	$ 18.82	$ 18.82	$ 4,998,015	228,881	$ 43,086	$ 10.2068	$ 2,709,931	$ 8.6180	$ 2,288,084
I Independent Power Produce	3	92,493	$ 18,807	$ 20.33	$ 20.33	$ 18,807	30,831	$ 6,269	$ 11.9604	$ 11,063	$ 8.3731	$ 7,745
H Private St. Lights	525	36,736	$ 25,546	$ 69.54	$ 69.54	$ 25,546	70	$ 49	$ 60.8778	$ 22,364	$ 8.6613	$ 3,182
Sub-Total	49,475	88,286,197	$ 16,924,376	$ 19.17	$ 19.17	$ 16,924,376	1,784	$ 342	$ 10.5225	$ 9,289,872	$ 8.6474	$ 7,634,504
Government Service:												
S Small Non Demand	684	1,079,470	$ 258,411	$ 23.94	$ 23.94	$ 258,411	1,578	$ 378	$ 15.2774	$ 164,914	$ 8.6613	$ 93,496
K Small Demand	347	7,897,069	$ 1,746,554	$ 22.12	$ 22.12	$ 1,746,554	22,758	$ 5,033	$ 13.4552	$ 1,062,565	$ 8.6613	$ 683,989
L Large	45	6,032,854	$ 1,286,951	$ 21.33	$ 21.33	$ 1,286,951	134,063	$ 28,599	$ 12.7783	$ 770,898	$ 8.5541	$ 516,054
F Street Lighting (Agencies)	211	539,658	$ 351,576	$ 65.15	$ 65.15	$ 351,576	2,558	$ 1,666	$ 56.4866	$ 304,834	$ 8.6613	$ 46,741
Sub-Total	1,287	15,549,052	$ 3,643,492	$ 23.43	$ 23.43	$ 3,643,492	12,082	$ 2,831	$ 14.8126	$ 2,303,212	$ 8.6197	$ 1,340,280
	50,762	103,835,249	$ 20,567,868	$ 19.81	$ 19.81	$ 20,567,868	2,046	$ 405	$ 11.1649	$ 11,593,084	$ 8.6433	$ 8,974,784
U.S. Navy	1	27,625,278	$ 4,519,844	$ 16.36	$ 16.36	$ 4,519,844			$ 5.8914	$ 1,627,507	$ 10.4699	$ 2,892,337
TOTAL	50,763	131,460,526	$ 25,087,712	$ 19.08	$ 19.08	$ 25,087,712	2,590	$ 494	$ 10.0567	$ 13,220,591	$ 9.0271	$ 11,867,122
Four Months Ended January 2017												
R Residential	43,419	163,722,333	$ 29,969,170	$ 18.30	$ 18.30	$ 29,969,170	3,771	$ 690	$ 9.6436	$ 15,788,688	$ 8.6613	$ 14,180,482
G Small Gen. Non Demand	4,094	27,329,122	$ 6,110,688	$ 22.36	$ 22.36	$ 6,110,688	6,675	$ 1,493	$ 13.6983	$ 3,743,631	$ 8.6613	$ 2,367,057
J Small Gen. Demand	992	63,115,400	$ 13,035,029	$ 20.65	$ 20.65	$ 13,035,029	63,598	$ 13,135	$ 11.9887	$ 7,566,695	$ 8.6640	$ 5,468,334
P Large General	115	105,729,874	$ 20,032,017	$ 18.95	$ 18.95	$ 20,032,017	916,733	$ 173,688	$ 10.2456	$ 10,832,610	$ 8.7009	$ 9,199,407
I Independent Power Produce	3	366,402	$ 73,836	$ 20.15	$ 20.15	$ 73,836	122,134	$ 24,612	$ 11.2423	$ 41,192	$ 8.9095	$ 32,644
H Private St. Lights	527	178,289	$ 106,825	$ 59.92	$ 59.92	$ 106,825	338	$ 203	$ 51.2558	$ 91,383	$ 8.6613	$ 15,442
Sub-Total	49,151	360,441,419	$ 69,327,566	$ 19.23	$ 19.23	$ 69,327,566	7,333	$ 1,410	$ 10.5604	$ 38,064,199	$ 8.6736	$ 31,263,366
Government Service:												
S Small Non Demand	689	4,521,518	$ 1,080,282	$ 23.89	$ 23.89	$ 1,080,282	6,563	$ 1,568	$ 15.2307	$ 688,659	$ 8.6613	$ 391,622
K Small Demand	344	32,884,608	$ 7,253,263	$ 22.06	$ 22.06	$ 7,253,263	95,641	$ 21,095	$ 13.3954	$ 4,405,028	$ 8.6613	$ 2,848,235
L Large	45	24,768,168	$ 5,280,268	$ 21.32	$ 21.32	$ 5,280,268	550,404	$ 117,339	$ 12.5672	$ 3,112,668	$ 8.7516	$ 2,167,600
F Street Lighting (Agencies)	168	3,428,648	$ 1,849,680	$ 53.95	$ 53.95	$ 1,849,680	20,429	$ 11,021	$ 45.2865	$ 1,552,714	$ 8.6613	$ 296,966
Sub-Total	1,246	65,602,943	$ 15,463,492	$ 23.57	$ 23.57	$ 15,463,492	52,668	$ 12,415	$ 14.8760	$ 9,759,070	$ 8.6954	$ 5,704,422
U.S. Navy	1	106,905,672	$ 16,461,272	$ 15.40	$ 15.40	$ 16,461,272			$ 6.0020	$ 6,416,446	$ 9.3960	$ 10,044,826
TOTAL	50,398	532,950,034	$ 101,252,330	$ 19.00	$ 19.00	$ 101,252,330	10,575	$ 2,009	$ 10.1773	$ 54,239,715	$ 8.8212	$ 47,012,615
Twelve Months Ended January 2017												
R Residential	43,419	494,928,207	$ 90,172,113	$ 18.22	$ 18.22	$ 90,172,113	11,399	$ 2,077	$ 9.6218	$ 47,620,992	$ 8.5974	$ 42,551,121
G Small Gen. Non Demand	4,094	82,249,047	$ 18,290,139	$ 22.24	$ 22.24	$ 18,290,139	20,089	$ 4,467	$ 13.6417	$ 11,220,194	$ 8.5958	$ 7,069,945
J Small Gen. Demand	992	190,461,589	$ 39,160,713	$ 20.56	$ 20.56	$ 39,160,713	191,917	$ 39,460	$ 11.9604	$ 22,779,959	$ 8.6006	$ 16,380,754
P Large General	115	310,970,822	$ 58,923,572	$ 18.95	$ 18.95	$ 58,923,572	2,696,279	$ 510,898	$ 10.3225	$ 32,099,864	$ 8.6258	$ 26,823,708
I Independent Power Produce	3	860,682	$ 173,903	$ 20.21	$ 20.21	$ 173,903	279,140	$ 56,401	$ 11.6067	$ 99,896	$ 8.5986	$ 74,006
H Private St. Lights	527	597,464	$ 334,056	$ 55.91	$ 55.91	$ 334,056	1,134	$ 634	$ 47.2511	$ 282,308	$ 8.6613	$ 51,748
Sub-Total	49,151	1,080,067,811	$ 207,054,497	$ 19.17	$ 19.17	$ 207,054,497	21,974	$ 4,213	$ 10.5644	$ 114,103,215	$ 8.6061	$ 92,951,282
Government Service:												
S Small Non Demand	689	13,605,825	$ 3,243,618	$ 23.84	$ 23.84	$ 3,243,618	19,750	$ 4,708	$ 15.1872	$ 2,066,345	$ 8.6527	$ 1,177,273
K Small Demand	344	95,934,096	$ 21,160,643	$ 22.06	$ 22.06	$ 21,160,643	279,013	$ 61,543	$ 13.4052	$ 12,860,201	$ 8.6522	$ 8,300,442
L Large	45	71,844,253	$ 15,306,633	$ 21.31	$ 21.31	$ 15,306,633	1,596,539	$ 340,147	$ 12.6849	$ 9,113,388	$ 8.6204	$ 6,193,245
F Street Lighting (Agencies)	168	10,982,038	$ 5,376,456	$ 48.96	$ 48.96	$ 5,376,456	65,434	$ 32,034	$ 40.2955	$ 4,425,269	$ 8.6613	$ 951,187
Sub-Total	1,246	192,366,213	$ 45,087,349	$ 23.44	$ 23.44	$ 45,087,349	154,439	$ 36,198	$ 14.7974	$ 28,465,202	$ 8.6409	$ 16,622,147
	50,397	1,272,434,024	$ 252,141,846	$ 19.82	$ 19.82	$ 252,141,846	25,248	$ 40,410	$ 11.2044	$ 142,568,417	$ 8.6113	$ 109,573,429
U.S. Navy	1	318,447,416	$ 46,686,482	$ 14.66	$ 14.66	$ 46,686,482			$ 6.1584	$ 19,611,388	$ 8.5022	$ 27,075,095
TOTAL	50,398	1,590,881,440	$ 298,828,328	$ 18.78	$ 18.78	$ 298,828,328	31,566	$ 5,929	$ 10.1943	$ 162,179,805	$ 8.5895	$ 136,648,524

GPA-318 **ENERGY ACCOUNT** **FOR INTERNAL USE ONLY**

318Jan17 **FY 2017 Versus FY 2016**

	January 2017		January 2016		Y T D 2017		Y T D 2016		MOVING TWELVE MONTHS	
Gross Generation										
Number of days in Period	**31**		**31**		**31**		**31**		**366**	
Peak demand	**234**		**233**		**252**		**251**		**258**	
Date	**01/30/17**		**01/14/16**		**10/24/16**		**10/05/15**		**07/25/16**	
	KWH	**% change**	**KWH**	**% change**	**KWH**	**% change**	**KWH**	**% change**	**KWH**	**% change**
Energy Account:										
Kilowatt hours GPA:										
Cabras 1 & 2	65,260,000		53,102,000		269,778,000		231,090,000		678,975,000	
Cabras No. 3	0		0		0		0		0	
Cabras No. 4	0		0		0		0		0	
MEC (ENRON) Piti 8 (IPP)	29,270,900		28,145,000		112,567,300		81,018,450		313,161,200	
MEC (ENRON) Piti 9 (IPP)	27,775,900		26,762,300		106,265,100		115,368,100		305,434,200	
TEMES Piti 7 (IPP)	680,918		8,530,238		1,935,294		41,630,271		57,787,177	
Tanguisson 2	0		0		0		0		0	
Tanguisson 1	0		0		0		0		0	
Diesels/CT's & Others:							0			
MDI 10MW	492,098		587,763		1,528,492		4,249,750		8,063,216	
NRG Solar Dandan	3,479,235		4,202,456		13,841,514		15,915,802		47,476,039	
Dededo CT #1	0		0		0		0		0	
Dededo CT #2	0		0		0		0		0	
Macheche CT	2,475,218		3,670,102		5,069,243		22,524,783		33,179,134	
Yigo CT (Leased)	2,354,722		3,531,708		11,964,408		26,531,009		33,838,892	
Tenjo	2,713,870		3,443,820		8,062,820		21,013,290		34,967,719	
Talofofo 10 MW	922,320		463,150		2,600,030		4,050,390		9,758,573	
Aggreko	7,460,478		5,222,710		50,563,941		5,222,710		213,433,412	
Wind Turbine*	67,778		40,846		222,645		40,846		563,078	
Orote	0		0		0		0		0	
Marbo	0		0		0		0		0	
	142,953,437		**137,702,094**		**584,398,786**		**568,655,402**		**1,736,637,639**	
Ratio to last year		103.81		97.29		102.77		**98.11**		**102.45**
Station use	5,897,398		5,819,596		23,519,469		24,180,543		64,290,715	
Ratio to gross generation		4.13		4.23		4.02		4.25		**3.70**
Net send out	137,056,039		131,882,498		560,879,316		544,474,859		1,672,346,924	
Ratio to last year		103.92		98.73		103.01		**99.02**		**103.39**
KWH deliveries:										
Sales to Navy (@34.5kv)	**27,625,278**		**26,232,862**		**106,905,673**		106,541,028		**318,447,416**	
Ratio to last year		105.31		96.84		100.34		**97.46**		**101.22**
GPA-metered	**109,430,761**		**105,649,636**		**453,973,643**		**437,933,831**		**1,353,899,508**	
Ratio to last year		103.58		99.21		103.66		**99.41**		**103.91**
Power factor adj.	0		0		0		0		0	
Adjusted	109,430,761		105,649,636		453,973,643		437,933,831		1,353,899,508	
GPA KWH Accountability:										
Sales to civilian customers-accrual basis	**103,835,249**		**99,031,401**		**426,044,362**		**409,867,636**		**1,272,434,023**	
Ratio to last year		104.85		98.96		103.95		**99.57**		**104.26**
GPA use-KWH	256,652		263,934		1,032,845		1,076,048		3,278,640	
Unaccounted For	5,338,859		6,354,301		26,896,436		26,990,147		78,186,846	
Ratio to deliveries		4.88		6.01		5.92		6.16		5.77
Ratio to Gross Generation		3.73		4.61		4.60		4.75		4.50
Ratio to Net Send Out		3.90		4.82		4.80		4.96		4.68

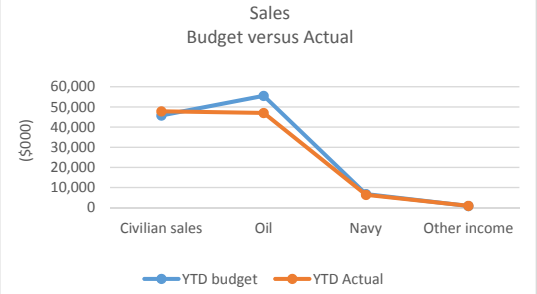
GPA-317Jan17

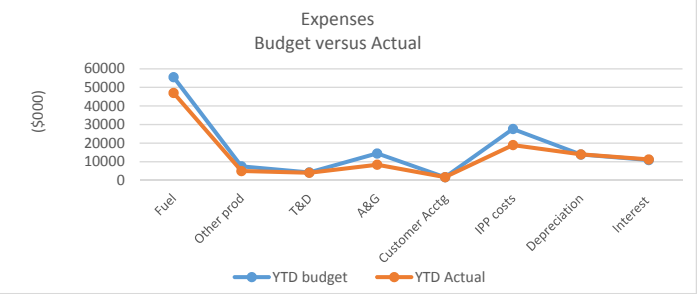
Guam Power Authority
Fuel Consumption
FY 2017

Description	January 2017 BARRELS	January 2017 AMOUNT	YEAR-TO-DATE BARRELS	YEAR-TO-DATE AMOUNT	MOVING 12 MONTHS BARREL S	MOVING 12 MONTHS AMOUNT
FUEL FURNISHED:						
NAVY:						
Diesel	0	0	0	0	0	0
Low Sulfur	0	0	0	0	0	0
	0	**0**	**0**	**0**	**0**	**0**
GPA:						
RFO	164,728	$8,723,495	643,698	$ 30,978,413	1,538,034	$ 62,025,562
Diesel	32,497	$2,286,108	154,070	$ 10,317,001	775,025	$ 46,527,614
Low Sulfur	19,128	$999,188	96,291	$ 5,014,625	403,892	$ 20,251,790
Deferred Fuel Costs	0	-$1,237,938	0	$ (3,823,170)	0	$ (6,545,621)
Fuel Adjustments	0	$0		$ -	0	$ 83,149
Fuel Handling Costs	0	$1,096,441	0	$ 4,525,918	0	$ 14,249,726
	216,354	**$11,867,294**	**894,059**	**$ 47,012,787**	**2,716,951**	**$ 136,592,219**
IWPS:						
GPA RFO	164,728	$8,723,495	643,698	$ 30,978,413	1,538,034	$ 62,025,562
Diesel	32,497	$2,286,108	154,070	$ 10,317,001	775,025	$ 46,527,614
Low Sulfur	19,128	$999,188	96,291	$ 5,014,625	403,892	$ 20,251,790
Deferred Fuel Costs	0	-$1,237,938	0	$ (3,823,170)	0	$ (6,545,621)
Fuel Variance	0	$0	0	$ -		$ 83,149
Fuel Handling Costs	0	$1,096,441	0	$ 4,525,918	0	$ 14,249,726
	216,354	**$11,867,294**	**894,059**	**$ 47,012,787**	**2,716,951**	**$ 136,592,219**
AVERAGE COST/Bbl.						
GPA RFO		**$52.96**		**$48.13**		**$40.33**
Diesel		**$70.35**		**$66.96**		**$60.03**
Low Sulfur		**$52.24**		**$52.08**		**$50.14**
AS BURNED						
Cabras 1 & 2						
RFO	98,724	$ 5,231,365	385,321	$ 18,541,573	849,117	$ 34,775,404
Low Sulfur	8,705	$ 453,348	59,531	$ 3,098,279	261,568	$ 13,121,855
Diesel	17	$ 1,049	321	$ 19,565	1,393	$ 92,633
	107,446	$ 5,685,762	445,172	$ 21,659,416	1,112,078	$ 47,989,892
Cabras 3 & 4						
RFO	0	$ -	0	$ -	0	$ -
Low Sulfur	0	$ -	0	$ -	0	$ -
Diesel	0	$ -	0	$ -	0	$ -
	0	$ -	0	$ -	0	$ -
MEC (Piti Units 8&9)						
RFO	66,005	$ 3,492,129	258,377	$ 12,436,840	688,917	$ 27,250,157
Low Sulfur	10,424	$ 545,840	36,760	$ 1,916,346	142,324	$ 7,129,935
Diesel	0	$ -	0	$ -	94	$ 14,092
	76,429	$ 4,037,969	295,137	$ 14,353,186	831,335	$ 34,394,184
Diesel & CT's - GPA:						
MDI Dsl	791	$ 49,104	2,445	$ 152,029	14,357	$ 847,611
Macheche CT	5,207	$ 359,517	10,776	$ 727,280	73,975	$ 4,107,700
Yigo CT	4,964	$ 349,622	25,599	$ 1,715,202	71,820	$ 4,471,343
Talofofo 10 MW	1,472	$ 101,191	4,151	$ 274,797	15,198	$ 920,324
Aggreko	13,588	$ 970,428	91,181	$ 6,070,664	385,407	$ 23,186,538
Tenjo	4,695	$ 328,251	13,968	$ 956,872	60,317	$ 3,691,851
TEMES (IPP)	1,729	$ 122,864	4,951	$ 336,092	148,519	$ 8,760,781
GWA Generators	35	$ 4,082	74	$ 8,764	3,340	$ 379,003
	32,481	$ 2,285,059	153,749	$ 10,297,437	773,538	$ 46,420,889
Deferred Fuel Costs	0	$ (1,237,938)		$ (3,823,170)		$ (6,545,621)
Adjustment		$ -		$ -		$ 83,149
Fuel Handling Costs	0	$ 1,096,441		$ 4,525,918		$ 14,249,726
TOTAL	**216,355**	**$ 11,867,293**	**894,059**	**$ 47,012,787**	**2,716,951**	**$ 136,592,219**

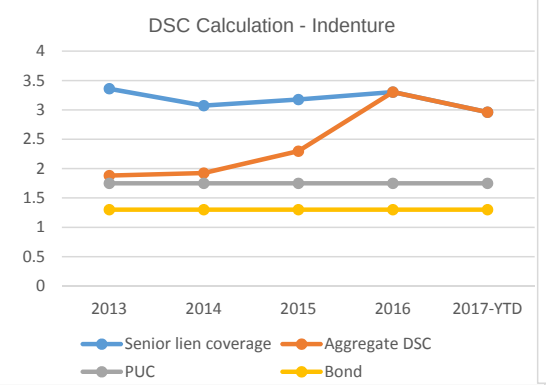
Statement of operations
Comparison-Budget versus Actual
For the month and year to date ended January 31, 2017

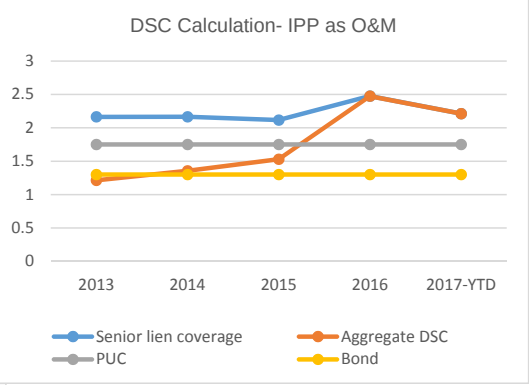
	Budget	Actual January-17	Variance	YTD Budget	YTD Actual	Variance
KwH Sales-Civilian	98,169	103,835	-5,666	402,820	426,044	-23,224
Non-fuel yield	$ 0.113759	$ 0.111648	$ 0.002111	$ 0.113594	$ 0.112249	$ 0.001345
KwH Sales-Navy	27,259	27,625	-366	110,619	106,905	3,714
Non-fuel yield	$ 0.061275	$ 0.058932	$ 0.002343	$ 0.061275	$ 0.060025	$ 0.001250
Operating revenue						
Civilian sales	11,168	11,593	-425	45,758	47,823	-2,065
Oil	16,280	11,867	4,413	55,483	47,012	8,471
Navy	1,670	1,628	42	6,778	6,417	361
Other income	217	429	-213	867	959	-93
	29,335	25,517	3,818	108,886	102,211	6,675
Bad debts expense	83	83	0	333	333	0
Total operating revenues	29,252	25,434	3,818	108,553	101,878	6,675
Operating expenses:						
Production fuel	16,280	11,867	4,413	55,483	47,013	8,471
O & M expenses:						
Other production	1,913	1,201	712	7,543	5,037	2,506
Transmission distribution	1,281	1,218	64	4,282	4,131	150
Administrative expense	3,379	2,141	1,238	14,465	8,432	6,033
Customer accounting	405	449	-43	1,371	1,418	-47
	6,979	5,009	1,971	27,660	19,019	8,642
IPP costs	1,486	1,695	-208	5,945	6,065	-120
Depreciation	3,484	3,271	213	13,935	14,016	-81
	28,230	21,841	6,388	103,023	86,113	16,911
Operating income	1,022	3,593	-2,571	5,530	15,765	-10,236
Other revenue (expenses):						
Investment income	115	92	23	461	320	142
Interest expense	(2,735)	(2,890)	155	(10,940)	(11,280)	340
AFUDC	118	319	(200)	473	1,287	(814)
Bond issuance costs/Other expenses	127	77	50	507	294	213
Net income before capital contribution	(1,353)	1,190	(2,543)	(3,969)	6,386	(10,356)
Grants from the U.S. Government	-	-	-	-	11	(11)
Increase (decrease) in net assets	(1,353)	1,190	(2,543)	(3,969)	6,398	(10,367)





Guam Power Authority Debt service coverage January 31, 2017	2013	2014	2015	2016	YTD 1/31/2017
Operating revenues					
Sales	449,029	434,462	366,185	306,896	101,252
Miscellaneous	2,927	2,156	4,775	2,294	959
Total revenues	451,956	436,618	370,960	309,190	102,211
Bad debts expense	1,223	178	959	990	333
Total operating revenues	450,733	436,440	370,001	308,200	101,878
Operating expenses					
Production fuel	295,473	271,175	204,136	146,340	47,013
Other production	22,009	19,305	20,079	15,789	5,037
Energy conversion costs	20,264	20,632	18,404	16,800	6,065
Transmission and distribution	13,368	12,950	11,170	10,721	4,131
Customer accounting	3,878	3,821	3,780	4,502	1,418
Admin and General	31,589	28,393	21,908	28,846	8,432
Total Expenses	386,581	356,276	279,477	222,998	72,097
Operating income	64,152	80,164	90,524	85,202	29,781
Interest/Other income (expenses)	720	157	256	-1,188	104
Debt service and lease payments					
IPP lease payments	23,084	23,084	26,622	20,790	6,932
Capital lease payments-Aggreko	0	0	0	0	623
2014 bonds	0	0	0	10	1,696
2012 bonds	16,309	17,455	17,096	17,098	5,729
2010 senior bonds	2,997	7,999	7,999	7,999	2,668
2010 subordinate	15,163	15,193	9,605	0	0
Total Debt service-bonds	34,469	40,647	34,700	25,106	10,092
Total Debt service and capital lease	57,553	63,731	61,322	45,896	17,647
Debt service coverage (DSC) calculation-indenture					
Senior lien coverage	3.36	3.16	3.62	3.35	2.96
Aggregate debt service coverage	1.88	1.98	2.62	3.35	2.96
Debt service coverage (DSC) calculation-IPP as O&M					
Senior lien coverage	2.16	2.25	2.56	2.52	2.21
Aggregate debt service coverage	1.21	1.41	1.85	2.52	2.21

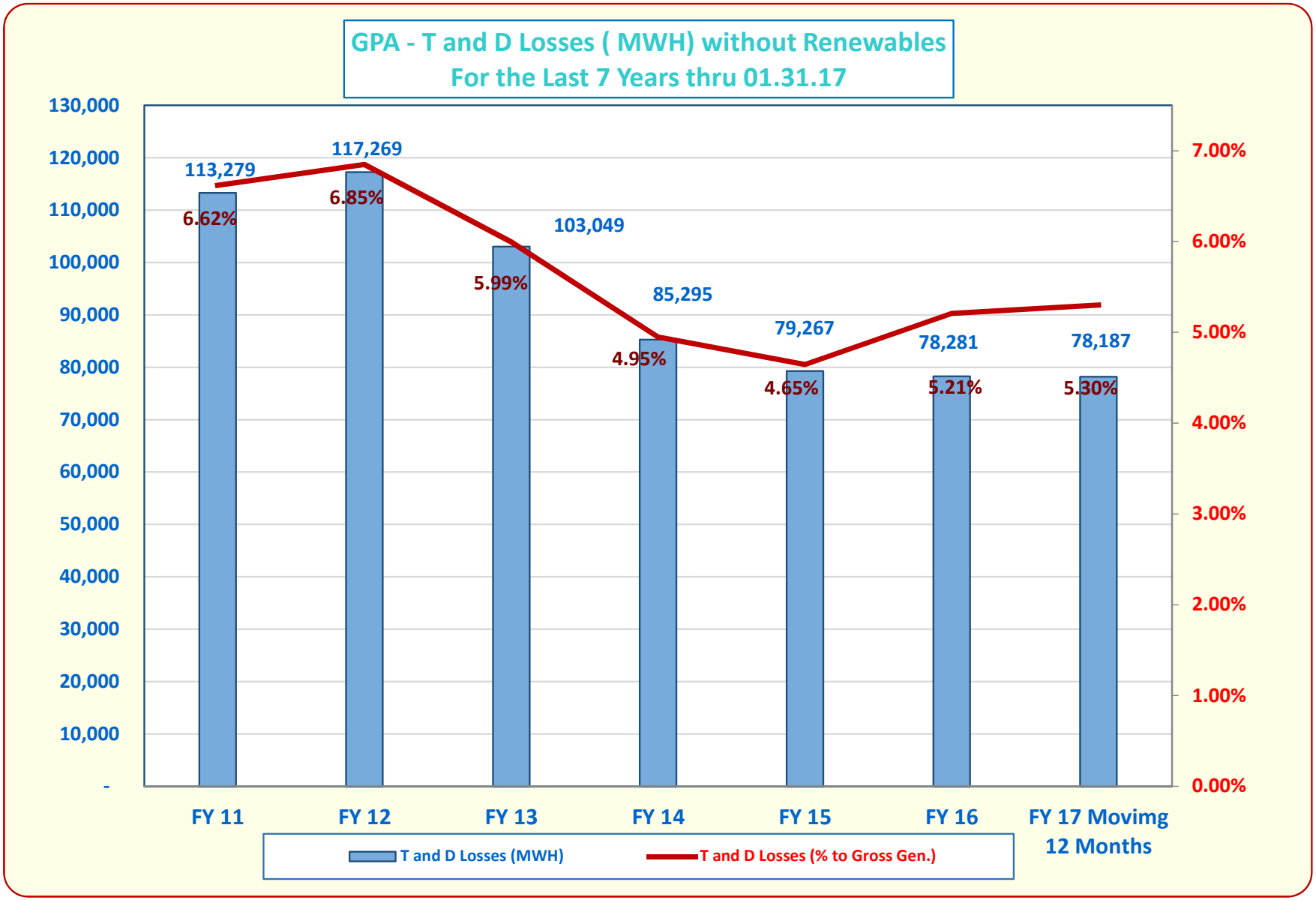


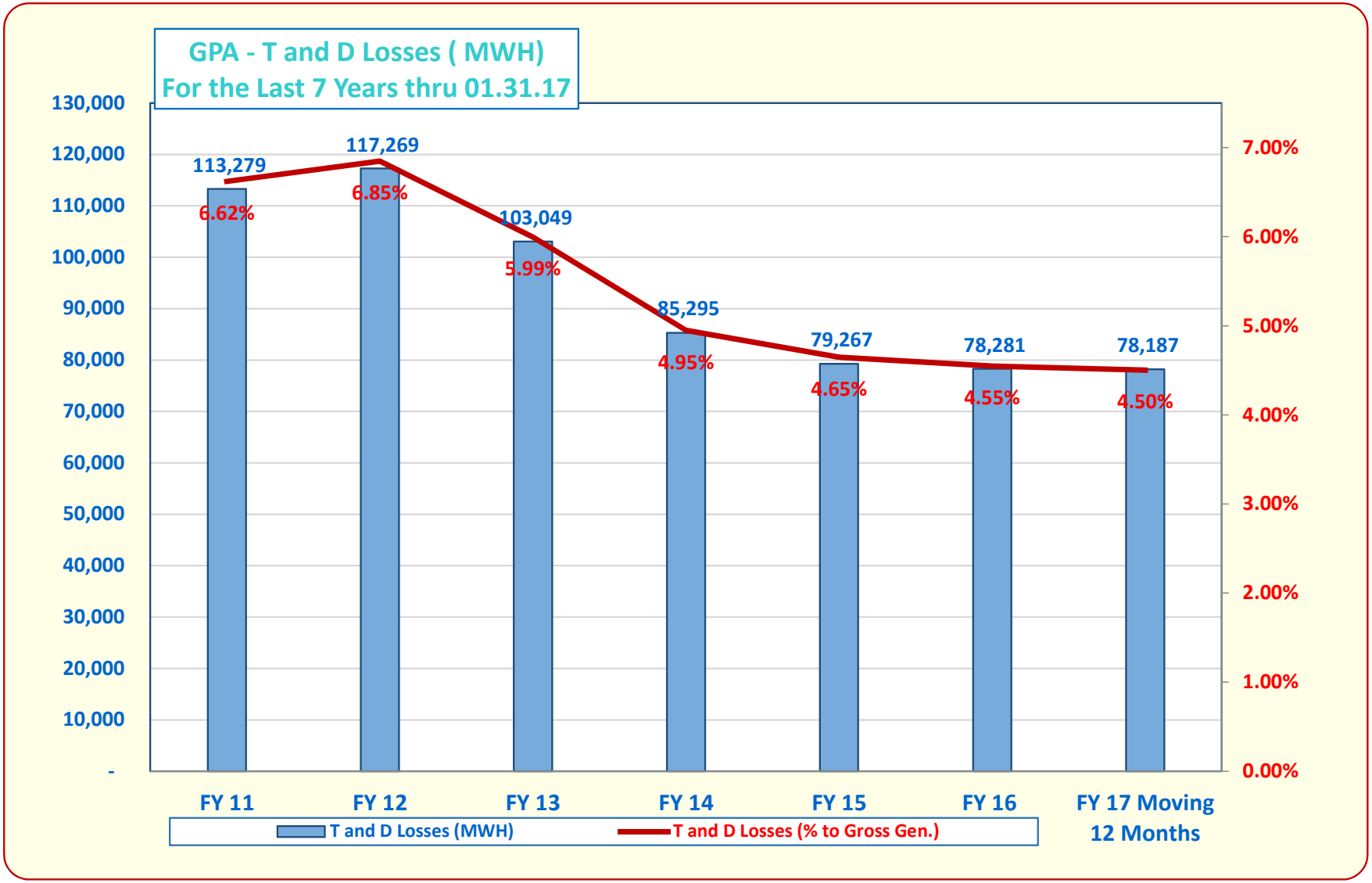


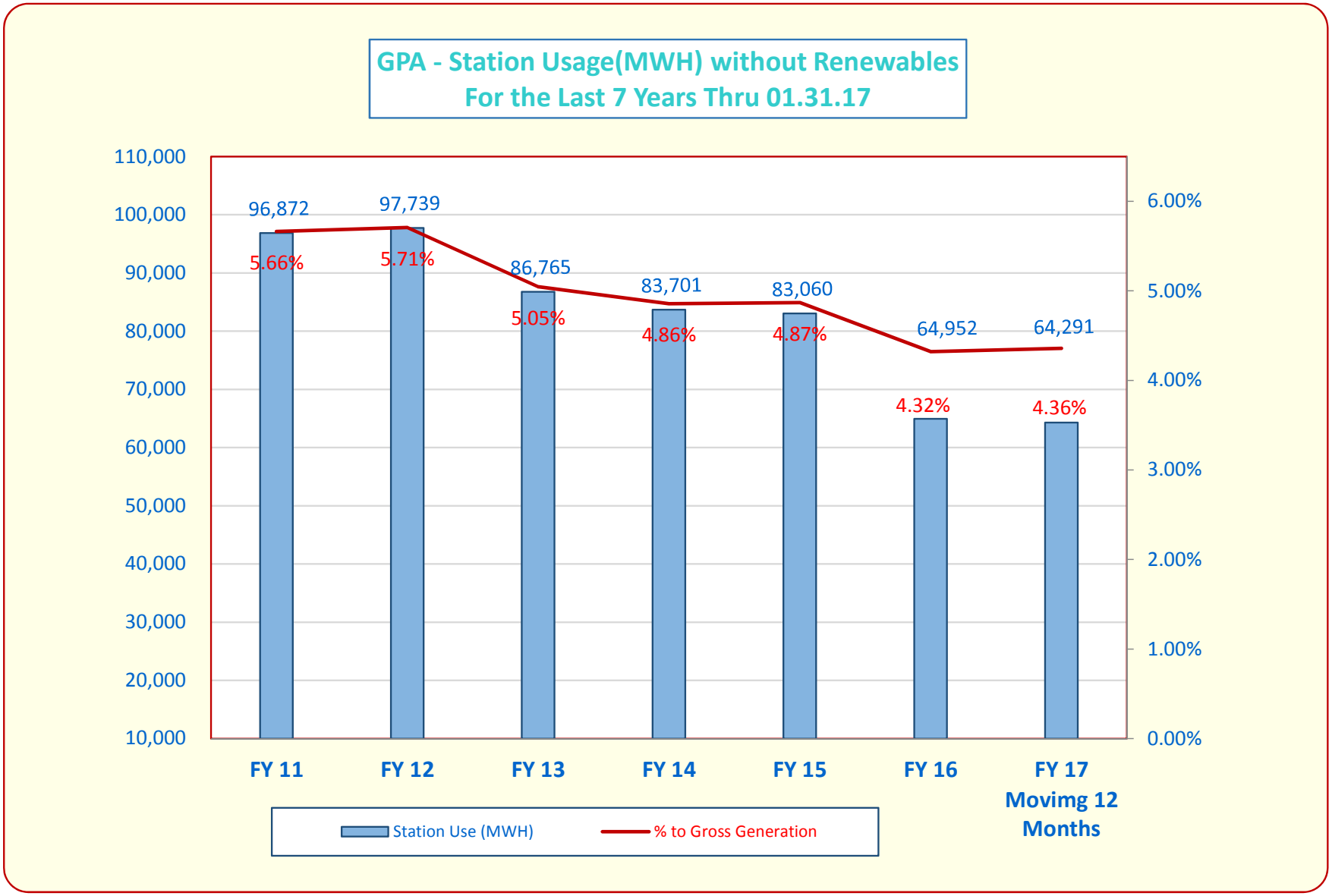
REVENUES-ACTUAL VS PROJECTIONS

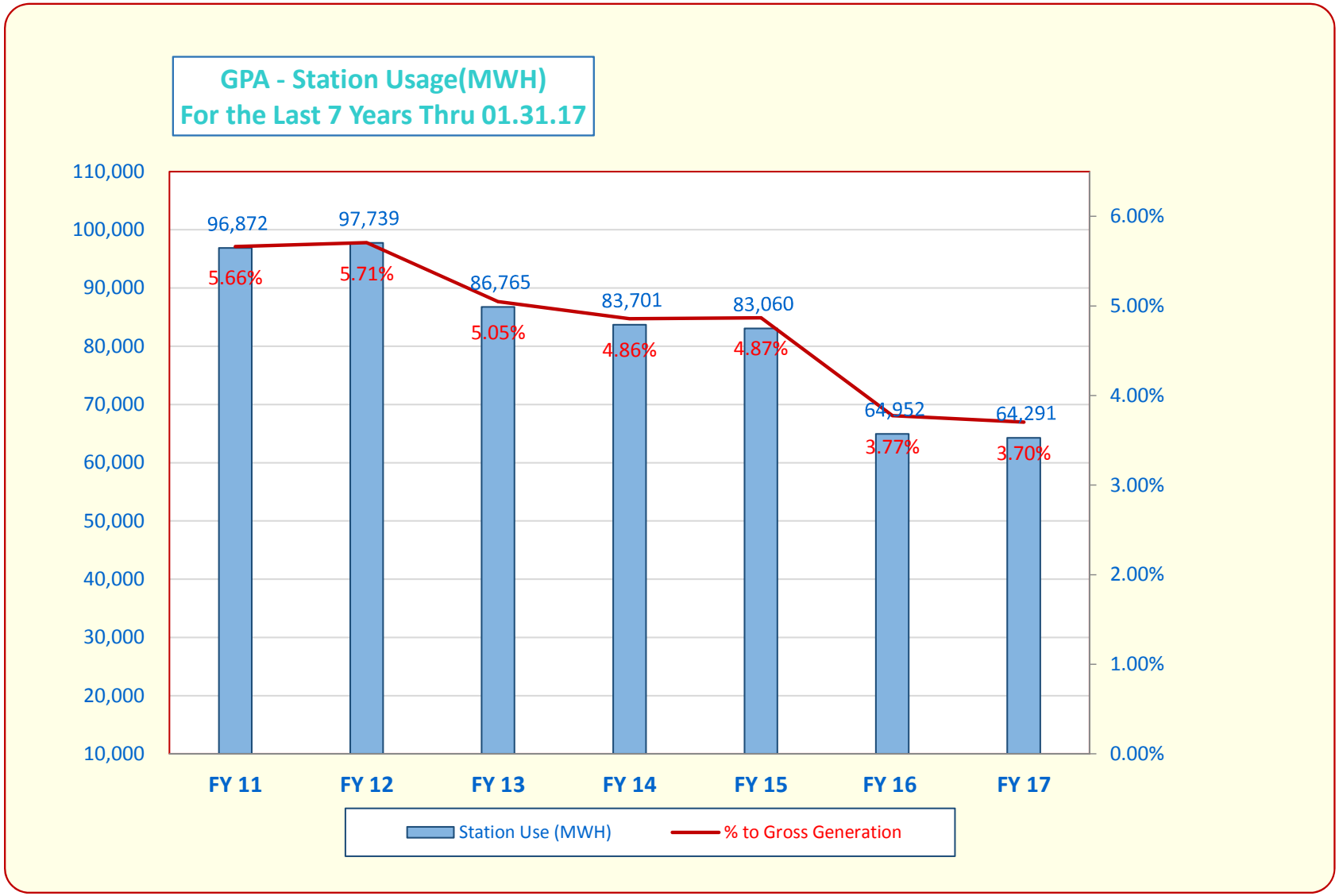
	MONTHLY - JANUARY 2017				YTD THRU 01/31/2017			
	PROJECTIONS	ACTUAL	VARIANCE	% VARIANCE	PROJECTIONS	ACTUAL	VARIANCE	% VARIANCE
KWH								
Residential	35,052,515	39,423,550	4,371,036	12.47%	147,558,526	163,722,333	16,163,807	10.95%
Small General-Non-Demand	5,486,694	6,647,367	1,160,673	21.15%	22,750,166	27,329,122	4,578,957	20.13%
Small General-Demand	16,079,235	15,535,910	(543,324)	-3.38%	65,305,293	63,115,400	(2,189,892)	-3.35%
Large	26,094,966	26,550,140	455,175	1.74%	105,753,408	105,729,874	(23,535)	-0.02%
Independent Power Producers	31,895	92,493	60,598	189.99%	179,218	366,402	187,184	104.44%
Private St. Lites	52,765	36,736	(16,029)	-30.38%	209,545	178,289	(31,256)	-14.92%
Sub-total	**82,798,069**	**88,286,197**	**5,488,128**	**6.63%**	**341,756,155**	**360,441,419**	**18,685,264**	**5.47%**
Government								
Small_Non Demand	1,129,052	1,079,470	(49,582)	-4.39%	4,598,016	4,521,518	(76,499)	-1.66%
Small-Demand	7,959,298	7,897,069	(62,229)	-0.78%	31,282,403	32,884,608	1,602,205	5.12%
Large	5,372,881	6,032,854	659,973	12.28%	21,355,541	24,768,168	3,412,628	15.98%
Public St. Lites	909,868	539,658	(370,210)	-40.69%	3,828,282	3,428,648	(399,634)	-10.44%
Sub-total	**15,371,100**	**15,549,052**	**177,952**	**1.16%**	**61,064,242**	**65,602,943**	**4,538,701**	**7.43%**
Total-Civilian	**98,169,168**	**103,835,249**	**5,666,080**	**5.77%**	**402,820,397**	**426,044,362**	**23,223,965**	**5.77%**
USN	27,259,155	27,625,278	366,123	1.34%	110,619,206	106,905,672	(3,713,534)	-3.36%
Grand Total	**125,428,323**	**131,460,526**	**6,032,203**	**4.81%**	**513,439,602**	**532,950,034**	**19,510,431**	**3.80%**
					-	-		
Non-Oil Yield								
Residential	0.096854	0.096352	(0.000502)	-0.52%	0.096854	0.096436	(0.000418)	-0.43%
Small General-Non-Demand	0.139795	0.134280	(0.005515)	-3.95%	0.139795	0.136983	(0.002811)	-2.01%
Small General-Demand	0.119750	0.119425	(0.000325)	-0.27%	0.119750	0.119887	0.000137	0.11%
Large	0.106324	0.102068	(0.004255)	-4.00%	0.106324	0.102456	(0.003868)	-3.64%
Independent Power Producers	0.124400	0.119604	(0.004797)	0.00%	0.124400	0.112423	(0.011977)	0.00%
Private St. Lites	0.461908	0.608778	0.146870	31.80%	0.461908	0.512558	0.050650	10.97%
Sub-total	**0.107374**	**0.105225**	**(0.002149)**	**-2.00%**	**0.107256**	**0.105604**	**(0.001652)**	**-1.54%**
Government					-			
Small_Non Demand	0.152742	0.152774	0.000032	0.02%	0.152742	0.152307	(0.000435)	-0.28%
Small-Demand	0.133985	0.134552	0.000567	0.42%	0.133985	0.133954	(0.000030)	-0.02%
Large	0.128378	0.127783	(0.000595)	-0.46%	0.128378	0.125672	(0.002706)	-2.11%
Public St. Lites	0.383229	0.564866	0.181636	47.40%	0.292147	0.452865	0.160717	55.01%
Sub-total	**0.148156**	**0.148126**	**(0.000031)**	**-0.02%**	**0.143352**	**0.148760**	**0.005408**	**3.77%**
Total-Civilian	**0.113759**	**0.111649**	**(0.002110)**	**-1.86%**	**0.112728**	**0.112250**	**(0.000479)**	**-0.42%**
USN	0.061275	0.058914	(0.002362)	-3.85%	0.061275	0.060020	(0.001256)	-2.05%
Grand Total	**0.102353**	**0.100567**	**(0.001786)**	**-1.74%**	**0.101643**	**0.101773**	**0.000130**	**0.13%**
Non-Oil Revenues								
Residential	3,394,979	3,798,529	403,550	11.89%	14,291,645	15,788,688	1,497,043	10.47%
Small General-Non-Demand	767,011	892,607	125,596	16.37%	3,180,352	3,743,631	563,278	17.71%
Small General-Demand	1,925,486	1,855,379	(70,107)	-3.64%	7,820,299	7,566,695	(253,604)	-3.24%
Large	2,774,511	2,709,931	(64,580)	-2.33%	11,244,085	10,832,610	(411,475)	-3.66%
Independent Power Producers	3,968	11,063	7,095	178.81%	22,295	41,192	18,897	84.76%
Private St. Lites	24,372	22,364	(2,008)	-8.24%	96,790	91,383	(5,407)	-5.59%
Sub-total	**8,890,327**	**9,289,872**	**399,545**	**4.49%**	**36,655,466**	**38,064,199**	**1,408,733**	**3.84%**
Government								
Small_Non Demand	172,454	164,914	(7,539)	-4.37%	702,310	688,659	(13,651)	-1.94%
Small-Demand	1,066,423	1,062,565	(3,858)	-0.36%	4,191,358	4,405,028	213,670	5.10%
Large	689,762	770,898	81,136	11.76%	2,741,591	3,112,668	371,077	13.54%
Public St. Lites	348,688	304,834	(43,854)	-12.58%	1,118,422	1,552,714	434,292	38.83%
Sub-total	**2,277,327**	**2,303,212**	**25,885**	**1.14%**	**8,753,681**	**9,759,070**	**1,005,388**	**11.49%**
Total-Civilian	**11,167,654**	**11,593,084**	**425,430**	**3.81%**	**45,409,147**	**47,823,269**	**2,414,122**	**5.32%**
USN	1,670,315	1,627,507	(42,808)	-2.56%	6,778,235	6,416,446	(361,789)	-5.34%
Grand Total	**12,837,969**	**13,220,591**	**382,622**	**2.98%**	**52,187,382**	**54,239,715**	**2,052,333**	**3.93%**
% of Total Revenues	44.09%	52.70%			43.92%	53.57%		
Oil Revenues								
Residential	4,549,750	3,414,592	(1,135,158)	-24.95%	19,152,818	14,180,482	(4,972,336)	-25.96%
Small General-Non-Demand	712,163	575,748	(136,414)	-19.15%	2,952,929	2,367,057	(585,871)	-19.84%
Small General-Demand	2,087,054	1,345,154	(741,901)	-35.55%	8,476,504	5,468,334	(3,008,170)	-35.49%
Large	3,387,077	2,288,084	(1,098,993)	-32.45%	13,726,593	9,199,407	(4,527,186)	-32.98%
Independent Power Producers	4,140	7,745	3,605	87.07%	23,520	32,644	9,124	38.79%
Private St. Lites	6,849	3,182	(3,667)	-53.54%	26,940	15,442	(11,498)	-42.68%
Sub-total	**10,747,033**	**7,634,504**	**(3,112,529)**	**-28.96%**	**44,359,304**	**31,263,366**	**(13,095,937)**	**-29.52%**
Government								
Small_Non Demand	146,549	93,496	(53,053)	-36.20%	596,814	391,622	(205,192)	-34.38%
Small-Demand	1,033,102	683,989	(349,113)	-33.79%	4,060,397	2,848,235	(1,212,162)	-29.85%
Large	697,390	516,054	(181,336)	-26.00%	2,771,909	2,167,600	(604,309)	-21.80%
Public St. Lites	118,099	46,741	(71,358)	-60.42%	496,904	296,966	(199,938)	-40.24%
Sub-total	**1,995,140**	**1,340,280**	**(654,860)**	**-32.82%**	**7,926,023**	**5,704,422**	**(2,221,601)**	**-28.03%**
Total-Civilian	**12,742,173**	**8,974,784**	**(3,767,388)**	**-29.57%**	**52,285,327**	**36,967,789**	**(15,317,538)**	**-29.30%**
USN	3,538,187	2,892,337	(645,849)	-18.25%	14,358,164	10,044,826	(4,313,338)	-30.04%
Grand Total	**16,280,360**	**11,867,122**	**(4,413,238)**	**-27.11%**	**66,643,491**	**47,012,615**	**(19,630,876)**	**-29.46%**
% of Total Revenues	55.91%	47.30%			56.08%	46.43%		
Grand Total								
Residential	7,944,729	7,213,121	(731,609)	-9.21%	33,444,463	29,969,170	(3,475,293)	-10.39%
Small General-Non-Demand	1,479,173	1,468,355	(10,818)	-0.73%	6,133,281	6,110,688	(22,593)	-0.37%
Small General-Demand	4,012,540	3,200,532	(812,008)	-20.24%	16,296,803	13,035,029	(3,261,774)	-20.01%
Large	6,161,588	4,998,015	(1,163,573)	-18.88%	24,970,677	20,032,017	(4,938,661)	-19.78%
Independent Power Producers	8,108	18,807	10,699	131.96%	45,815	73,836	28,021	61.16%
Private St. Lites	31,221	25,546	(5,675)	-18.18%	123,730	106,825	(16,905)	-13.66%
Sub-total	**19,637,360**	**16,924,376**	**(2,712,984)**	**-13.82%**	**81,014,770**	**69,327,566**	**(11,687,204)**	**-14.43%**
Government					-			
Small_Non Demand	319,003	258,411	(60,592)	-18.99%	1,299,124	1,080,282	(218,843)	-16.85%
Small-Demand	2,099,525	1,746,554	(352,971)	-16.81%	8,251,755	7,253,263	(998,492)	-12.10%
Large	1,387,152	1,286,951	(100,200)	-7.22%	5,513,500	5,280,268	(233,232)	-4.23%
Public St. Lites	466,787	351,576	(115,211)	-24.68%	1,615,326	1,849,680	234,354	14.51%
Sub-total	**4,272,467**	**3,643,492**	**(628,975)**	**-14.72%**	**16,679,705**	**15,463,492**	**(1,216,213)**	**-7.29%**
Total-Civilian	**23,909,826**	**20,567,868**	**(3,341,958)**	**-13.98%**	**97,694,474**	**84,791,058**	**(12,903,417)**	**-13.21%**
USN	5,208,502	4,519,844	(688,658)	-13.22%	21,136,399	16,461,272	(4,675,127)	-22.12%
Grand Total	**29,118,329**	**25,087,712**	**(4,030,616)**	**-13.84%**	**118,830,873**	**101,252,330**	**(17,578,543)**	**-14.79%**
	-	-	-					

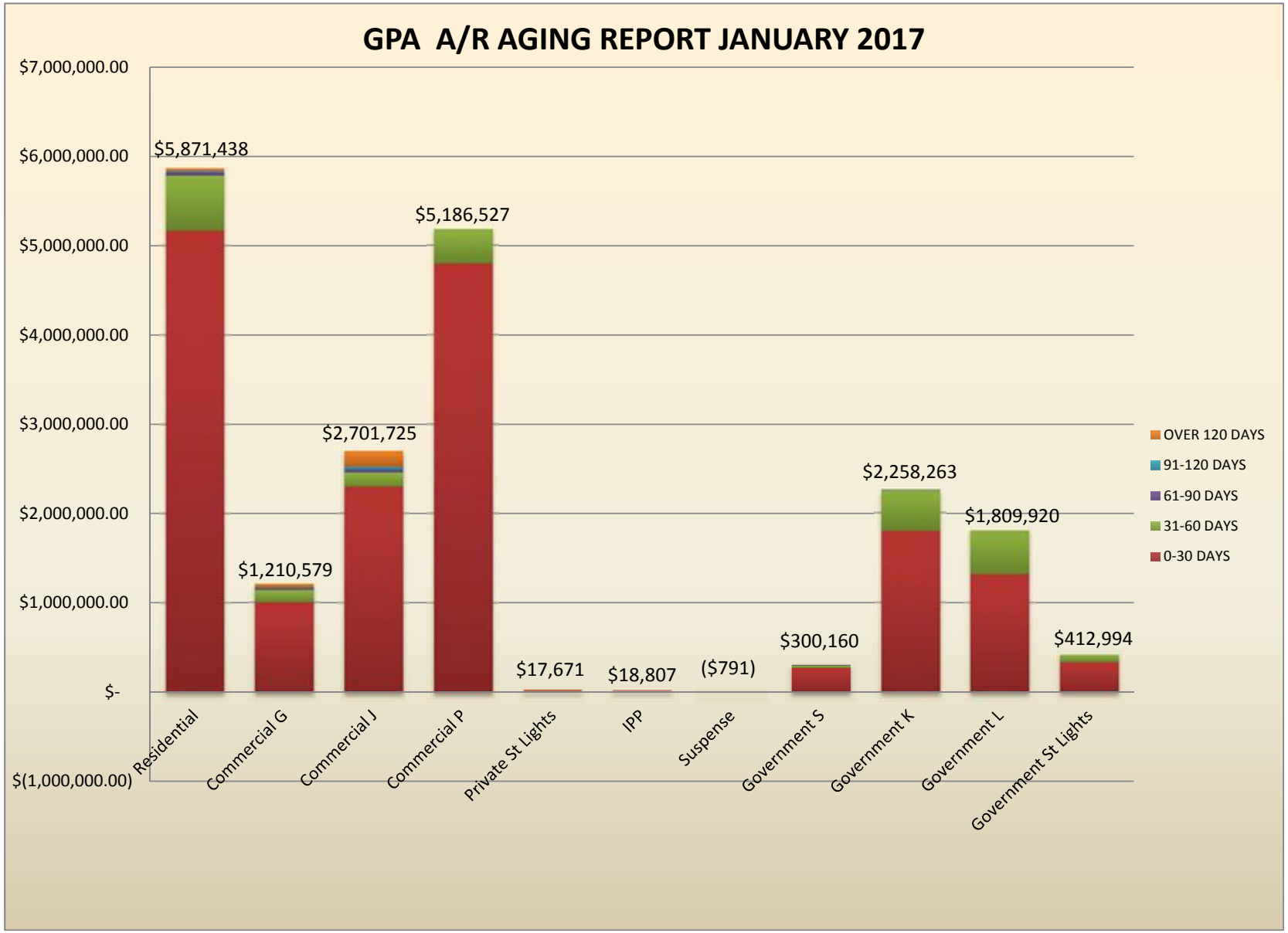
	YTD REVENUES - CURRENT YEAR VS PRIOR YEAR				MTD REVENUES - CURRENT YEAR VS PRIOR YEAR			
	ACTUALS - 4 MONTHS ENDED JANUARY 31				ACTUALS - MONTH ENDED JANUARY 31			
	2017	2016	VARIANCE	% VARIANCE	2017	2016	VARIANCE	% VARIANCE
KWH								
Residential	163,722,333	155,816,686	7,905,647	5.07%	39,423,550	36,377,830	3,045,720	8.37%
Small General-Non-Demand	27,329,122	25,364,142	1,964,980	7.75%	6,647,367	6,251,920	395,447	6.33%
Small General-Demand	63,115,400	63,240,936	(125,536)	-0.20%	15,535,910	15,330,440	205,470	1.34%
Large	105,729,874	103,593,929	2,135,945	2.06%	26,550,140	25,642,537	907,603	3.54%
Independent Power Producers	366,402	273,600	92,802	33.92%	92,493	61,452	31,041	50.51%
Private St. Lites	178,289	210,569	(32,280)	-15.33%	36,736	52,626	(15,891)	-30.20%
Sub-total	**360,441,419**	**348,499,862**	**11,941,557**	**3.43%**	**88,286,197**	**83,716,806**	**4,569,391**	**5.46%**
Government								
Small_Non Demand	4,521,518	4,343,957	177,561	4.09%	1,079,470	1,060,412	19,058	1.80%
Small-Demand	32,884,608	30,253,507	2,631,101	8.70%	7,897,069	7,644,625	252,444	3.30%
Large	24,768,168	22,979,019	1,789,149	7.79%	6,032,854	5,708,837	324,017	5.68%
Public St. Lites	3,428,648	3,791,291	(362,642)	-9.57%	539,658	900,721	(361,063)	-40.09%
Sub-total	**65,602,943**	**61,367,774**	**4,235,169**	**6.90%**	**15,549,052**	**15,314,595**	**234,456**	**1.53%**
Total-Civilian	**426,044,362**	**409,867,636**	**16,176,726**	**3.95%**	**103,835,249**	**99,031,401**	**4,803,847**	**4.85%**
USN	106,905,672	106,541,028	364,644	0.34%	27,625,278	26,232,862	1,392,416	5.31%
Grand Total	**532,950,034**	**516,408,664**	**16,541,369**	**3.20%**	**131,460,526**	**125,264,263**	**6,196,263**	**4.95%**
Non-Oil Yield								
Residential	0.096436	0.096401	0.000035	0.04%	0.096352	0.097019	-0.000667	-0.69%
Small General-Non-Demand	0.136983	0.136859	0.000124	0.09%	0.134280	0.137388	-0.003108	-2.26%
Small General-Demand	0.119887	0.119341	0.000545	0.46%	0.119425	0.119842	-0.000417	-0.35%
Large	0.102456	0.103871	-0.001415	-1.36%	0.102068	0.103335	-0.001266	-1.23%
Independent Power Producers	0.000000	0.116566	-0.116566	-100.00%	0.119604	0.107200	0.012404	11.57%
Private St. Lites	0.512558	0.451890	0.060668	13.43%	0.608778	0.454606	0.154172	33.91%
Sub-total	**0.105604**	**0.105960**	**-0.000355**	**-0.34%**	**0.105225**	**0.106380**	**-0.001155**	**-1.09%**
Government								
Small_Non Demand	0.152307	0.153507	-0.001200	-0.78%	0.152774	0.153636	-0.000862	-0.56%
Small-Demand	0.133954	0.137120	-0.003166	-2.31%	0.134552	0.136049	-0.001497	-1.10%
Large	0.125672	0.129400	-0.003728	-2.88%	0.127783	0.129899	-0.002116	-1.63%
Public St. Lites	0.452865	0.381635	0.071230	18.66%	0.564866	0.398382	0.166483	41.79%
Sub-total	**0.148760**	**0.150495**	**-0.001736**	**-1.15%**	**0.148126**	**0.150403**	**-0.002277**	**-1.51%**
Total-Civilian	**0.112250**	**0.112628**	**-0.000378**	**-0.34%**	**0.111649**	**0.113188**	**-0.001539**	**-1.36%**
USN	0.060020	0.060580	-0.000561	-0.93%	0.058914	0.057703	0.001211	2.10%
Grand Total	**0.101773**	**0.101890**	**-0.000117**	**-0.11%**	**0.100567**	**0.101568**	**-0.001001**	**-0.99%**
Non-Oil Revenues								
Residential	15,788,688	15,020,917	767,771	5.11%	3,798,529	3,529,323	269,206	7.63%
Small General-Non-Demand	3,743,631	3,471,313	272,318	7.84%	892,607	858,936	33,671	3.92%
Small General-Demand	7,566,695	7,547,249	19,446	0.26%	1,855,379	1,837,235	18,144	0.99%
Large	10,832,610	10,760,354	72,256	0.67%	2,709,931	2,649,768	60,163	2.27%
Independent Power Producers	41,192	31,892	9,300	29.16%	11,063	6,588	4,475	67.93%
Private St. Lites	91,383	95,154	(3,771)	-3.96%	22,364	23,924	(1,560)	-6.52%
Sub-total	**38,064,199**	**36,926,879**	**1,137,320**	**3.08%**	**9,289,872**	**8,905,773**	**384,099**	**4.31%**
Government								
Small_Non Demand	688,659	666,828	21,831	3.27%	164,914	162,917	1,997	1.23%
Small-Demand	4,405,028	4,148,364	256,664	6.19%	1,062,565	1,040,040	22,525	2.17%
Large	3,112,668	2,973,482	139,186	4.68%	770,898	741,572	29,326	3.95%
Public St. Lites	1,552,714	1,446,890	105,824	7.31%	304,834	358,831	(53,997)	-15.05%
Sub-total	**9,759,070**	**9,235,564**	**523,506**	**5.67%**	**2,303,212**	**2,303,360**	**(148)**	**-0.01%**
Total-Civilian	**47,823,269**	**46,162,443**	**1,660,826**	**3.60%**	**11,593,084**	**11,209,133**	**383,951**	**3.43%**
USN	6,416,446	6,454,291	(37,845)	-0.59%	1,627,507	1,513,707	113,800	7.52%
Grand Total	**54,239,715**	**52,616,734**	**1,622,981**	**3.08%**	**13,220,591**	**12,722,840**	**497,750**	**3.91%**
% of Total Revenues								
Oil Revenues								
Residential	14,180,482	16,833,500	(2,653,017)	-15.76%	3,414,592	3,930,043	(515,451)	-13.12%
Small General-Non-Demand	2,367,057	2,740,190	(373,132)	-13.62%	575,748	675,420	(99,672)	-14.76%
Small General-Demand	5,468,334	6,829,025	(1,360,691)	-19.93%	1,345,154	1,655,279	(310,125)	-18.74%
Large	9,199,407	11,135,375	(1,935,968)	-17.39%	2,288,084	2,756,081	(467,997)	-16.98%
Independent Power Producers	32,644	28,508	4,137	14.51%	7,745	6,403	1,341	20.94%
Private St. Lites	15,442	22,749	(7,306)	-32.12%	3,182	5,685	(2,504)	-44.04%
Sub-total	**31,263,366**	**37,589,345**	**(6,325,979)**	**-16.83%**	**7,634,504**	**9,028,911**	**(1,394,407)**	**-15.44%**
Government								
Small_Non Demand	391,622	469,295	(77,673)	-16.55%	93,496	114,561	(21,064)	-18.39%
Small-Demand	2,848,235	3,268,407	(420,173)	-12.86%	683,989	825,879	(141,891)	-17.18%
Large	2,167,600	2,453,471	(285,871)	-11.65%	516,054	609,155	(93,102)	-15.28%
Public St. Lites	296,966	409,588	(112,623)	-27.50%	46,741	97,309	(50,567)	-51.97%
Sub-total	**5,704,422**	**6,600,761**	**(896,339)**	**-13.58%**	**1,340,280**	**1,646,904**	**(306,624)**	**-18.62%**
Total-Civilian	**36,967,789**	**44,190,107**	**(7,222,318)**	**-16.34%**	**8,974,784**	**10,675,815**	**(1,701,031)**	**-15.93%**
USN	10,044,826	12,513,913	(2,469,087)	-19.73%	2,892,337	2,958,586	(66,248)	-2.24%
Grand Total	**47,012,615**	**56,704,019**	**(9,691,404)**	**-17.09%**	**11,867,122**	**13,634,401**	**(1,767,279)**	**-12.96%**
% of Total Revenues								
Grand Total								
Residential	29,969,170	31,854,417	(1,885,246)	-5.92%	7,213,121	7,459,365	(246,245)	-3.30%
Small General-Non-Demand	6,110,688	6,211,503	(100,815)	-1.62%	1,468,355	1,534,356	(66,000)	-4.30%
Small General-Demand	13,035,029	14,376,274	(1,341,245)	-9.33%	3,200,532	3,492,514	(291,981)	-8.36%
Large	20,032,017	21,895,729	(1,863,712)	-8.51%	4,998,015	5,405,849	(407,834)	-7.54%
Independent Power Producers	73,836	60,400	13,436	22.25%	18,807	12,991	5,816	44.77%
Private St. Lites	106,825	117,902	(11,077)	-9.40%	25,546	29,610	(4,064)	-13.73%
Sub-total	**69,327,566**	**74,516,224**	**(5,188,659)**	**-6.96%**	**16,924,376**	**17,934,685**	**(1,010,308)**	**-5.63%**
Government								
Small_Non Demand	1,080,282	1,136,123	(55,841)	-4.92%	258,411	277,478	(19,067)	-6.87%
Small-Demand	7,253,263	7,416,771	(163,508)	-2.20%	1,746,554	1,865,919	(119,366)	-6.40%
Large	5,280,268	5,426,953	(146,684)	-2.70%	1,286,951	1,350,727	(63,776)	-4.72%
Public St. Lites	1,849,680	1,856,478	(6,799)	-0.37%	351,576	456,140	(104,564)	-22.92%
Sub-total	**15,463,492**	**15,836,325**	**(372,833)**	**-2.35%**	**3,643,492**	**3,950,264**	**(306,772)**	**-7.77%**
Total-Civilian	**84,791,058**	**90,352,549**	**(5,561,492)**	**-6.16%**	**20,567,868**	**21,884,949**	**(1,317,080)**	**-6.02%**
USN	16,461,272	18,968,204	(2,506,931)	-13.22%	4,519,844	4,472,293	47,552	1.06%
Grand Total	**101,252,330**	**109,320,753**	**(8,068,423)**	**-7.38%**	**25,087,712**	**26,357,241**	**(1,269,529)**	**-4.82%**
	-	-						


GPA - T and D Losses (MWH) without Renewables
For the Last 7 Years thru 01.31.17
130,000
120,000
110,000
100,000
90,000
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
-
7.00%
6.00%
5.00%
4.00%
3.00%
2.00%
1.00%
0.00%
113,279
6.62%
117,269
6.85%
103,049
5.99%
85,295
4.95%
79,267
4.65%
78,281
5.21%
78,187
5.30%
FY 11
FY 12
FY 13
FY 14
FY 15
FY 16
FY 17 Movimg 12 Months
T and D Losses (MWH)
T and D Losses (% to Gross Gen.)


GPA - T and D Losses (MWH)
For the Last 7 Years thru 01.31.17
130,000
120,000
110,000
100,000
90,000
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
-
7.00%
6.00%
5.00%
4.00%
3.00%
2.00%
1.00%
0.00%
113,279
6.62%
117,269
6.85%
103,049
5.99%
85,295
4.95%
79,267
4.65%
78,281
4.55%
78,187
4.50%
FY 11
FY 12
FY 13
FY 14
FY 15
FY 16
FY 17 Moving 12 Months
T and D Losses (MWH)
T and D Losses (% to Gross Gen.)


GPA - Station Usage(MWH) without Renewables
For the Last 7 Years Thru 01.31.17
110,000
100,000
90,000
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
6.00%
5.00%
4.00%
3.00%
2.00%
1.00%
0.00%
96,872
97,739
86,765
83,701
83,060
64,952
64,291
5.66%
5.71%
5.05%
4.86%
4.87%
4.32%
4.36%
FY 11
FY 12
FY 13
FY 14
FY 15
FY 16
FY 17
Movimg 12
Months
Station Use (MWH)
% to Gross Generation


GPA - Station Usage(MWH)
For the Last 7 Years Thru 01.31.17
110,000
100,000
90,000
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
6.00%
5.00%
4.00%
3.00%
2.00%
1.00%
0.00%
96,872
97,739
86,765
83,701
83,060
64,952
64,291
5.66%
5.71%
5.05%
4.86%
4.87%
3.77%
3.70%
FY 11
FY 12
FY 13
FY 14
FY 15
FY 16
FY 17
Station Use (MWH)
% to Gross Generation


GPA A/R AGING REPORT JANUARY 2017
$7,000,000.00
$6,000,000.00
$5,000,000.00
$4,000,000.00
$3,000,000.00
$2,000,000.00
$1,000,000.00
$-
$(1,000,000.00)
$5,871,438
$1,210,579
$2,701,725
$5,186,527
$17,671
$18,807
($791)
$300,160
$2,258,263
$1,809,920
$412,994
Residential
Commercial G
Commercial J
Commercial P
Private St Lights
IPP
Suspense
Government S
Government K
Government L
Government St Lights
OVER 120 DAYS
91-120 DAYS
61-90 DAYS
31-60 DAYS
0-30 DAYS

CONSOLIDATED
COMMISSION ON UTILITIES
Guam Power Authority • Guam Waterworks Authority
P.O.BOX 2977 • Agana,Guam 96932

GUAM CONSOLIDATED COMMISSION ON UTILITIES

GPA RESOLUTION 2017-08

GWA RESOLUTION 25-FY2017

RELATIVE TO THE CONSOLIDATED COMMISSION ON UTILITIES EXPRESSING TO CONGRESS ITS SUPPORT OF TAX EXEMPT MUNICIPAL BONDS

WHEREAS, Congress is considering changes to the tax exempt municipal bonds program, and the Consolidated Commission on Utilities desires to advise Congress that it supports the tax exempt municipal bond program for both Guam Power Authority and Guam Waterworks Authority; and

WHEREAS, both the American Public Power Association (APPA) and the American Water Works Association (AWWA) have requested that their member organizations ask house members in their congressional delegation to join in signing a letter in support of municipal bonds; and

WHEREAS, the CCU strongly supports these congressional efforts to ensure the tax exempt municipal bond program continues to allow for public financing by GPA and GWA; and

NOW, THEREFORE BE IT RESOLVED, the following policy is adopted by the Consolidated Commission on Utilities;

1. The Chairman of the Consolidated Commission on Utilities is authorized to send a letter to Congresswoman Bordallo requesting that a letter be send in support of the municipal bond program to the House Municipal Finance Caucus.

RESOLVED, that the Chairman certifies and the Board Secretary attests to the adoption of this Resolution.

DULY AND REGULARLY ADOPTED AND APPROVED THIS 21st DAY OF MARCH 2017.

Certified by:	Attested by:
_____	_____
JOSEPH T. DUENAS Chairperson Consolidated Commission on Utilities	**J. GEORGE BAMBA** Secretary Consolidated Commission on Utilities

I, J. George Bamba, Secretary for the Consolidated Commission on Utilities (CCU), as evidenced by my signature above do certify as follows:

The foregoing is a full, true, and accurate copy of the resolution duly adopted at a regular meeting of the members of Guam Consolidated Commission on Utilities, duly and legally held at a place properly noticed and advertised at which meeting a quorum was present and the members who were present voted as follows:

Ayes: _____

Nays: _____

Absent: _____

Abstain: _____

GUAM POWER AUTHORITY
ATURIDÅT ILEKTRESEDÅT GUAHAN
P.O.BOX 2977 • AGANA, GUAM U.S.A. 96932-2977

Issues for Decision

Resolution No. 2017-08
Resolution No. 25-FY2017:

Relative to Support of Tax Exempt Bonds

What is the project's objective? Is it necessary and urgent?

Congress is considering changes to the tax exempt municipal bonds program, and the Consolidated Commission on Utilities desires to advise Congress that it supports the tax exempt municipal bond program for both Guam Power Authority and Guam Waterworks Authority.

Both the American Public Power Association (APPA) and the American Water Works Association (AWWA) have requested that their member organizations ask house members in their congressional delegation to join in signing a letter in support of municipal bonds. The CCU strongly supports these congressional efforts to ensure the tax exempt municipal bond program continues to allow for public financing by GPA and GWA.

AMERICAN PUBLIC POWER ASSOCIATION
Powering Strong Communities

ISSUE BRIEF January 2017

Municipal Bonds and Public Power

Summary

Tax-exempt municipal bonds have financed $2 trillion in new investments in infrastructure in the last decade, including $112 billion in new investments in electric power generation, transmission and distribution, and should be the cornerstone of any plan to address the significant challenges of funding and financing new investments in public infrastructure. Federal tax exemption reduces costs at the margin, but municipal bonds are subject to local control and responsibility. Therefore, the American Public Power Association (Association or APPA) opposes any efforts to limit or eliminate municipal bonds given these adverse impacts on our public power utility members and their customers.

Background and History

The first recorded municipal bond was issued in 1812. Today, there are $3.7 trillion in municipal bonds outstanding, with more than $200 billion funding new projects every year. Close to five percent of those issuances (as much as $11 billion every year) finance new investments in power generation, distribution, reliability, demand control, efficiency, and emissions control: all needed to deliver safe, affordable, and reliable electricity.

In addition to infrastructure for public power utilities, these bonds finance roads, bridges, sewers, hospitals, libraries, schools, town halls, police stations, and every other sort of government-purpose investment made by state and local governments. In fact, nearly three-quarters of the infrastructure investment in the U.S. is financed by state and local government bonds.

Since the creation of the federal income tax in 1913, interest on government purpose municipal bonds has been excluded from federal income tax. This dates back to a series of U.S. Supreme Court decisions in the 1800s concluding first, that a state tax on a federal enterprise inherently violated the Constitution and, second, that a federal tax on municipal bond interest likewise would be unconstitutional. Subsequently, the U.S. Supreme Court has given the federal government the right to regulate government purpose municipal bonds—for example, requiring issuers to register bonds for the interest to be exempt from tax—and to tax the interest on bonds determined not to be for governmental purposes. By way of example of the latter, the 1986 Tax Reform Act substantially revised the tax treatment of private activity bonds.[1] In 1988, a slim U.S. Supreme Court majority in South Carolina v. Baker found that municipal bonds could be taxed, but Congress has been unwilling to overturn decades of precedent by changing the tax treatment of government purpose bonds.

Strengths and Benefits of Municipal Bonds

State and local governmental entities—including public power utilities—have limited means to raise funds for their communities' capital needs. The municipal bond market gives close to 42,000 governmental issuers access to investors. This is particularly important to the vast majority of small towns, counties, cities, and publicly owned utilities that issue municipal bonds. The median corporate bond issue is $210 million. Conversely, while roughly five percent of municipal bond issuances are for $200 million or more, the vast majority of municipal bonds, including for public power investments, are far smaller: the median municipal bond issuance is $7 million.

The federal tax exclusion of bond interest means issuers can finance their investments affordably. Over the past 20 years, the average yield of Standard & Poor's Corporate Bond (Aaa) Index has been 130 basis points higher than that of Moody's High-Grade Municipal Bond Index. Adjusting for the cost of call provisions common in municipal bonds, but rare in corporate

1 Private activity bonds differ from government purpose municipal bonds in that they can be issued by a state or local government to finance certain private projects. Interest on qualifying private activity bonds is exempt from regular federal income tax, but subject to the federal Alternative Minimum Tax (AMT). The volume of private activity bonds that can be issued in a state is subject to an annual cap. While power generation and distribution are among the qualified private activity bond activities, other restrictions and considerations make the use of tax-exempt private activity bonds rare for such purposes. Of 1,150 municipal bonds issued for public power projects from 2007-2011, just 30 were private activity bonds.

taxable bonds, the spread is closer to 180 basis points. The difference can save municipal bond issuers 25 percent over the 30-year life of a project. These savings result in more critical investments in infrastructure and essential services by state and local governments and lower costs for the services they provide. Also, municipal bonds are ideally suited to finance capital-intensive and long-lived public infrastructure, such as the assets of a public power utility.

Investors purchase municipal bonds in part because of tax considerations, accepting a lower rate of return because the interest is exempt from federal income tax. Municipal bonds are also valued for their ability to generate a steady stream of revenue for fixed-income households. Individual households are the investors in over 70 percent of municipal bonds. Nearly 60 percent of this household tax-exempt interest is earned by taxpayers over 65 years old. In 2012, 48 percent of all municipal bond interest paid to individuals went to those with incomes of less than $250,000.[2]

Recent market performance and the "flight to quality" underscore that municipal bonds are also valued as stable financial investments. Now more than 200-years old, the U.S. municipal bond market is well-established, with a robust and comprehensive federal legislative and regulatory system that protects investors. Likewise, municipal bonds themselves are typically extremely secure investment vehicles: the default rate for investment grade municipal bonds is far less than 0.1 percent, a fraction of the default rate for comparably rated corporate bonds.

Congressional and Administration Actions—Threats to Municipal Bonds

Calls to tax municipal bonds to pay for federal income tax rate cuts or deficit reduction are on the rise. All would have the same effect: limiting or eliminating the income tax exemption for interest from municipal bonds would reduce investments in vital infrastructure across the country and increase the cost of electricity for public power customers. Ultimately, a disproportionate share of this burden will be shouldered by those who can least afford it.

For example:

- A repeal of the tax exemption for municipal bonds would increase borrowing costs by 47 percent;
- A surtax on municipal bond interest to create a "cap" on the tax value of the exclusion for municipal bonds would increase borrowing costs by 32 to 35 percent; and
- Replacing the exclusion for municipal bonds with a direct payment bond would increase borrowing costs by 16 percent (assuming a direct payment percentage of 25 percent of the issuer's interest expenses). Direct payment bond issuers would also be vulnerable to the annual budget process, as evidenced by the ongoing sequestration order for Build America Bond payments. (See APPA's fact sheet, "Sequestration for Build America Bonds' Credit Payments" for additional information.)

To put these numbers in perspective, a $250 million power plant would cost $80 million more to finance if the tax exemption for municipal bonds were repealed; $40 million more if the tax exemption were "capped" and $30 million more if municipal bonds were replaced with direct payment bonds.

American Public Power Association Position

The Association believes municipal bonds are the single most effective tool for financing investments in public infrastructure. Taxing municipal bonds would impose higher borrowing costs that would limit investment in critical infrastructure and, ultimately, impose higher electric rates on our residential and business customers. In sum, any such change would simply shift costs from the federal government onto the backs of state and local residents. As a result, the Association believes that the federal tax exclusion for municipal bond interest should not be limited or replaced.

American Public Power Association Contact

John Godfrey, Senior Government Relations Director,
202-467-2929 / jgodfrey@publicpower.org

The American Public Power Association is the voice of not-for-profit, community-owned utilities that power 2,000 towns and cities nationwide. We represent public power before the federal government to protect the interests of the more than 49 million people that public power utilities serve, and the 93,000 people they employ. Our association advocates and advises on electricity policy, technology, trends, training, and operations. Our members strengthen their communities by providing superior service, engaging citizens, and instilling pride in community-owned power.

2 Internal Revenue Service, "Statistics of Income—2010: Individual Income Tax Returns" (2012).

Dear Chairman Brady and Ranking Member Neal:

As Congress considers tax reform and infrastructure financing, we, the undersigned, write to express our strong support for an already potent tool already in hand – the tax-exempt municipal bond. For more than a century, states and local governments have depended on this reliable and efficient means of financing.

Nearly two-thirds of core infrastructure investments in the United States are financed with municipal bonds. In 2015 alone, more than $400 billion in municipal bonds were issued to finance the projects that touch the daily lives of every American citizen and business. They are the roads we drive on, schools for our children, affordable family housing, water systems that supply safe drinking water, courthouses, hospitals and clinics to treat the sick, airports and ports that help move products domestically and overseas, and, in some cases, the utility plants that power our homes, businesses, and factories. These are the pro-growth investments which spur job creation, help our economies grow, and strengthen our communities.

A combination of local control and local responsibility makes municipal bonds an incredibly effective and efficient tool. Voters throughout the country overwhelmingly support tax-exempt municipal bonds, which are either approved by locally-elected officials or directly through bond referenda – fiscal federalism at its finest. This must help explain why the default rate is less than 0.01%. Federal tax exemption reduces the cost of issuing municipal bonds, but it is these voters who will pay the interest and principle on this debt. As a result, over the last decade overall state and local borrowing has actually declined in proportion to the economy, while still financing more than $2 trillion in new infrastructure investments. And, if simply left alone, municipal bonds likely will finance another $3 trillion in new infrastructure investments by 2026.

Furthermore, millions of Americans depend on municipal bonds for their economic security, and invest in them because of their low-risk nature. Nearly three-quarters of individual investors earn less than $200,000 per year and more than three-quarters are 55 or older. Businesses also rely on municipal bonds as a safe, stable, long-term investment.

In conclusion, changes to the tax-code should recognize the vital role of tax-exempt municipal bonds. Any changes under consideration to the tax exempt status that would increase the cost of financing for states and local government should be provided very careful consideration. We believe the current tax-exempt status contributes to efficient economic growth that benefits all Americans.

Sincerely,

Affordable Water Infrastructure Relies on Municipal Bonds

Congress Must Preserve the Municipal Bond Tax Exemption

Our nation's water infrastructure needs are well documented. The Environmental Protection Agency reports that cities and towns across the country need to invest more than **$650 billion** in drinking water and wastewater infrastructure over the next two decades just to maintain current levels of service.

The vast majority of water infrastructure improvements are paid for at the local level, and communities primarily look to tax-exempt municipal bonds as the most affordable and accessible financing source. Since 1913 municipal bond interest earnings have been exempt from the federal income tax, leading investors to offer lower borrowing rates to communities. This translates into millions of dollars in savings for local water ratepayers every year.

In 2016 communities nationwide issued nearly **$38 billion** in municipal bonds to pay for water, sewer, and sanitation infrastructure projects. Fully taxing municipal bond interest would have increased total water infrastructure debt service costs by **$16 billion** over expected loan repayment periods – an increase of **25%** – effectively imposing a new tax on municipalities and utility ratepayers.

It is appropriate for the federal government to help subsidize local water infrastructure spending.

Communities must comply with scores of federal drinking water and wastewater quality mandates and regulations. It is therefore reasonable for the federal government to help offset some compliance costs by offering a low-cost way of financing necessary state and local borrowing.

A tax exemption is the right way to deliver this subsidy.

Federal water infrastructure aid takes many forms, including rural USDA grant programs, loans through EPA's SRF programs and direct low cost financing through WIFIA. However, tax-exempt municipal bonds are the primary mechanism to promote clean and safe water — and one that can be efficiently accessed without a lengthy federal application and review process.

The current tax treatment of municipal bond interest is efficient and equitable.

Reducing financing expenses lowers the cost of water infrastructure improvements, thus reducing the amount of funding required from local ratepayers – and sought from federal grant and loan programs. Reducing rate pressure boosts the affordability of water and wastewater service to everyone in the community, but especially to individuals and families on fixed incomes.

AMWA and NACWA urge you to preserve tax-exempt municipal bonds.

ASSOCIATION OF METROPOLITAN WATER AGENCIES

NACWA
A Clear Commitment to America's Waters

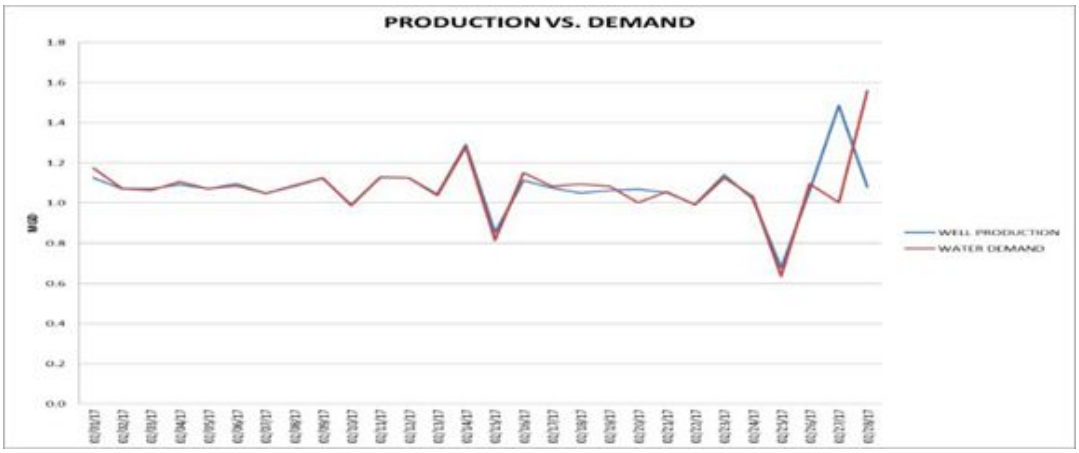
GUAM WATERWORKS AUTHORITY

General Manager's Report

GPWA CCU Board Meeting, March 21, 2017

"One Guam" Initiative – GWA and DOD NAVFAC

1. **Tumon Maui Well:**
    a. SCADA – issues and status
        i. GWA was able to get the software for the SCADA system.
        ii. GWA will now be able to make necessary adjustments to obtain data to better manage the system.
    b. Power Line Status
        i. DOD needs to work with GPA to get the power issues resolved and transferred to GWA.
    c. Inspection by DOD
        i. Performed on February 1, 2017. No major issues found.
        ii. Report will be completed and submitted to DOD.
        iii. Anticipate 3rd quarter inspection in April.
    d. Renewal of license – DOD is preparing the paper work for the yearly license.
    e. Potts Junction Intertie (Water Service)
        i. Target completion for service lateral installation by June (within one year of operation – full operation started on June 6th)
    f. Production:
        i. Fairly consistent between 1.0 and 1.1 million gallons per day (MGD), with the exception of several days of less production due to preventive maintenance being performed which required the system to be secured - see chart below.
        ii. Total production in January was **33,226,200 gallons.** Total Production in February was **30,085,400.**



2. Agat WWTP Project

a. Appraisal still pending
   i. Letter sent to GWA regarding cost / Payment to DoD issued.
   ii. 120 days from the 16th of February to complete appraisal.
   iii. Determination of mitigations for easement and document based on appraisal.
   iv. NFM AM (Cynthia) will make a site visit for the easement documentation.

b. Confirmed that MEC work is not required for construction of GWA waterline in this easement.

c. Mixing zone study cooperation
   i. Successful completion of data gathering.
   ii. Anticipate report of findings and mixing zone proposal by end of March 2017.

3. Santa Rosa Tank

a. GWA sent design for comment to Andersen; no response yet; anticipate more by next meeting.

b. GWA working on first draft of the MOU

c. Discussions followed on easement vs. right of entry; service contracts; and property boundaries. NOTE: Right of entry is only temporary

4. OEA Coordination

a. Funding to cover DON work related to Observation Wells project
   i. Money will not come from GWA
   ii. OEA to work out with DON

5. GIS Data

a. Sub-group prospective members from DOD and GWA with Bureau of Statistics and Plans who lead the GIS User Group for the Government of Guam

b. Navy is discussing how to share GIS files with GWA. It may require Navy to convert to software used by GWA, due to the respective sizes of the systems.

6. Hydraulic modeling

a. GWA/NAVFAC joint effort to develop an analysis report of existing models leading toward direction.

OEA Grants – Guam Water-Wastewater Infrastructure Projects

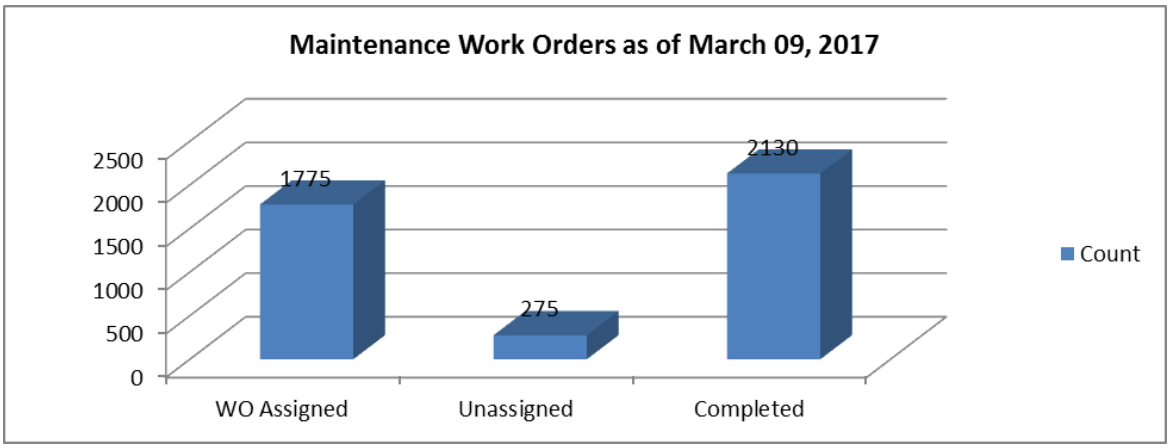
- PM/CM contract awarded; NTP issued.
  - Project Management Plan in progress
  - Outfall Diffuser design in progress
  - Sewer Interceptor – work kicks off this month
  - NDWWTP – RFP for designer in progress
- GWWIST meeting held in February in Guam.
  - Good progress with Outfall Diffuser coordination – addressed concerns with coral impacts
  - OEA clarified DON environmental review/coordination costs; alternative funding sought by OEA
  - NGLA and Interceptor locations reviewed/toured, well prioritization clarified

Action Item	Date (Target)	Date (Actual)	Status
Project Funds Available	~~Oct-15~~ / Jul-16	Aug-30-16	Completed
Land Acquisition	~~Sep-16 (?)~~ Jan-17	Jan-17 (Compensation pending)	On-target
Procure PM/CM Firm	~~Apr-16~~ / Jan-17	Jan-17 (NTP issued Feb-10)	Completed
Procure Design Firm	~~Oct-16 (?)~~ Jul-17		On-target
Design -- 30/60/90/Final -- Review	~~Nov-17~~ Jun-18		On-target
NEPA Analysis and Determination	~~Aug-17~~ Feb-17		Delayed
Procure Construction Firm	~~Jun~~Dec-18		On-target
Construction Complete/Commence Operations	Nov-21		On-target
Sewer line connection from MCB to GWA infrastructure	~~TBD (?)~~ Jul-19		On-target
MCB Initial Operating Capability	Jul-22		On-target

Asset Management

- CMMS system went live on October 3, 2016.
- Weekly and monthly meetings continue.
- Over 4,000 Work Orders issued so far.
- Over 2,000 Work Orders completed.
- Over 150 new assets registered into CMMS for various sites and facilities, to include our new Meter Test Facility and all its Bench Test equipment.
- Over 50 heavy equipment configured into CMMS to track maintenance.
- Implementation of **Strategic Asset Management (SAM)** - Regular data collection on the physical condition and performance of assets as part of PM tasks. Updated information will be used to calculate consequence and likelihood of failure to guide O&M planning and modifications to existing processes.

- Work Order Report Summary (see below).

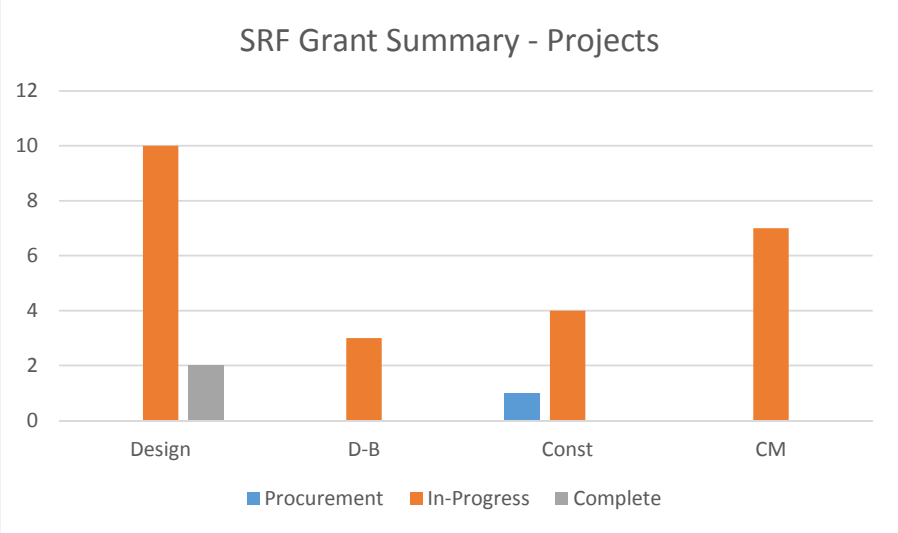


USEPA SRF Projects

- Summary of all SRF grant funded projects are shown below.

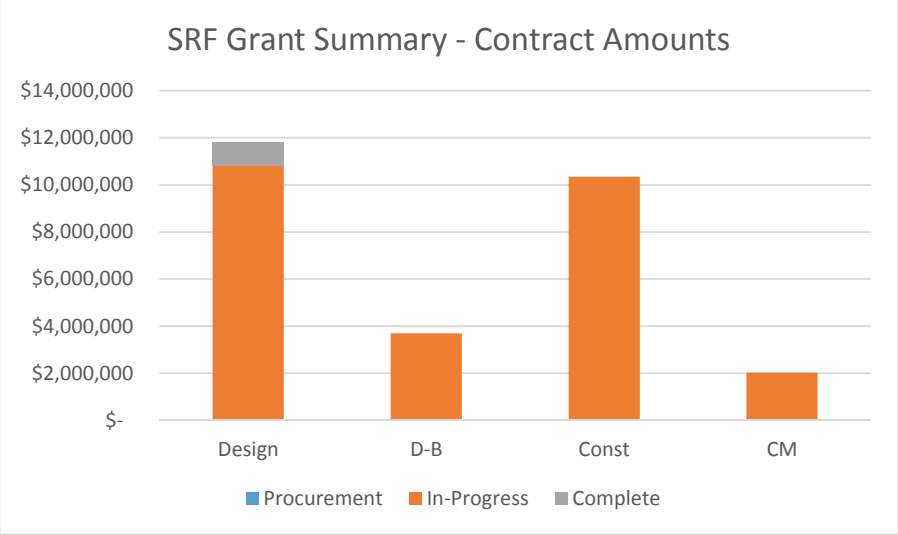
SRF Grant Summary - Projects

	Procurement	In-Progress	Complete	Totals	%
Design	0	10	2	12	44%
D-B	0	3		3	11%
Const	1	4		5	19%
CM	0	7		7	26%
Totals	1	24	2	27	
%	4%	89%	7%		



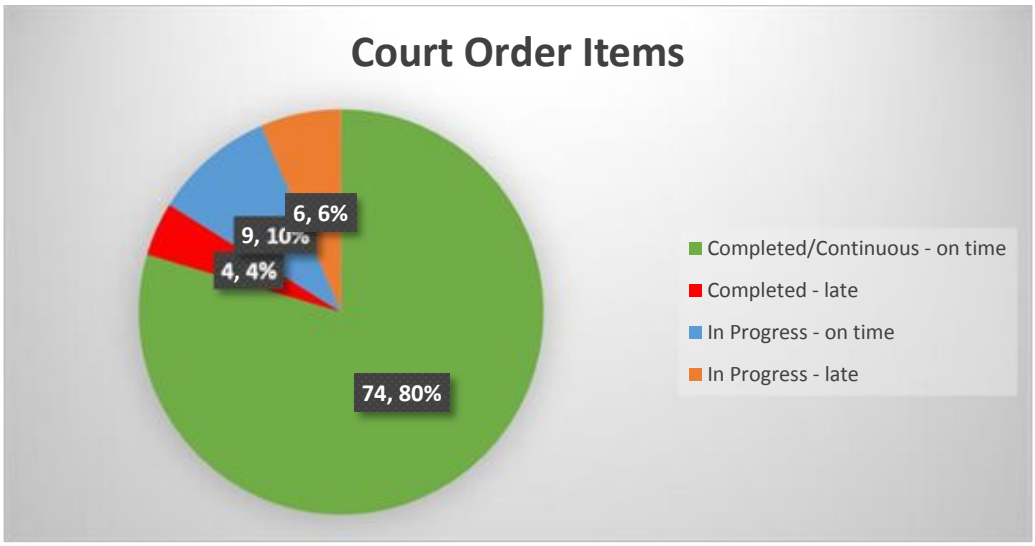
SRF Grant Summary - Contract Amounts

	Procurement	In-Progress	Complete	Totals	%
Design	$ -	$ 10,812,544	$ 994,468	$ 11,807,012	42%
D-B	$ -	$ 3,697,408		$ 3,697,408	13%
Const	$ -	$ 10,354,368		$ 10,354,368	37%
CM	$ -	$ 2,021,827		$ 2,021,827	7%
Totals	$ -	$ 27,087,935	$ 994,468	$ 27,880,615	
%	0%	96%	4%		



Court Order

	Items	On-time Items Completed/Continuous	Items Delayed	Completed Late	Items on Schedule	Performance %
Court order total	93	74	6	4	9	93.5%

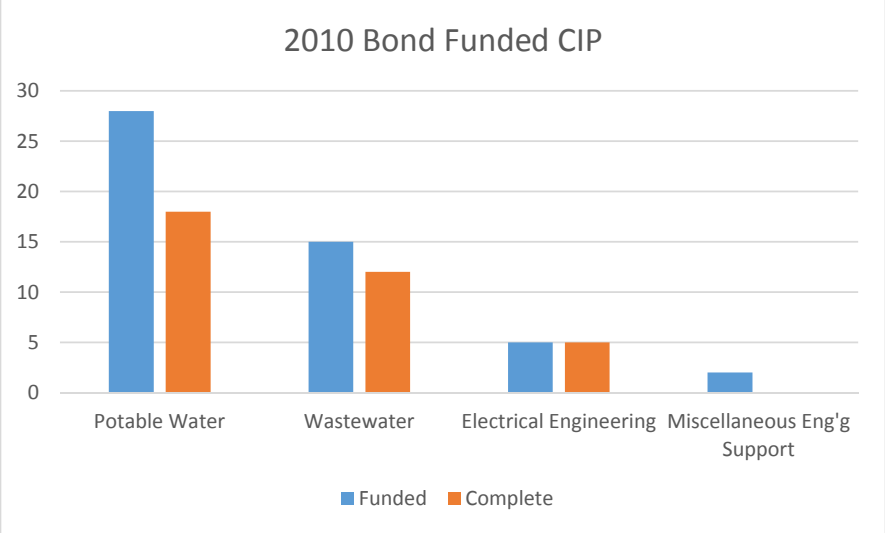


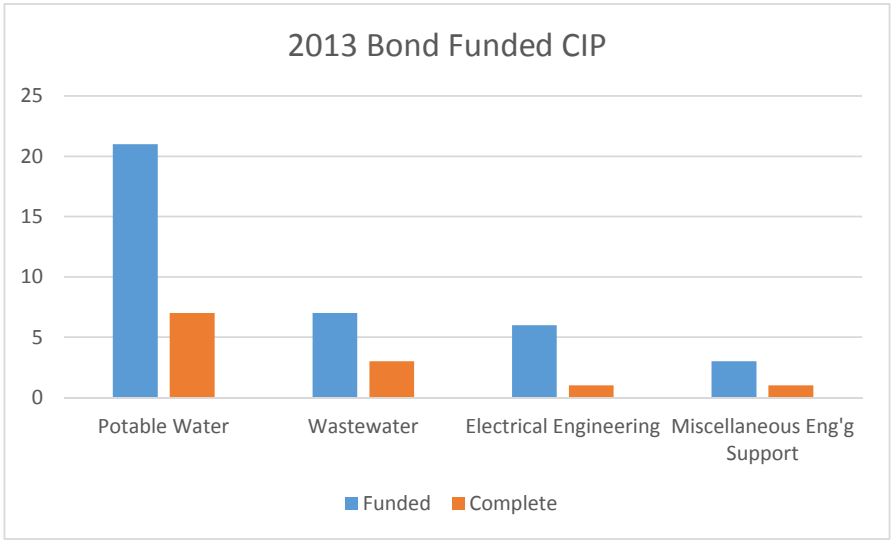
- 6 items delayed.
  - SSES (2 items)
  - Agat/SR System (2 items)
  - Cl Residual Monitors
  - Meters
- Final Date to complete all Court Order items is December 31, 2020.
- Overflow or Bypass events reported to USEPA – No events reported since February 21.
- The new Agat WWTP is starting up.

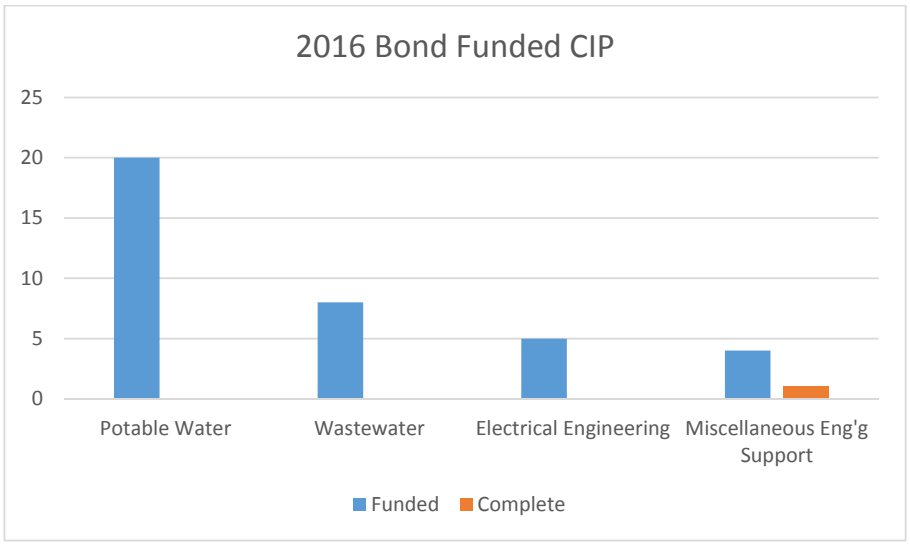
CIP Summary

CIP Summary - Project Encumbrance

	2010 Bond		2013 Bond		2016 Bond			
	Funded	Complete	Funded	Complete	Funded	Complete	Total CIP Projects	%
Potable Water	28	18	21	7	20	0	35	54%
Wastewater	15	12	7	3	8	0	16	25%
Electrical Engineering	5	5	6	1	5	0	10	15%
Miscellaneous Eng'g Support	2	0	3	1	4	1	4	6%
Totals	50	35	37	12	37	1	65	100%
% of Total CIP by Fund Source	70%		32%		57%			
% of CIP Funding Completed		62%		32%		3%		

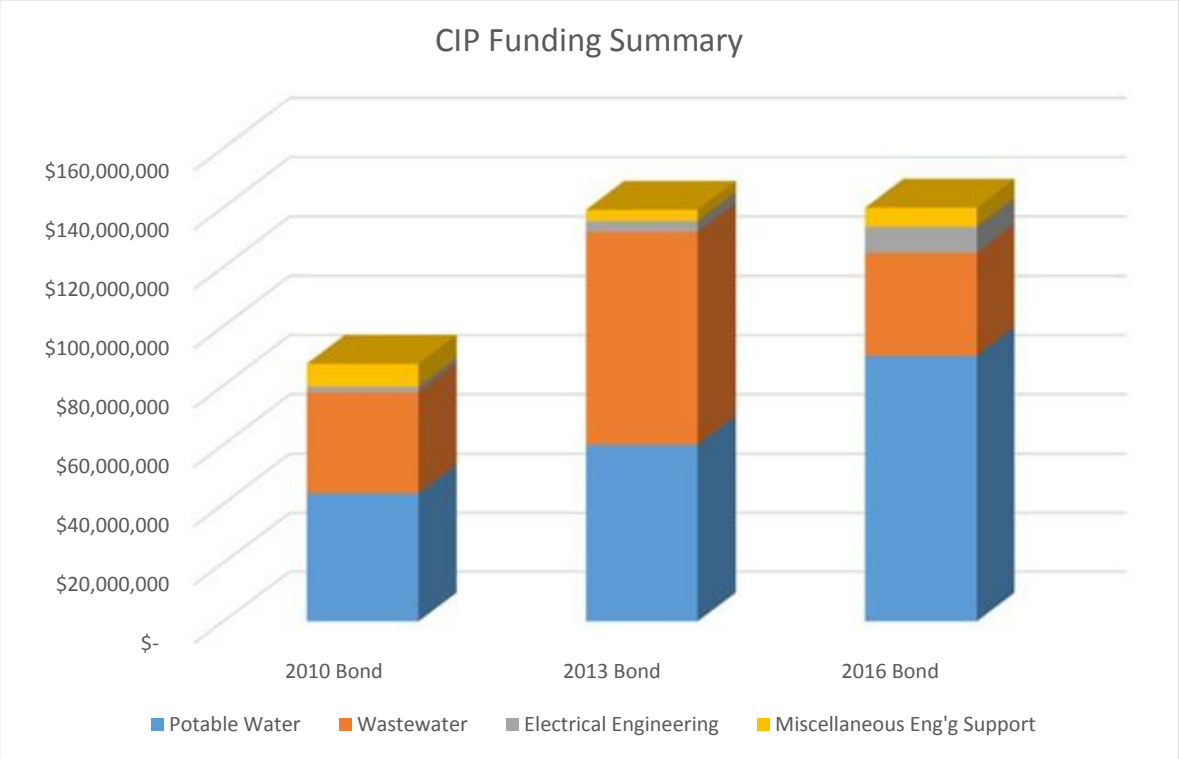



2013 Bond Funded CIP
25
20
15
10
5
0
Potable Water
Wastewater
Electrical Engineering
Miscellaneous Eng'g Support
Funded
Complete


2016 Bond Funded CIP
25
20
15
10
5
0
Potable Water
Wastewater
Electrical Engineering
Miscellaneous Eng'g Support
Funded
Complete

CIP Summary - Project Amounts

	2010 Bond		2013 Bond		2016 Bond			
	Funded	%	Funded	%	Funded	%	Total CIP Projects	%
Potable Water	$ 43,671,000	50%	$ 58,317,117	42%	$ 64,647,830	46%	$ 166,635,947	45%
Wastewater	$ 34,070,000	39%	$ 73,837,883	53%	$ 60,227,170	43%	$ 168,135,053	46%
Electrical Engineering	$ 1,920,000	2%	$ 3,395,000	2%	$ 8,750,000	6%	$ 14,065,000	4%
Miscellaneous Eng'g Support	$ 7,741,000	9%	$ 3,775,000	3%	$ 6,394,460	5%	$ 17,910,460	5%
Totals	$ 87,402,000	100%	$ 139,325,000	100%	$ 140,019,460	100%	$ 366,746,460	100%
%	23.8%		38.0%		38.2%			



Land Acquisition Status

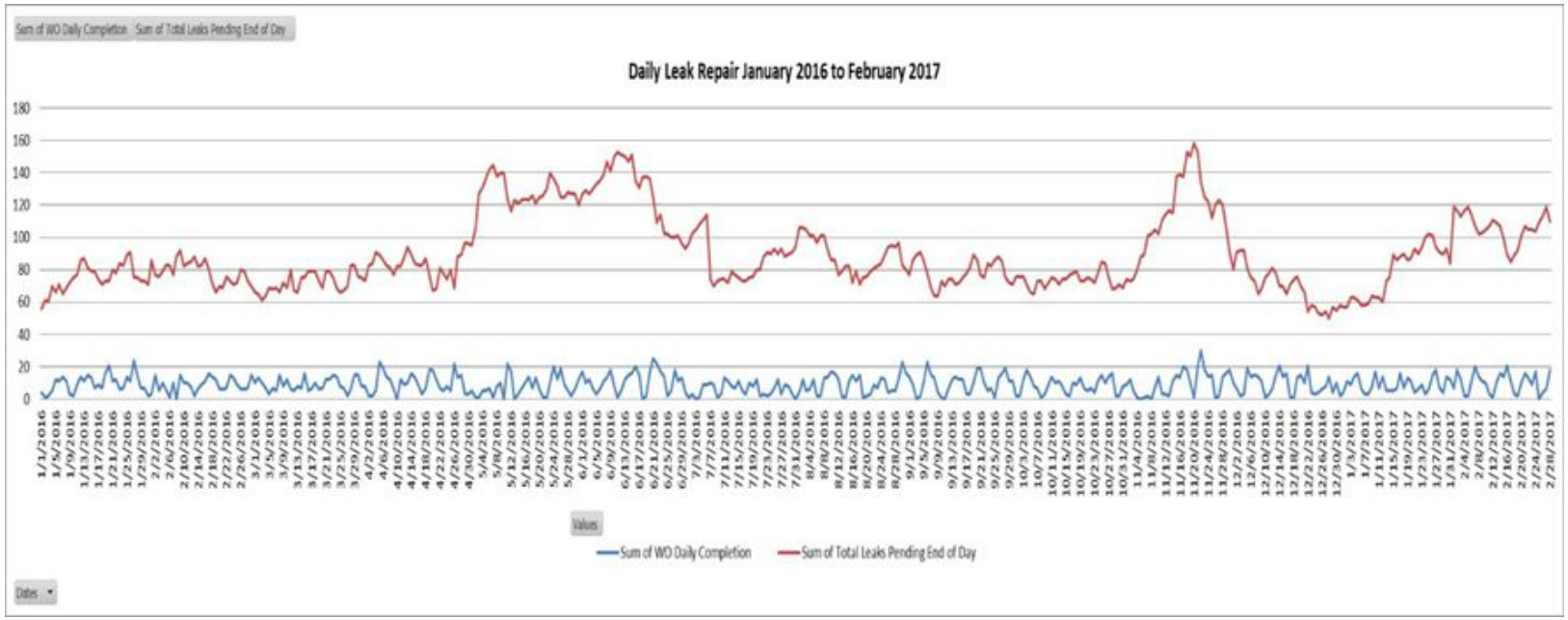
- ALC property for NDWWTP: Land acquisition passed under Public law 33-198.
- CLTC properties: See Land Acquisition chart below.
- Private properties needed for Court-order improvement projects: See Land Acquisition chart below.

GWA Facility	Location	Gov. or Private Property	Land Acquisition Status
	Ugum	Private	Relevant documentation sent 01/05/17 to legal for condemnation process.
	Manenggon	Private	Contract of sale sent to Verizon for signature 03/06/17.
	Santa Rita	Gov't. – CLTC	Survey map transmitted to DLM Director for signature on 02/24/17.
	Astumbo	Gov't. - CLTC	Survey map ongoing.
	Upper Tumon	Gov't. - CLTC	Survey parceling map finalized and recorded on 02/22/17.
	Piti	Private	Engineering currently reviewing options for relocating the Piti tank from current location to area east of the Nimitz Estate Subdivision. Private property owner has no interest in selling.
Deep Well	Y-8	Gov't. - CLTC	GWA has scheduled survey services with DCA. GWA working to obtain appraisal services.
	AG-12	Dept. of Agriculture/Manhita Farms	GWA has scheduled survey services with DCA. GWA working to obtain appraisal services.
Booster Pump Station	Brigade	Private	Revised survey severance map transmitted to GWA on 03/02/17. Property owner and GWA are in discussions for confirmation on site plan and property map.

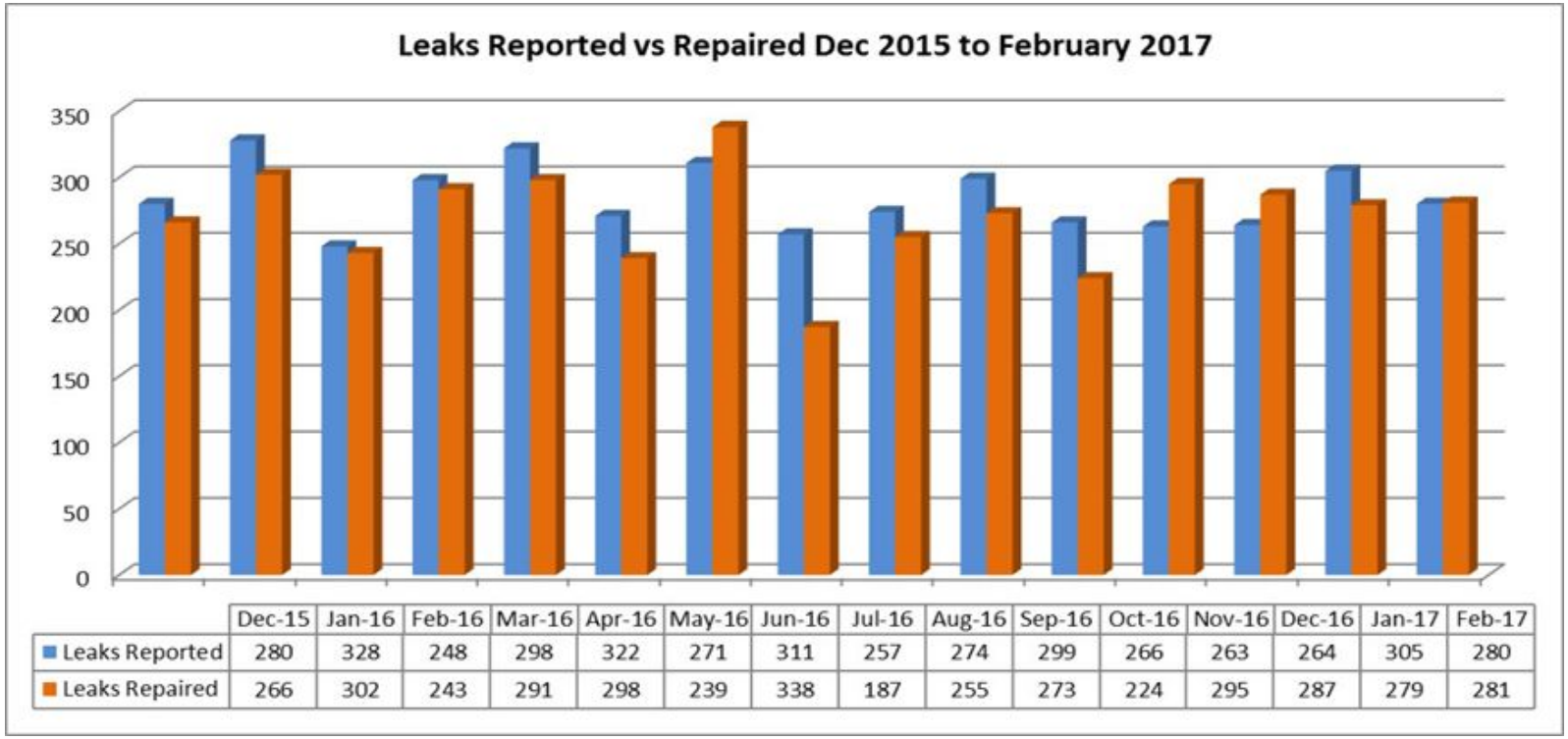
Key Operational Issues

Leak Repair: WOs Completed & Pending (Daily)

(up to February 28, 2017)

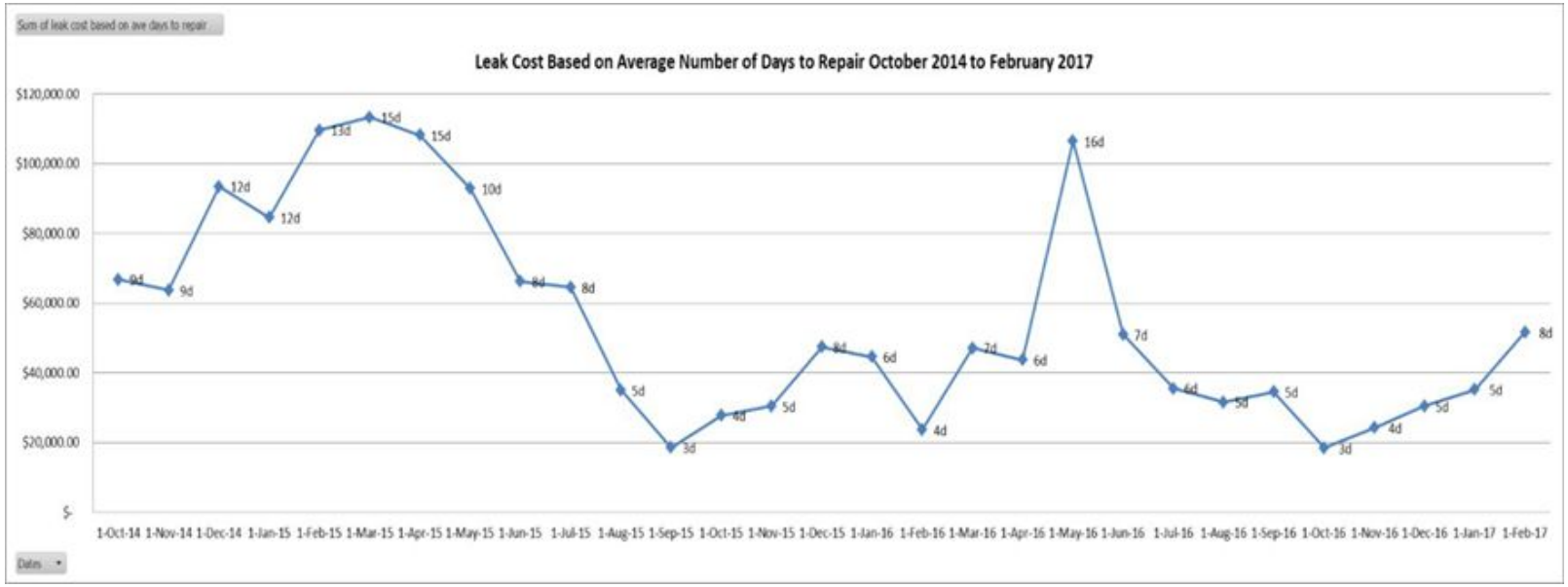


Leak Repair: Leaks Reported and Repaired (Monthly)



	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
Leaks Reported	280	328	248	298	322	271	311	257	274	299	266	263	264	305	280
Leaks Repaired	266	302	243	291	298	239	338	187	255	273	224	295	287	279	281

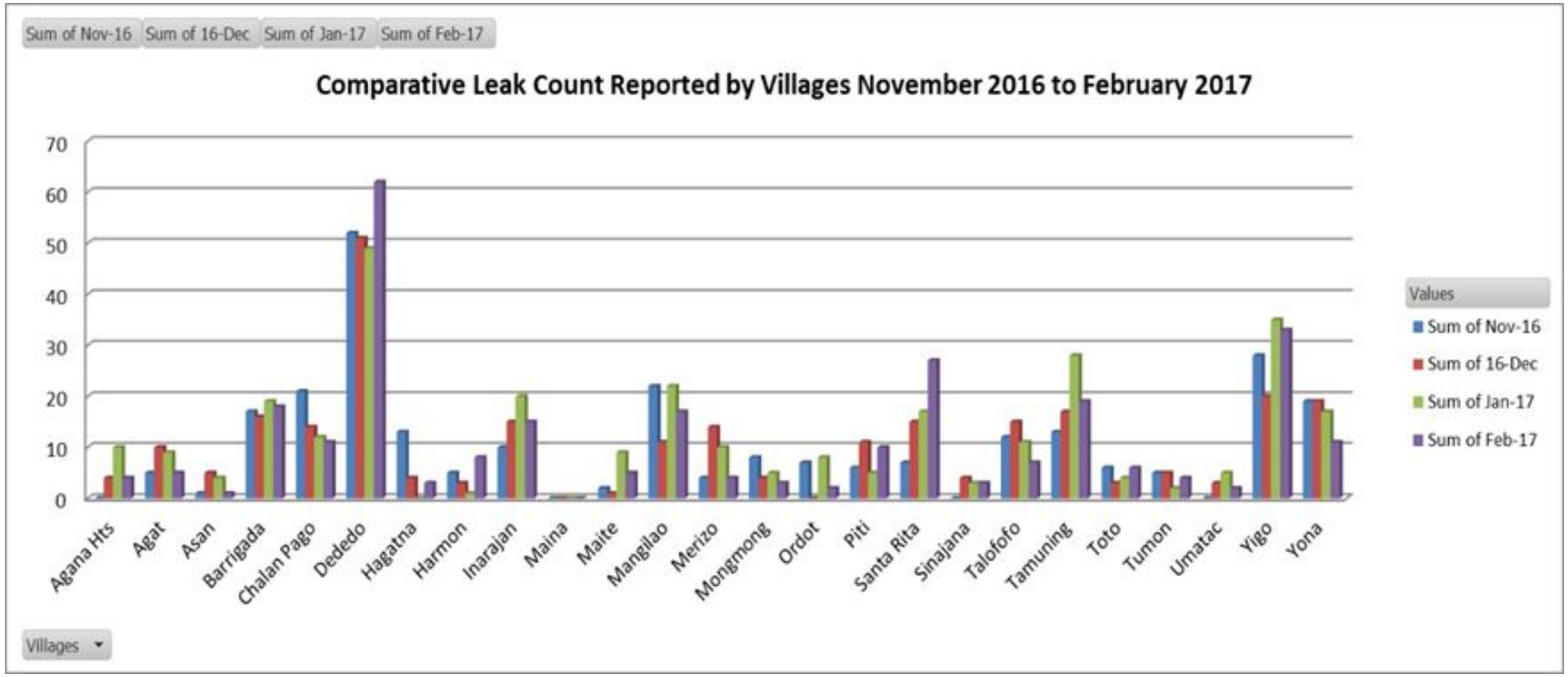
Leak Repair: Cost Savings – Days to Repair (Monthly)



Assumptions:

1. Leak rate = 4 gpm
2. Cost per kgal = $4.00

Leak Repair: Reported by Village



DASHBOARD

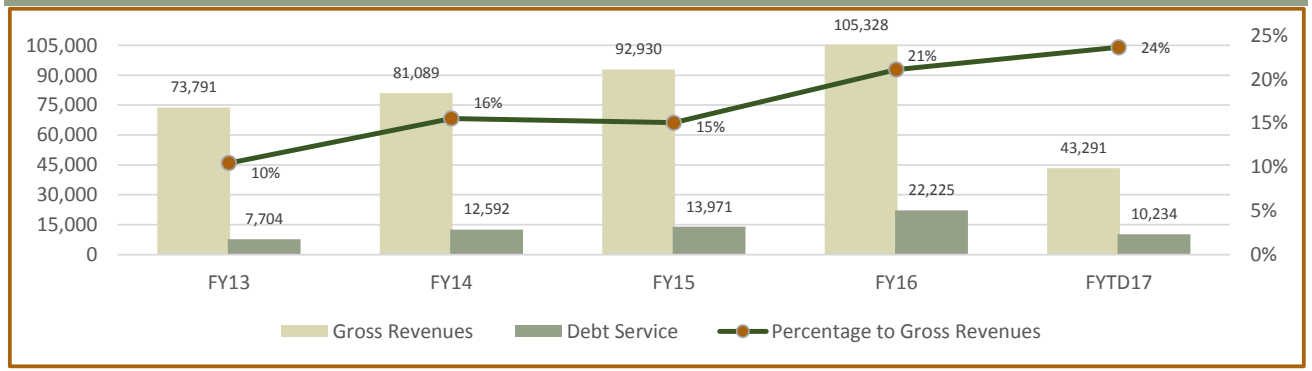
February 2017 YTD Budget vs Actual ($000)

Category	Description	Budget FY17	Actual FY17	Variance
Rate Based Revenues	Water	$29,361	$27,093	($2,268)
	Wastewater	16,896	15,909	(987)
	Total	46,257	43,002	(3,255)
Operations & Maintenance	Salaries & Benefits	10,920	8,176	(2,744)
	Power	5,309	4,707	(602)
	Water Purchases	3,382	2,933	(449)
	A&G	4,677	3,176	(1,501)
	Contractual	1,480	1,523	43
	Total	$33,813	$27,981	($5,832)

Key Financial Ratios ($000)

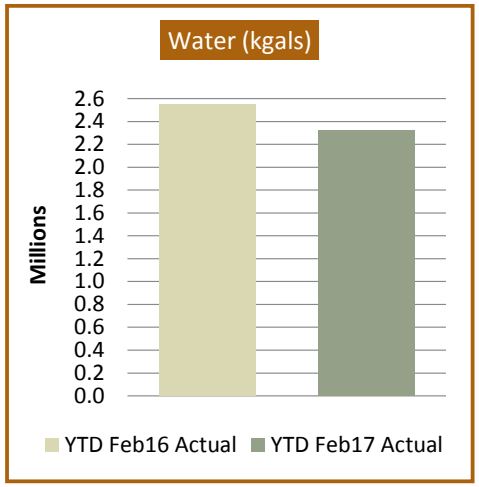
Category	FY17	FY16
Accounts Payable $$/Days	$4,841 / 57 days	$4,909 / 53 days
Accounts Receivable $$/Days	$16,776 / 49 days	$16,709 / 51 days
Days Cash On Hand	170 days	178 days
Annual Debt Service (Revenue Bonds)	$24,562	$22,225
Debt Service Coverage (Bond/PUC)	2.15 / 2.60	2.33 / 2.54

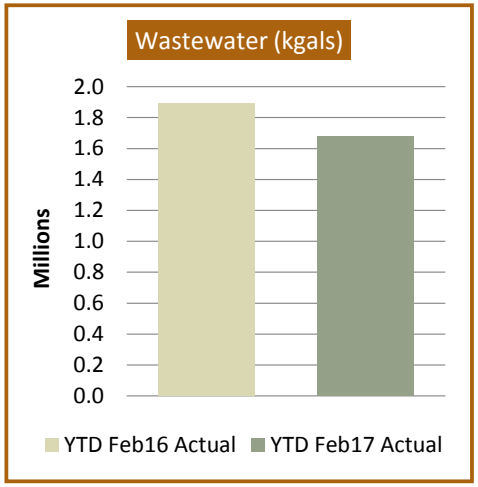
Debt as a Percent to Gross Revenue

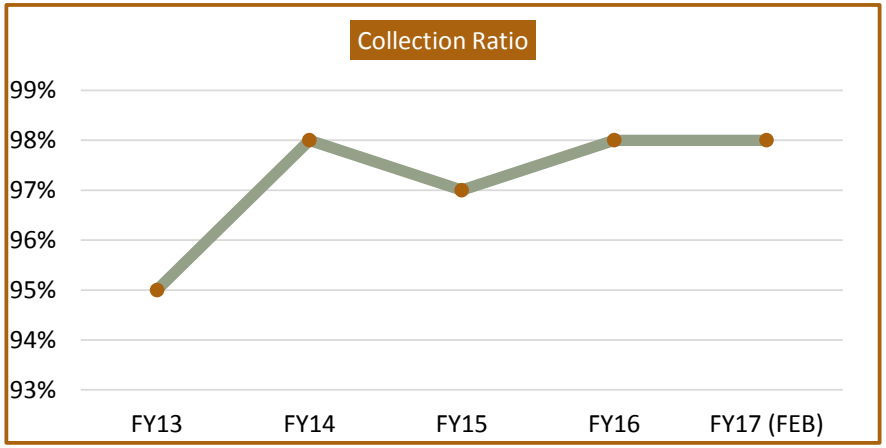


(1) Gross Revenues excludes SDC
(2) Debt Service Excludes Cap I

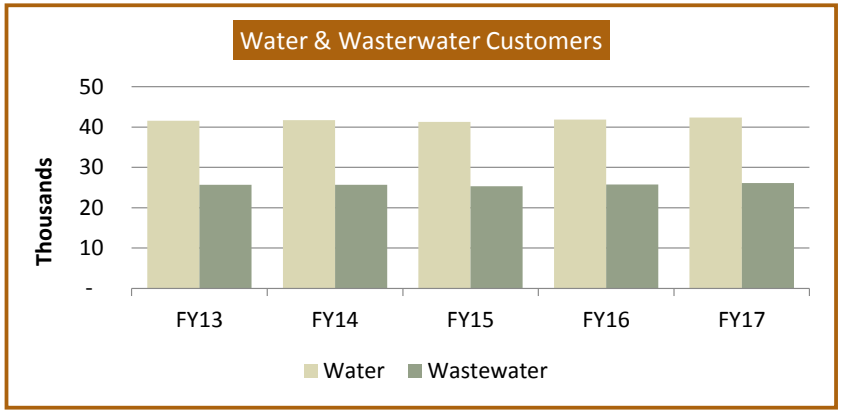
Water & Wastewater Analytics

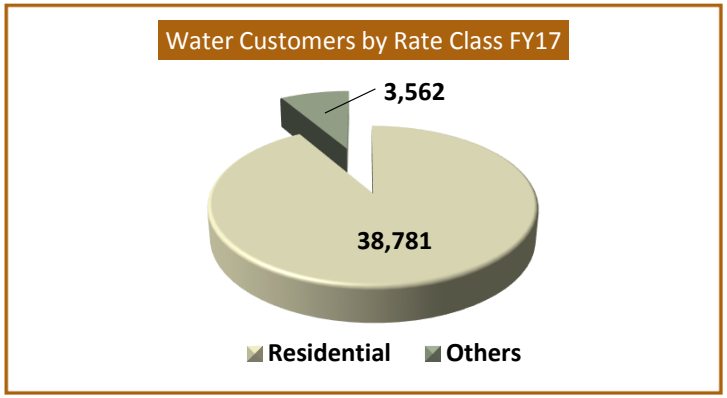


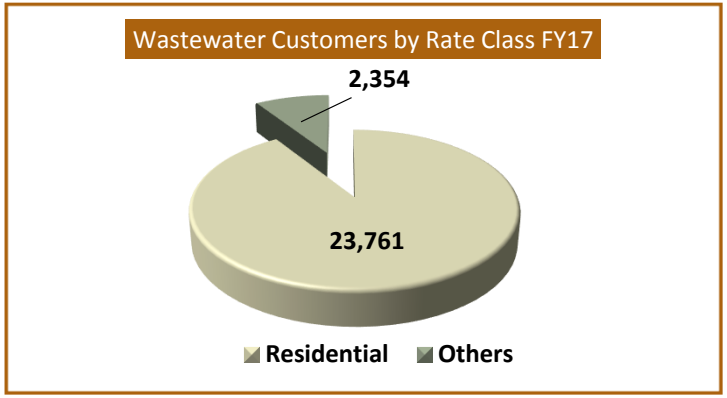


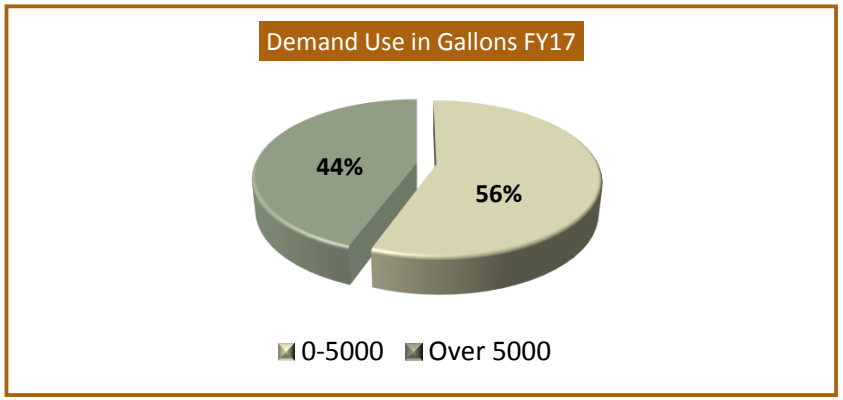


Water & Wastewater Customers





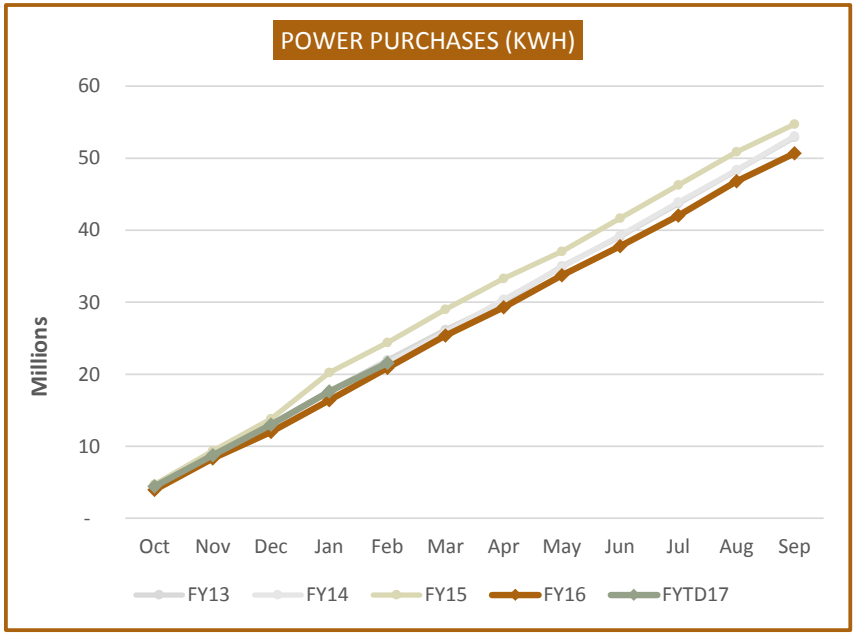


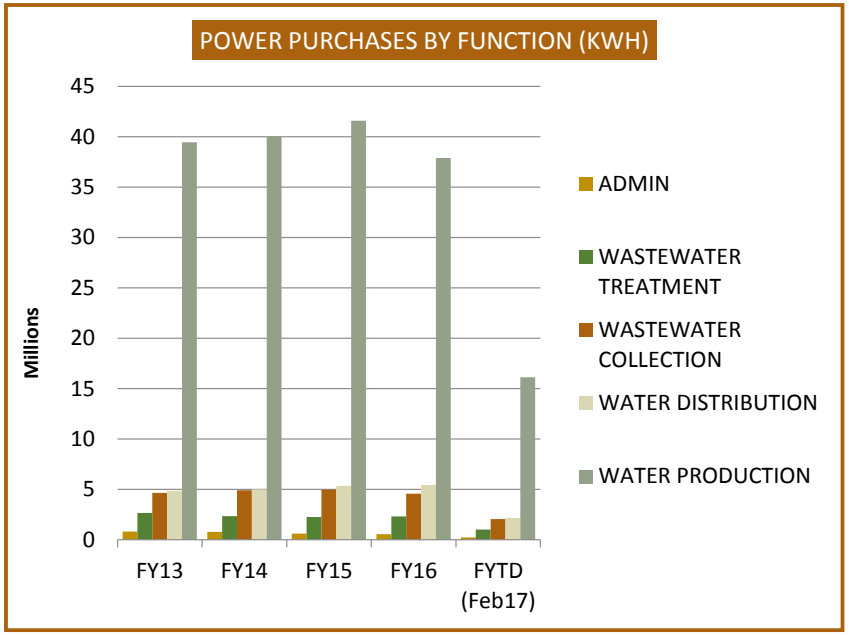


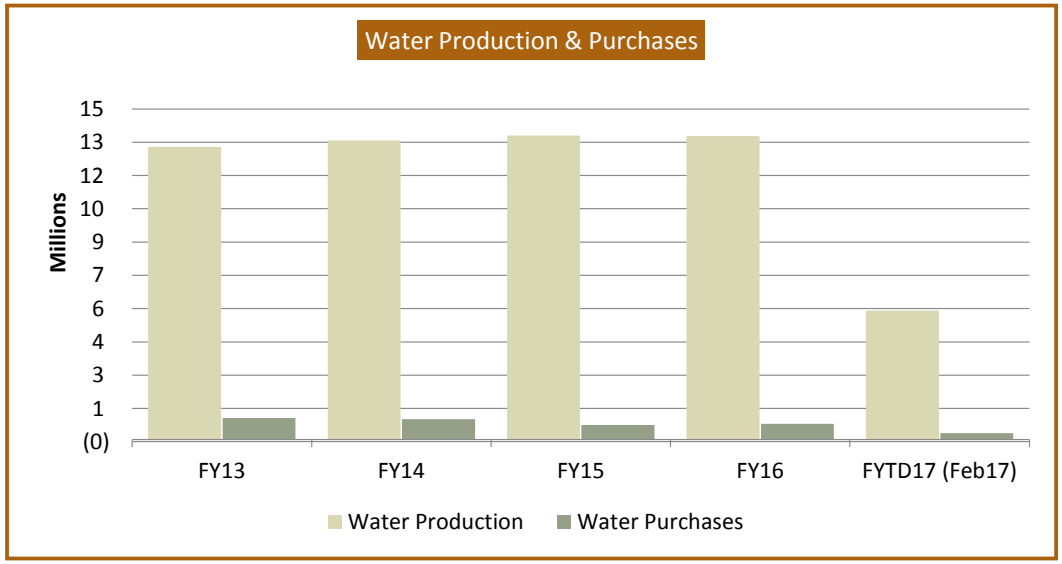
Top Ten Largest Water and Wastewater Customers – February 2017

Water			Wastewater		
Customer Name	FY17 YTD Revenues	% of Total	Customer Name	FY17 YTD Revenues	% of Total
1) MDI GUAM CORPORATION/LEOPALACE	$537,478	1.98%	1) AIR FORCE DOD	$1,776,861	11.17%
2) PACIFIC ISLANDS CLUB	498,474	1.84%	2) NAVY DOD	633,457	3.98%
3) HOTELS OF THE MARIANAS INC	418,794	1.55%	3) HOTELS OF THE MARIANAS INC	447,881	2.81%
4) SHERATON LAGUNA GUAM RESORT	393,461	1.45%	4) SHERATON LAGUNA GUAM RESORT	421,276	2.65%
5) HOTEL NIKKO GUAM	343,059	1.27%	5) HOTEL NIKKO GUAM	366,539	2.30%
6) HYATT	340,171	1.26%	6) HYATT	364,042	2.29%
7) PACIFIC STAR RESORT & SPA	275,481	1.02%	7) PACIFIC STAR RESORT & SPA	293,960	1.85%
8) GUAM REEF HOTEL INC	260,009	0.96%	8) GUAM REEF HOTEL INC	277,947	1.75%
9) MDI GUAM CORPORATION/WESTIN	259,378	0.96%	9) MDI GUAM CORPORATION/WESTIN	277,269	1.74%
10) OUTRIGGER GUAM RESORT	246,972	0.91%	10) OUTRIGGER GUAM RESORT	264,548	1.66%
Total	**$3,573,277**	**13.19%**	**Total**	**$5,123,779**	**32.20%**

Power, Water Purchases and Water Production

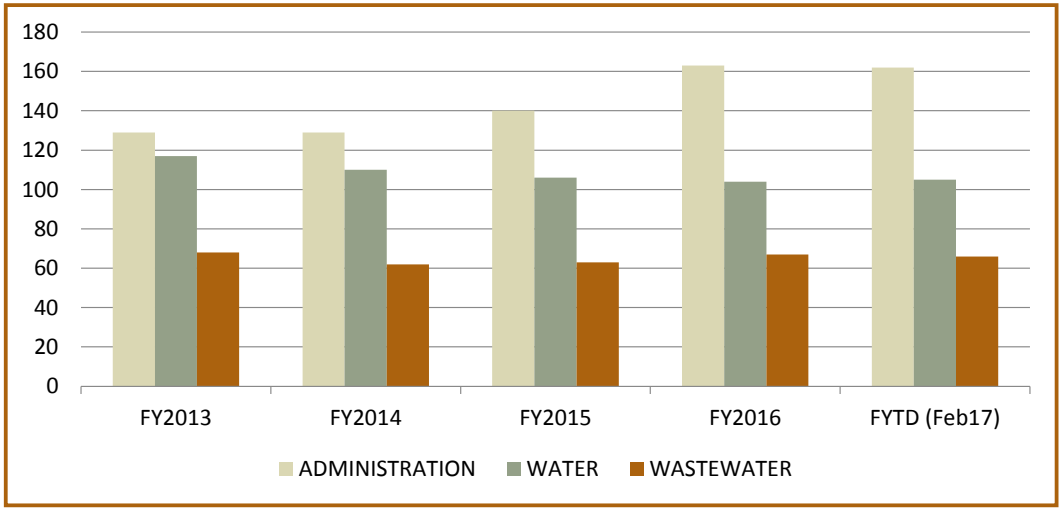






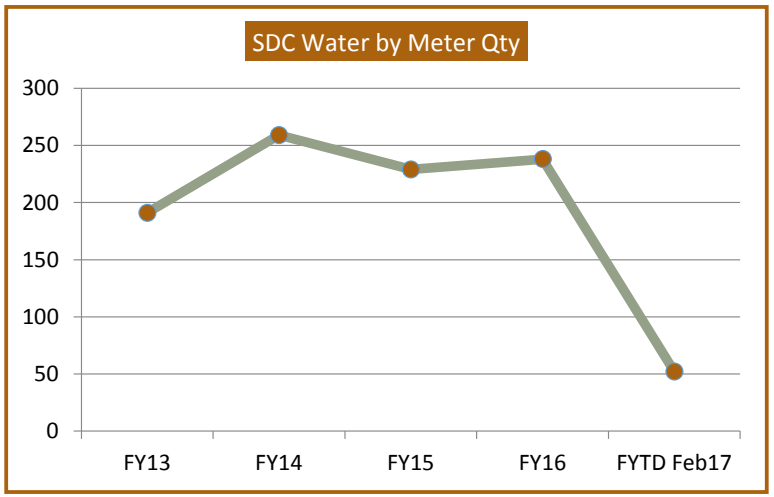
FTE by Major Division

DIVISION	FY2013	FY2014	FY2015	FY2016	FYTD (Feb17)
ADMINISTRATION	129	129	140	163	162
WATER	117	110	106	104	105
WASTEWATER	68	62	63	67	66
TOTAL NUMBER OF STAFF	314	301	309	334	333
Gross Salaries & Wages ($000)	14,929	15,532	15,805	16,442	6,873
Water Customers	41,582	41,702	41,274	42,259	42,343
Staff to Customers Ratio	0.76%	0.72%	0.75%	0.79%	0.79%

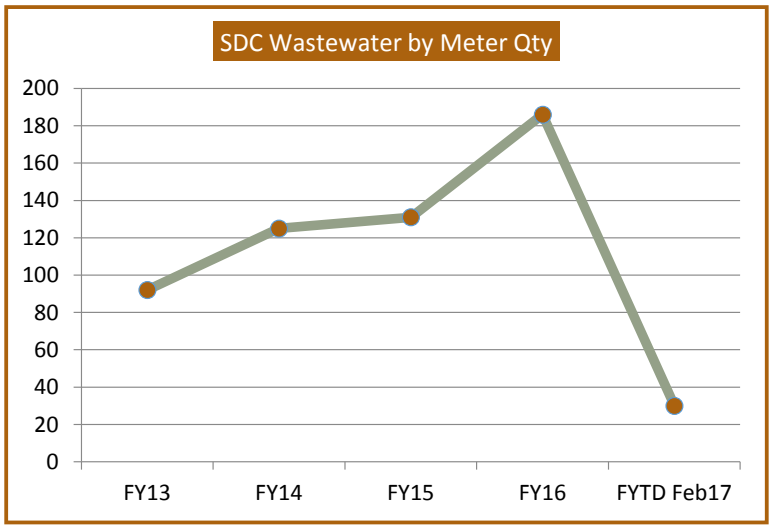


Note: FYTD17 number of employees 333 is as of February 2017

SDC Water & Wastewater (Meter Quantity)



Actual Meter Sizes (Inches)	FY 2013	FY 2014	FY 2015	FY 2016	FYTD (Feb17)
5/8 x 3/4	179	248	220	239	51
1	-	5	5	7	-
1 1/2	5	1	1	1	1
2	4	3	2	4	-
3	-	1	-	1	-
4	3	-	1	-	-
6	-	-	-	-	-
8	-	1	-	-	-
10	-	-	-	-	-
Total SDC by Water	191	259	229	252	52



Actual Meter Sizes (Inches)	FY 2013	FY 2014	FY 2015	FY 2016	FYTD (Feb17)
5/8 x 3/4	80	115	124	179	29
1	-	4	3	2	-
1 1/2	5	1	1	1	1
2	4	3	2	3	-
3	-	1	-	1	-
4	3	-	1	-	-
6	-	-	-	-	-
8	-	1	-	-	-
10	-	-	-	-	-
Total SDC by Wastewater	92	125	131	186	30

GUAM WATERWORKS AUTHORITY
FEBRUARY 28, 2017
FINANCIAL AND RELATED REPORTS
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GUAM WATERWORKS AUTHORITY
Balance Sheet
February 28, 2017

SCHEDULE A

ASSETS	Unaudited February 28, 2017	Audited September 30, 2016	Increase (Decrease)
Current Assets:			
Cash:			
Unrestricted (Schedule G)	4,984,527	5,157,430	(172,903)
Restricted Funds (Schedule G)	57,832,556	51,436,547	6,396,010
Accounts Receivable Trade, Net of Allowance for Doubtful Receivables of $11,330,731 at Feb 28, 2017 and $11,018,231 at Sep 30, 2016	15,908,806	15,644,048	264,758
Other Receivable	867,511	1,065,179	(197,668)
Materials & Supplies Inventory, Net of Allowance for Obsolescence of $457,370 at Feb 28, 2017 and Sep 30, 2016	1,970,171	2,269,775	(299,604)
Total Current Assets	81,563,572	75,572,979	5,990,593
Property, Plant and Equipment			
Utility plant in service:			
Water system	306,387,331	306,262,568	124,763
Wastewater system	259,512,407	259,512,407	-
Non-utility property	22,956,960	22,474,787	482,173
Total property	588,856,698	588,249,761	606,936
Less Accumulated Depreciation	(289,482,653)	(282,837,613)	(6,645,040)
Land	394,288	254,288	140,000
Construction Work in Progress	107,746,303	81,877,561	25,868,742
Property, Plant and Equipment, net	407,514,636	387,543,997	19,970,639
Other noncurrent assets			
Restricted cash (Schedule G)	265,756,927	285,277,784	(19,520,857)
Investments (Schedule G)	41,502,455	41,029,262	473,193
Other Prepaid Expenses	747,378	652,000	95,378
Total other noncurrent assets	308,006,761	326,959,047	(18,952,286)
TOTAL ASSETS	797,084,969	790,076,022	7,008,946
Deferred outflows of resources:			
Debt defeasance loss on refunding	1,817,728	1,878,602	(60,874)
Deferred outflows from pension	4,126,388	4,668,010	(541,622)
Total Assets and Deferred Outflows of Resources	**803,029,085**	**796,622,635**	**6,406,450**
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Current maturities of long-term debt			
-Series 2010 Bond	1,655,000	1,655,000	-
-Series 2014 Refunding	3,385,000	3,385,000	-
-Notes Payable	2,873,988	2,873,988	-
Accounts Payable -Trade	4,840,008	4,909,146	(69,138)
Accrued Expense	42,126	42,126	0
Interest Payable	4,486,768	6,748,638	(2,261,870)
Accrued Payroll and Employee Benefits	1,647,020	1,692,622	(45,602)
Accrued Annual Leave	1,641,497	1,641,497	-
Current portion of employee annual leave	548,845	548,845	-
Contractor's Payable	3,779,282	3,436,908	342,373
Customer Deposits	2,223,669	2,228,235	(4,566)
Total Current Liabilities	27,123,202	29,162,004	(2,038,802)
Long Term Debt, less current maturities			
Series 2010 Revenue Bond	114,525,000	114,525,000	-
Series 2013 Revenue Bond	172,630,000	172,630,000	-
Series 2014 Refunding	75,995,000	75,995,000	-
Series 2016 Revenue Bond	143,310,000	143,310,000	-
Unamortized Discount - Bond 2010	(1,914,588)	(1,948,205)	33,617
Unamortized Discount - Bond 2013	(1,368,559)	(1,389,850)	21,291
Unamortized Premium - Bond 2014	4,967,783	5,071,307	(103,524)
Unamortized Premium - Bond 2016	17,617,347	17,870,470	(253,123)
Notes Payable	7,420,191	8,578,203	(1,158,012)
Unfunded Ret Liability (GASB 67/68)	37,132,140	38,195,938	(1,063,797)
Employee Annual Leave, Less Current Portion	887,084	887,084	-
TOTAL LIABILITIES	598,324,601	602,886,951	(4,562,350)
Net Assets	**204,704,485**	**193,735,684**	**10,968,801**
Total Liabilities and Net Assets	**803,029,085**	**796,622,635**	**6,406,451**

GUAM WATERWORKS AUTHORITY
Statement of Operations and Retained Earnings (Unaudited)
Comparative Budget vs. Actual for the period ending February 28, 2017

SCHEDULE B

	Month to Date			
	Budget February-17	**Encumbered February-17**	**Actual (Unaudited) February-17**	**Variance Increase / (Decrease)**
OPERATING REVENUES				
Water Revenues	5,678,548		5,057,682	(620,865)
Wastewater Revenues	3,284,461		3,103,059	(181,402)
Legislative Surcharge	288,387		262,706	(25,681)
Other Revenues	43,750		34,919	(8,831)
System Development Charge	133,333		58,111	(75,222)
Total Operating Revenues	9,428,479		8,516,476	(912,002)
OPERATING AND MAINTENANCE EXPENSES				
Water Purchases	676,391		670,668	(5,723)
Power Purchases	1,061,804		939,089	(122,715)
Total Utility Costs	1,738,195		1,609,757	(128,438)
Salaries and Wages	1,586,470		1,332,764	(253,706)
Pension and Benefits	597,585		234,926	(362,659)
Total Salaries and Benefits	2,184,055		1,567,690	(616,365)
Capitalized Labor and Benefits	(292,554)		(200,000)	92,554
Net Salaries and Benefits	1,891,501		1,367,690	(523,810)
Administrative and General Expenses				
Sludge removal	174,395	-	121,660	(52,735)
Chemicals	205,222	-	159,440	(45,782)
Materials & Supplies	216,071	-	157,546	(58,524)
Transportation	71,419	-	61,717	(9,702)
Communications	14,152	-	10,715	(3,437)
Claims	3,284	-	4,082	798
Insurance	135,312	-	101,034	(34,278)
Training & Travel	5,570	-	27,597	22,027
Advertising	7,045	-	6,107	(938)
Miscellaneous	102,963	-	83,458	(19,506)
Total Administrative and General Expense	935,431	-	733,355	(202,076)
Regulatory Expense	21,791	-	12,956	(8,834)
Bad Debts Provision	62,500	-	62,494	(6)
Depreciation Expense	1,529,550	-	1,329,008	(200,542)
Contractual Expense				
Audit & Computer Maint.	78,630	-	92,217	13,586
Building rental	38,368	-	36,521	(1,847)
Equipment rental	42,270	-	42,648	378
Legal	439	-	397	(42)
Laboratory	10,086	-	-	(10,086)
Other	126,292	-	179,095	52,804
Total Contractual Expense	296,085	-	350,877	54,793
Retiree Supp. Annuities and health care costs	239,312		240,963	1,651
Contribution to Government of Guam	48,285		49,500	1,215
Total Retiree Benefits	287,597		290,463	2,866
Total Operating Expenses	6,762,648	-	5,756,601	(1,006,047)
Earnings (Loss) from Operations	2,665,830	-	2,759,876	94,045
Interest Income-2010/13/14/16 Series Bond	1,029		41,382	40,353
Interest Income-Other Funds	642		7,276	6,634
Interest Expense- 2010/13/14/16 Series Bond	(2,223,983)		(2,223,983)	(0)
Interest Expense- ST BOG	(46,124)		(52,930)	(6,805)
Federal Expenditures	-		(82,543)	(82,543)
Loss on Asset Disposal	-		-	-
AFUDC	625,000		625,000	-
Amortization of Discount, Premium and Issuance Costs	37,738		61,861	24,123
Loss on Defeasance Bond05 Refunding	(19,483)		(15,218)	4,265
Deferred outflows from pension	(66,928)		(106,481)	(39,552)
Prior Year Adjustment	-		-	-
Total non-operating revenues (expenses)	(1,692,111)	-	(1,745,636)	(53,526)
Net Income (Loss) before capital contributions	973,720	-	1,014,239	40,520
Capital Contributions				
Grants from US Government	250,000		1,099,674	849,674
Grants from GovGuam & Others	-		-	-
Other Contributions	-		-	-
Total Capital Contributions	250,000	-	1,099,674	849,674
Change in Net Assets	1,223,720	-	2,113,913	890,193
Debt Service Calculation				
Earnings From Operations	2,665,830		2,759,876	
System Development Charge	(133,333)		(58,111)	
Interest/Investment Income	642		7,276	
Depreciation	1,529,550		1,329,008	
Balance Available for Debt Service per Section 6.12	4,062,689		4,038,049	
Working Capital Reserve Available for Debt Service	632,083		932,134	
Transfer to Working Capital Debt Service Reserve	(304,167)		-	
Balance Available for Debt Service inclusive of reserves	4,390,606		4,970,183	
Debt Service				
Principal	420,000		420,000	
Interest	1,626,858		1,626,858	
Total	2,046,858		2,046,858	
Debt Service Coverage inclusive of reserves (PUC)	2.15		2.43	
Debt Service Coverage (1.25X)- per Section 6.12 (Indenture)	1.98		1.97	

GUAM WATERWORKS AUTHORITY
Statement of Operations and Retained Earnings (Unaudited)
Comparative for the period ending February 28, 2017 and 2016

SCHEDULE C

	Month to Date Actual (Unaudited) February-17	Month to Date Actual (Audited) February-16	Variance Increase / (Decrease)
OPERATING REVENUES			
Water Revenues	5,057,682	5,361,643	(303,961)
Wastewater Revenues	3,103,059	3,102,398	660
Legislative Surcharge	262,706	241,527	21,179
Other Revenues	34,919	43,325	(8,406)
System Development Charge	58,111	119,028	(60,917)
Total Operating Revenues	8,516,476	8,867,921	(351,444)
OPERATING AND MAINTENANCE EXPENSES			
Water Purchases	670,668	531,170	139,498
Power Purchases	939,089	935,490	3,599
Total Utility Costs	1,609,757	1,466,660	143,097
Salaries and Wages	1,332,764	1,333,993	(1,229)
Pension and Benefits	234,926	454,904	(219,978)
Total Salaries and Benefits	1,567,690	1,788,897	(221,207)
Capitalized Labor and Benefits	(200,000)	(248,363)	48,363
Net Salaries and Benefits	1,367,690	1,540,534	(172,844)
Administrative and General Expenses			
Sludge removal	121,660	130,423	(8,763)
Chemicals	159,440	186,596	(27,156)
Materials & Supplies	157,546	103,711	53,835
Transportation	61,717	47,876	13,842
Communications	10,715	10,265	450
Claims	4,082	10,618	(6,536)
Insurance	101,034	101,111	(77)
Training & Travel	27,597	12,457	15,140
Advertising	6,107	15,907	(9,801)
Miscellaneous	83,458	68,429	15,028
Total Administrative and General Expense	733,355	687,393	45,963
Regulatory Expense	12,956	27,104	(14,148)
Bad Debts Provision	62,494	86,193	(23,698)
Depreciation Expense	1,329,008	1,279,008	50,000
Contractual Expense			
Audit & Computer Maint.	92,217	86,467	5,749
Building rental	36,521	33,279	3,242
Equipment rental	42,648	58,162	(15,514)
Legal	397	362	35
Laboratory	-	10,234	(10,234)
Other	179,095	154,589	24,506
Total Contractual Expense	350,877	343,094	7,784
Retiree Supp. Annuities and health care costs	240,963	230,355	10,608
Contribution to Government of Guam	49,500	48,667	833
Total Retiree Benefits	290,463	279,022	11,441
Total Operating Expenses	5,756,601	5,709,007	47,594
Earnings (Loss) from Operations	2,759,876	3,158,914	(399,038)
Interest Income-2010/13/14/16 Series Bond	41,382	2,083	39,300
Interest Income-Other Funds	7,276	3,177	4,099
Interest Expense - 2010/13/14/16 Series Bond	(2,223,983)	(1,994,375)	(229,608)
Interest Expense- ST BOG	(52,930)	(59,096)	6,166
Federal Expenditures	(82,543)	(88,189)	5,646
Loss on Asset Disposal	-	(4,150)	4,150
AFUDC	625,000	1,142,370	(517,370)
Amortization of Discount, Premium and Issuance Costs	61,861	(160,812)	222,672
Loss on Defeasance Bond05 Refunding	(15,218)	(19,483)	4,265
Deferred outflows from pension	(106,481)	(7,452)	(99,029)
Prior Year Adjustment	-	(51,397)	51,397
Total non-operating revenues (expenses)	(1,745,636)	(1,237,323)	(508,314)
Net Income (Loss) before capital contributions	1,014,239	1,921,591	(907,352)
Capital Contributions			
Grants from US Government	1,099,674	434,254	665,420
Grants from GovGuam & Others	-	23,151	(23,151)
Other Contributions	-	-	-
Total Capital Contributions	1,099,674	457,405	642,269
Change in Net Assets	2,113,913	2,378,996	(265,083)
Debt Service Calculation			
Earnings From Operations	2,759,876	3,158,914	
System Development Charge	(58,111)	(119,028)	
Interest/Investment Income	7,276	3,177	
Depreciation	1,329,008	1,279,008	
Balance Available for Debt Service per Section 6.12	4,038,049	4,322,072	
Working Capital Reserve Available for Debt Service	932,134	382,083	
Transfer to Working Capital Debt Service Reserve	-	-	
Balance Available for Debt Service inclusive of Reserves	4,970,183	4,704,155	
Debt Service			
Principal	420,000	409,167	
Interest	1,626,858	1,442,950	
Total	2,046,858	1,852,116	
Debt Service Coverage inclusive of reserves (PUC)	2.43	2.54	
Debt Service Coverage (1.25X)- per Section 6.12 (Indenture)	1.97	2.33	

GUAM WATERWORKS AUTHORITY
Statement of Operations and Retained Earnings (Unaudited)
Comparative Budget vs. Actual for the period ending February 28, 2017

SCHEDULE D

	Year to Date			Variance
	Budget February-17	Encumbered February-17	Actual (Unaudited) February-17	Increase / (Decrease)
OPERATING REVENUES				
Water Revenues	28,392,738		26,193,075	(2,199,663)
Wastewater Revenues	16,422,303		15,474,991	(947,312)
Legislative Surcharge	1,441,935		1,334,432	(107,503)
Other Revenues	218,750		288,190	69,440
System Development Charge	666,667		230,679	(435,988)
Total Operating Revenues	47,142,393		43,521,367	(3,621,026)
OPERATING AND MAINTENANCE EXPENSES				
Water Purchases	3,381,953		2,933,153	(448,800)
Power Purchases	5,309,020		4,707,310	(601,710)
Total Utility Costs	8,690,973		7,640,463	(1,050,510)
Salaries and Wages	7,932,351		6,872,535	(1,059,816)
Pension and Benefits	2,987,923		1,303,794	(1,684,129)
Total Salaries and Benefits	10,920,274		8,176,329	(2,743,945)
Capitalized Labor	(1,462,771)		(1,000,000)	462,771
Net Salaries and Benefits	9,457,503		7,176,329	(2,281,174)
Administrative and General Expenses				
Sludge removal	871,973	10,800	729,644	(131,530)
Chemicals	1,026,110	411,070	606,524	(8,516)
Materials & Supplies	1,080,353	306,736	615,965	(157,652)
Transportation	357,096	173,781	180,580	(2,735)
Communications	70,759	21,665	48,205	(889)
Claims	16,419		30,340	13,921
Insurance	676,558		505,207	(171,351)
Training & Travel	27,849		43,699	15,850
Advertising	35,223	10,455	22,089	(2,679)
Miscellaneous	514,816	46,013	394,495	(74,308)
Total Administrative and General Expense	4,677,157	980,520	3,176,748	(519,889)
Regulatory Expense	108,953	-	105,282	(3,671)
Bad Debts Provision	312,500	-	312,476	(24)
Depreciation Expense	7,647,750	-	6,645,040	(1,002,710)
Contractual Expense				
Audit & Computer Maint.	393,152	-	512,372	119,220
Building rental	191,838	-	182,603	(9,236)
Equipment rental	211,349	-	288,454	77,106
Legal	2,194	-	1,985	(209)
Laboratory	50,431	17,662	7,573	(25,196)
Other	631,459	-	530,056	(101,403)
Total Contractual Expense	1,480,423	17,662	1,523,042	60,282
Retiree Supp. Annuities and health care costs	1,196,558		1,153,998	(42,560)
Contribution to Government of Guam	241,425		247,500	6,075
Total Retiree Benefits	1,437,983	-	1,401,498	(36,485)
Total Operating Expenses	33,813,241	998,182	27,980,877	(4,834,181)
Earnings (Loss) from Operations	13,329,152	(998,182)	15,540,489	1,213,156
Interest Income-2010/13/14/16 Series Bond	5,143		78,633	73,489
Interest Income-Other Funds	3,209		26,745	23,536
Interest Expense - 2010/13/14/16 Series Bond	(11,119,917)		(11,119,917)	(0)
Interest Expense- ST BOG	(230,620)		(229,102)	1,518
Federal Expenditures	-		(256,661)	(256,661)
Loss on Assets Disposal	-		-	-
AFUDC	3,125,000		3,125,000	-
Amortization of Discount, Premium and Issuance Costs	188,688		309,304	120,616
Loss on Defeasance Bond05 Refunding	(97,415)		(76,092)	21,323
Deferred outflows from pension	(334,641)		(526,403)	(191,762)
Prior Year Adjustment	-		(268,735)	(268,735)
Total non-operating revenues (expenses)	(8,460,553)	-	(8,937,230)	(476,676)
Net Income (Loss) before capital contributions	4,868,598	(998,182)	6,603,260	736,479
Capital Contributions				
Grants from US Government	1,250,000		4,365,541	3,115,541
Grants from GovGuam & Others	-		-	-
Other Contributions	-		-	-
Total Capital Contributions	1,250,000	-	4,365,541	3,115,541
Change in Net Assets	6,118,598	(998,182)	10,968,801	3,852,020
Debt Service Calculation				
Earnings From Operations	13,329,152		15,540,489	
System Development Charge	(666,667)		(230,679)	
Interest/Investment Income	3,209		26,745	
Depreciation	7,647,750		6,645,040	
Balance Available for Debt Service per Section 6.12	20,313,444		21,981,596	
Working Capital Reserve for Debt Service	3,160,417		4,660,671	
Transfer to Working Capital Debt Service Reserve	(1,520,833)		-	
Balance Available for Debt Service inclusive of Reserves	21,953,028		26,642,266	
Debt Service				
Principal	2,100,000		2,100,000	
Interest	8,134,292		8,134,292	
Total	10,234,292		10,234,292	
Debt Service Coverage inclusive of reserves (PUC)	2.15		2.60	
Debt Service Coverage (1.25X)- per Section 6.12 (Indenture)	1.98		2.15	

GUAM WATERWORKS AUTHORITY
Statement of Operations and Retained Earnings (Unaudited)
Comparative for the period ending February 28, 2017 and 2016

SCHEDULE E

	Year to Date ACTUAL (Unaudited) February-17	ACTUAL (Audited) February-16	Variance Increase / (Decrease)
OPERATING REVENUES			
Water Revenues	26,193,075	26,808,214	(615,139)
Wastewater Revenues	15,474,991	15,511,992	(37,001)
Legislative Surcharge	1,334,432	1,207,635	126,796
Other Revenues	288,190	216,624	71,566
System Development Charge	230,679	595,138	(364,459)
Total Operating Revenues	43,521,367	44,339,604	(818,238)
OPERATING AND MAINTENANCE EXPENSES			
Water Purchases	2,933,153	2,655,848	277,305
Power Purchases	4,707,310	4,677,452	29,858
Total Utility Costs	7,640,463	7,333,300	307,163
Salaries and Wages	6,872,535	6,669,964	202,571
Pension and Benefits	1,303,794	2,274,521	(970,727)
Total Salaries and Benefits	8,176,329	8,944,485	(768,157)
Capitalized Labor and Benefits	(1,000,000)	(1,241,816)	241,816
Net Salaries and Benefits	7,176,329	7,702,670	(526,341)
Administrative and General Expenses			
Sludge removal	729,644	652,117	77,527
Chemicals	606,524	932,978	(326,453)
Materials & Supplies	615,965	518,556	97,409
Transportation	180,580	239,379	(58,799)
Communications	48,205	51,324	(3,119)
Claims	30,340	53,088	(22,749)
Insurance	505,207	505,553	(346)
Training & Travel	43,699	62,284	(18,585)
Advertising	22,089	79,537	(57,449)
Miscellaneous	394,495	342,146	52,349
Total Administrative and General Expense	3,176,748	3,436,963	(260,215)
Regulatory Expense	105,282	135,522	(30,240)
Bad Debts Provision	312,476	430,963	(118,487)
Depreciation Expense	6,645,040	6,395,042	249,998
Contractual Expense			
Audit & Computer Maint.	512,372	432,337	80,034
Building rental	182,603	166,393	16,210
Equipment rental	288,454	290,809	(2,355)
Legal	1,985	1,812	173
Laboratory	7,573	51,171	(43,598)
Other	530,056	772,946	(242,890)
Total Contractual Expense	1,523,042	1,715,468	(192,425)
Retiree Supp. Annuities and health care costs	1,153,998	1,151,776	2,222
Contribution to Government of Guam	247,500	243,333	4,167
Total Retriree Benefits	1,401,498	1,395,109	6,389
Total Operating Expenses	27,980,877	28,545,035	(564,158)
Earnings (Loss) from Operations	15,540,489	15,794,569	(254,080)
Interest Income-2010/13/14/16 Series Bond	78,633	10,413	68,220
Interest Income-Other Funds	26,745	15,885	10,860
Interest Expense - 2010/13/14/16 Series Bond	(11,119,917)	(9,971,875)	(1,148,042)
Interest Expense- ST BOG	(229,102)	(295,478)	66,375
Federal Expenditures	(256,661)	(440,943)	184,282
Loss on Assets Disposal	-	(20,748)	20,748
AFUDC	3,125,000	5,711,850	(2,586,850)
Amortization of Discount, Premium and Issuance Costs	309,304	(804,058)	1,113,362
Loss on Defeasance Bond05 Refunding	(76,092)	(97,415)	21,323
Deferred outflows from pension	(526,403)	(37,258)	(489,145)
Prior Year Adjustment	(268,735)	(256,986)	(11,749)
Total non-operating revenues (expenses)	(8,937,230)	(6,186,613)	(2,750,616)
Net Income (Loss) before capital contributions	6,603,260	9,607,956	(3,004,696)
Capital Contributions			
Grants from US Government	4,365,541	2,171,269	2,194,272
Grants from GovGuam & Others	-	115,757	(115,757)
Other Contributions	-	-	-
Total Capital Contributions	4,365,541	2,287,026	2,078,515
Change in Net Assets	10,968,801	11,894,982	(926,181)
Debt Service Calculation			
Earnings From Operations	15,540,489	15,794,569	
System Development Charge	(230,679)	(595,138)	
Interest/Investment Income	26,745	15,885	
Depreciation	6,645,040	6,395,042	
Balance Available for Debt Service per Section 6.12	21,981,596	21,610,358	
Working Capital Reserve Available for Debt Service	4,660,671	1,910,417	
Transfer to Working Capital Debt Service Reserve	-	-	
Balance Available for Debt Service inclusive of Reserves	26,642,266	23,520,774	
Debt Service			
Principal	2,100,000	2,045,833	
Interest	8,134,292	7,214,748	
Total	10,234,292	9,260,581	
Debt Service Coverage inclusive of reserves (PUC)	2.60	2.54	
Debt Service Coverage (1.25X)- per Section 6.12 (Indenture)	2.15	2.33	

SCHEDULE F

Bond Compliance		**($$$) Per Indenture**	**As of 02/28/17 ($$$) Bond 2010/2013/2014/2016**
• Operation and Maintenance Fund-BOG	*Equivalent to 55 days of the annual O&M budget less depreciation*	$10.5M	$10.5M
• Bond Reserve Fund - US Bank	*Fully funded- Principal and Interest (Bond Series 2010, 2013, 2014 Refunding and 2016)*	$34.9M	$34.9M
• Operation, Maintenance, Renewal and Replacement Reserve Fund-BOG Trust	*Equivalent to 1/4 of the annual O&M budget & CIP budget to be funded in 5 years ($2M/year)*	$17.4M	$17.4M
• Capital Improvement Fund & BOG Reserves	*Balance remaining in the Revenue Fund after the foregoing deposits*	$3.9K	$4.5K
• Capitalized Interest Fund			$5.3M

GUAM WATERWORKS AUTHORITY
Restricted and Unrestricted Cash Summary
FY 2017

SCHEDULE G

Description	Unaudited February 28, 2017	Audited September 30, 2016	Increase (Decrease)
UNRESTRICTED			
Change Fund	2,000	2,000	0
Petty Cash	5,000	5,000	0
BOG - General Fund	4,947,488	5,126,177	(178,689)
BOG - PRN Payroll	30,039	24,253	5,786
Sub-total Unrestricted	4,984,527	5,157,430	(172,903)
RESTRICTED			
BOG - Credit Card-Sweep	-	-	0
BOG - On Line Payment	0	-	0
BOG - Sweep Account	276	76	201
Bank of Hawaii	91,935	121,322	(29,387)
ANZ Bank	363	229	134
First Hawaiian Bank	10,405	47,741	(37,336)
Bank Pacific	11,333	14,194	(2,861)
Community First FCU	3,676	4,638	(962)
BOG - Customer Refunds	1,837,377	1,431,631	405,746
Bank Pacific - Surcharge	250,718	666,763	(416,045)
Bank Pacific - Escrow Deposit	277,799	845,734	(567,935)
BOG Emergency Reserve Fund	6,117	6,114	3
BOG - Revenue Trust	1,095,605	3,095,751	(2,000,146)
BOG Revenue Trust Fund	5,167,969	8,182,472	(3,014,503)
BOG Capital Improvement Fund	4,565	3,933	632
BOG-O & M Reserve	13,003,396	4,050,319	8,953,077
BOG-Debt Service Reserve	11,188,845	11,185,610	3,235
BOG-CAPEX Reserve	11,613,031	8,710,383	2,902,648
BOG Sewer Hookup Revolving Fund	62,675	62,132	543
BOG Short Term Loan DSF	-	-	0
BOG Subord. Sec. Fund	859,233	859,233	0
BOG Operation and Maintenance Fund	3,083,482	3,083,482	0
	48,568,799	42,371,755	6,197,044
BOG - SDC Deposit	3,513,757	1,064,792	2,448,965
BOG - SDC CDs	5,750,000	8,000,000	(2,250,000)
Total Restricted	57,832,556	51,436,547	6,396,010
Reserve Funds			
BOG Series 05 OMRRRF Fund	17,423,213	17,423,213	0
BOG Series 10 Construction Fund	10,344,424	11,725,749	(1,381,325)
BOG Series 13 Construction Fund	93,823,227	107,622,618	(13,799,390)
BOG Series 13 CAP I Fund	-	-	0
BOG Series 14 Refunding Construction Fund	820,773	820,529	244
BOG Series 16 Construction Fund	137,988,632	138,748,131	(759,499)
BOG Series 16 Cap Int Fund	5,356,658	8,937,545	(3,580,887)
BOG Series 16 COI Fund	-	-	0
Total Restricted - Held by Trustee	265,756,927	285,277,784	(19,520,857)
USB Series 2010 Debt Service Fund	2,171,805	2,016,414	155,391
USB Series 2010 Debt Service Reserve Fund	7,566,460	7,566,460	0
USB Series 2013 Debt Service Fund	1,555,471	2,333,083	(777,612)
USB Series 2013 Debt Service Reserve Fund	12,031,688	12,031,688	0
USB Series 2014 Refunding Debt Service Fund	2,886,703	1,791,266	1,095,438
USB Series 2014 Refunding Debt Service Reserve Fund	7,707,603	7,707,628	(24)
USB Series 2016 Debt Service Fund	-	-	0
USB Series 2016 Debt Service Reserve Fund	7,582,725	7,582,725	0
Total Investments	41,502,455	41,029,262	473,193
Total Restricted and Unrestricted Cash	370,076,466	382,901,023	(12,824,557)

SCHEDULE H

Guam Waterworks Authority
Statement of Cash Flows (Unaudited)
FY 2017

	YTD Feb-17
Increase (decrease) in cash	
Cash flows from operating activities:	
Cash received from trade and others	43,255,405
Cash payments to suppliers/contractors for goods and services	(12,328,975)
Cash payments to employees for services	(9,145,606)
Net cash provided by operating activities	21,780,825
Cash flows from capital and related financing activities:	
Contributed capital received (grants)	3,990,709
Acquisition of utility plant	(23,148,305)
Repayment of Long Term Debt	(1,173,416)
Interest expense	(14,390,621)
Net cash provided by (used in) capital and related financing activities	(34,721,634)
Cash flows from investing activities:	
Transfers from (to) restricted fund	12,662,528
Interest income received	105,378
Net cash provided by investing activities	12,767,906
Net increase (decrease) in cash	(172,903)
Unrestricted cash at beginning of the period	5,157,430
Unrestricted cash at end of period	4,984,527
Reconciliation of operating loss to net cash provided by operating activities:	
Operating Income (loss)	15,540,489
Adjustments to reconcile to net cash provided by operating activities:	
Depreciation expense	6,645,040
Other Expense/income	
(Increase) decrease in assets:	
Accounts receivable	51,080
Materials and supplies inventory	299,603
Other Assets	(95,378)
Increase (decrease) in liabilities:	
Accounts payable, Contractors, Retention & Escrow Deposit	(87,666)
Accrued payroll	(567,778)
Customer deposits	(4,566)
Net cash provided by operating activities	21,780,825

Guam Waterworks Authority
Accounts Receivable - Government
as of February 28, 2017

SCHEDULE I

			AGING				
Customer Name	**No of Accounts**	**Current Balance**	**31-60 days**	**61-90 days**	**91-120 days**	**Over 120 days**	**Outstanding Bal.**
GUAM POWER AUTHORITY	22	117,147	113,675	85,554	82,727	243	399,346
GUAM INT'L AIRPORT AUTHORITY	4	29,832	27,506	24,907	22,890	125,082	230,218
PORT AUTHORITY OF GUAM	2	41,276	43,924	4,127	-	-	89,327
UNIVERSITY OF GUAM	42	6,287	-	-	-	-	6,287
GUAM MEMORIAL HOSPITAL AUTHORITY	1	4,072	-	-	-	-	4,072
GUAM HOUSING & URBAN RENEWAL AUTHORITY	6	2,084	-	-	-	92	2,176
GUAM HOUSING CORPORATION	1	42	-	-	-	-	42
AUTONOMOUS AGENCIES	**78**	**200,739**	**185,106**	**114,588**	**105,617**	**125,417**	**731,467**
DEPT OF EDUCATION	49	336,694	16,729	29,098	30,035	190,789	603,346
DEPT OF PARKS & RECREATION	16	39,896	8,780	11,689	2,436	83,331	146,132
DEPT OF CORRECTIONS	8	109,634	4,659	6,299	3,229	18,222	142,043
DEPT OF PUBLIC HEALTH & SOCIAL SERVICES	5	2,350	526	568	709	103,372	107,526
DEPT OF CHAMORRO AFFAIRS	2	18,669	6,881	610	-	-	26,159
MAYORS' COUNCIL OF GUAM	36	7,099	2,174	434	148	1,417	11,272
DEPT OF PUBLIC WORKS	10	4,368	759	551	659	3,450	9,788
GUAM LEGISLATURE	1	6,187	2,426	-	-	-	8,613
GUAM FIRE DEPARTMENT	8	5,229	2,457	-	-	-	7,685
DIVISION OF SENIOR CITIZENS, DPH&SS	2	2,533	313	38	-	-	2,884
DEPT OF AGRICULTURE	2	2,505	-	-	-	-	2,505
SANCTUARY INC	1	1,959	-	-	-	-	1,959
DEPT OF MILITARY AFFAIRS/GUARNG	1	1,825	-	-	-	-	1,825
OFFICE OF THE GOVERNOR	1	1,492	-	-	-	-	1,492
GUAM POLICE DEPARTMENT	1	817	-	-	-	-	817
GUAM VETERANS AFFAIRS OFFICE	2	369	-	-	-	-	369
DEPT OF ADMINISTRATION	1	265	-	-	-	-	265
MERIZO MAYOR	1	262	-	-	-	-	262
GHURA-AGAFU GUMAS PARK	1	25	31	26	31	121	233
GUAM PUBLIC LIBRARY	2	100	-	-	-	-	100
GUAM SOLID WASTE AUTHORITY	2	75	-	-	-	-	75
DEPT OF YOUTH AFFAIRS	1	22	-	-	-	-	22
LINE AGENCIES	**153**	**542,375**	**45,735**	**49,312**	**37,248**	**400,702**	**1,075,372**
TOTAL February 28, 2017	**231**	**743,114**	**230,840**	**163,901**	**142,864**	**526,119**	**1,806,838**
TOTAL September 30, 2016	**243**	**1,516,081**	**325,256**	**94,308**	**95,259**	**717,692**	**2,748,597**
PERCENT INCREASE/ (DECREASE)	**-5%**	**-51%**	**-29%**	**74%**	**50%**	**-27%**	**-34%**

GUAM WATERWORKS AUTHORITY
2010 Series Bond Project Status
As of Feb. 28, 2017

SCHEDULE J

PROJECT NAME	ORIGINAL APPROVED PROJECT COST	Adjusted Project Cost	EXPENDITURES AS OF 02/28/17	OUTSTANDING ENCUMBRANCES	TOTAL EXPENDITURES AND ENCUMBRANCES	UNOBLIGATED PROJECT COST	Construction fund balance AS OF 02/28/17
Ground Water Disinfection	$ -	$ 500,000	$ 438,141	$ 61,859	$ 500,000	$ 0	$ 61,859
"A" Series Well Transmission Line	$ 600,000	$ 600,000	$ 474,434	$ 1,274	$ 475,709	$ 124,291	$ 125,566
Water Booster Pump Station	$ 500,000	$ 500,000	$ 418,844	$ 81,156	$ 500,000	$ (0)	$ 81,156
Meter Replacement Program	$ 2,500,000	$ 10,300,000	$ 10,254,220	$ 19,409	$ 10,273,628	$ 26,372	$ 45,780
Barrigada Tank Repair/Replacement	$ -	$ 5,450,000	$ 5,442,302	$ 7,698	$ 5,450,000	$ 0	$ 7,698
Leak Detection		$ 200,000	$ -	$ 200,000	$ 200,000	$ -	$ 200,000
Potable Water System Planning	$ 200,000	$ 200,000	$ 179,638	$ 20,362	$ 200,000	$ -	$ 20,362
Implement Ground Water Rule		$ 1,700,000	$ 1,499,464	$ 200,535	$ 1,700,000	$ 1	$ 200,536
Brigade II (Ugum Lift) BPS Upgrade	$ 1,200,000	$ 1,700,000	$ 83,395	$ 202,199	$ 285,595	$ 1,414,405	$ 1,616,605
Deep Well Rehabilitation	$ 548,000	$ 548,000	$ 548,000	$ -	$ 548,000	$ -	$ -
New Deep Wells at Down Hard	$ 3,773,000	$ 1,773,000	$ 485,743	$ -	$ 485,743	$ 1,287,257	$ 1,287,257
Rehabilitation of Asan Springs	$ 900,000	$ 900,000	$ 188,771	$ 152,068	$ 340,838	$ 559,162	$ 711,229
Master Meters	$ 1,600,000	$ 1,600,000	$ 1,421,267	$ 68,690	$ 1,489,957	$ 110,043	$ 178,733
Ugum Water Treatment Plant Intake	$ 3,670,000	$ 700,000	$ 543,615	$ 156,385	$ 700,000	$ -	$ 156,385
Water Wells	$ 2,000,000	$ -	$ -		$ -	$ -	$ -
Water Distribution System	$ 384,000	$ 3,200,000	$ 3,174,748	$ -	$ 3,174,748	$ 25,252	$ 25,252
Pressure Zone Realignment /	$ 3,550,000	$ -	$ -		$ -	$ -	$ -
Northern System Water Distribution	$ 2,725,000	$ -	$ -	$ -	$ -	$ -	$ -
Central Water Distribution System 2005	$ 1,200,000	$ 900,000	$ 578,961	$ 45,192	$ 624,152	$ 275,848	$ 321,039
Southern Water Distribution System	$ 1,800,000	$ -	$ -		$ -	$ -	$ -
Mechanical/Electrical Equipment	$ 1,360,000	$ 1,200,000	$ 1,079,495	$ 120,505	$ 1,200,000	$ (0)	$ 120,505
Water Reservoir Internal/External	$ 500,000	$ 2,000,000	$ 855,242	$ 584,234	$ 1,439,476	$ 560,524	$ 1,144,758
Water Reservoir Internal/External	$ 2,400,000	$ -	$ -		$ -	$ -	$ -
Water System Reservoirs 2005 Improvements	$ 11,697,000	$ 1,050,000	$ 1,050,000		$ 1,050,000	$ 0	$ 0
Distribution System Upgrades	$ 3,182,000	$ 500,000	$ 451,462	$ 22,698	$ 474,160	$ 25,840	$ 48,538
Ugum Water Treatment Plant Reservoir	$ 3,672,000	$ -	$ -		$ -	$ -	$ -
Water Audit Program & Water Loss Control Plan		$ 100,000	$ 15,031	$ 63,428	$ 78,459	$ 21,541	$ 84,970
Production Plan / Reduce Navy Purchases		$ 100,000	$ 94,286	$ 5,714	$ 100,000	$ -	$ 5,714
Hydraulic Asessment of Tank		$ 500,000	$ 495,744	$ 4,256	$ 500,000	$ -	$ 4,256
Agana Heights & Chaot Tanks		$ 4,700,000	$ 4,144,715	$ 555,285	$ 4,700,000	$ -	$ 555,285
Tank Major Repair Yigo#1 Mangilao#2 Agat#2		$ 2,400,000	$ 1,738,843	$ 109,171	$ 1,848,013	$ 551,987	$ 661,157
Tank Major Repair Yigo#1 Mangilao#2 Agat#2		$ -			$ -	$ -	$ -
Assessment of malojloj Elevetad & Yigo Elevated		$ 200,000	$ 180,098	$ 19,902	$ 200,000	$ -	$ 19,902
Public Water System Asser Inventory/Condition Assesment		$ 100,000	$ 96,554	$ 3,446	$ 100,000	$ -	$ 3,446
Public Water System GIS & Mapping		$ 50,000	$ 41,283	$ 8,717	$ 50,000	$ -	$ 8,717
		$ -			$ -	$ -	$ -
Wastewater System Planning	$ 1,500,000	$ 1,500,000	$ 1,465,858	$ 8,142	$ 1,474,000	$ 26,000	$ 34,142
Wastewater Vehicles	$ 235,000	$ 235,000	$ 209,795	$ 25,205	$ 235,000	$ 0	$ 25,205
NDWWTP - Chlorine Tanks	$ 250,000	$ 250,000	$ 250,000		$ 250,000	$ -	$ -
Tumon Bay Sewer Upgrades	$ 100,000	$ -	$ -		$ -	$ -	$ -
Wastewater Collection System Repl/Rehab		$ 1,150,000	$ 718,036	$ 283,287	$ 1,001,323	$ 148,677	$ 431,964
Facilities Plan/Design for Baza Gardens WWTP	$ 1,250,000	$ 1,250,000	$ 1,138,520	$ 10,750	$ 1,149,269	$ 100,731	$ 111,480
Facilities Plan/Design for Agat-Santa Rita WWTP	$ 900,000	$ 900,000	$ 881,749	$ 17,881	$ 899,630	$ 370	$ 18,251
Priority 1 Sewer Upgrades – Baza Gardens WWTP	$ 650,000	$ -	$ -		$ -	$ -	$ -
Baza Gardens STP Replacement	$ 3,567,000	$ 317,000	$ 150,663	$ 166,337	$ 317,000	$ -	$ 166,337
Facilities Plan/Design for Umatac Merizo WWTP		$ 900,000	$ 313,564	$ 357,227	$ 670,791	$ 229,209	$ 586,436
Agat/Santa Rita STP Replacement	$ 2,968,000	$ 2,218,000	$ 2,215,591	$ 387	$ 2,215,978	$ 2,022	$ 2,409
Northern District WWTP Primary Treatment Upgrades	$ -	$ 11,750,000	$ 11,363,439	$ 211,161	$ 11,574,600	$ 175,400	$ 386,561
Biosolids Management Plan		$ 200,000	$ 182,693	$ 17,307	$ 200,000	$ -	$ 17,307
Agana WWTP Interim Measures	$ -	$ 11,500,000	$ 11,242,386	$ 57,614	$ 11,300,000	$ 200,000	$ 257,614
I&I SSES Southern		$ 800,000	$ 637,948	$ 162,052	$ 800,000	$ (0)	$ 162,052
I&I SSES Central		$ 850,000	$ 794,325	$ 55,675	$ 850,000	$ -	$ 55,675
I&I SSES Northern		$ -			$ -	$ -	$ -
Umatac Merizo Replacement		$ 250,000	$ 247,431	$ 2,569	$ 250,000	$ -	$ 2,569
Well Electrical Protection	$ 26,000	$ -	$ -		$ -	$ -	$ -
SCADA Pilot Project	$ 300,000	$ 70,000	$ 19,812	$ 42,138	$ 61,950	$ 8,050	$ 50,188
Electrical Upgrade - Water Wells	$ 3,000,000	$ 450,000	$ 335,378	$ 18,849	$ 354,227	$ 95,773	$ 114,622
Electrical Upgrade - Water Booster	$ 325,000	$ -	$ -		$ -	$ -	$ -
Electrical Upgrade -Water Booster	$ 350,000	$ -	$ -		$ -	$ -	$ -
Electrical Upgrade - Other Water	$ 250,000	$ -			$ -	$ -	$ -
SCADA Improvements – Phase 1	$ 250,000	$ 250,000	$ 193,989	$ 56,011	$ 250,000	$ -	$ 56,011
SCADA Improvements – Phase 2	$ 1,100,000	$ 1,100,000	$ 1,027,424	$ 29,562	$ 1,056,986	$ 43,014	$ 72,576
SCADA Improvements – Phase 3	$ 2,500,000	$ 50,000	$ 24,956	$ -	$ 24,956	$ 25,044	$ 25,044
SCADA Improvements – Phase 4	$ 850,000	$ -	$ -		$ -	$ -	$ -
Laboratory Modernization	$ 1,200,000	$ -	$ -		$ -	$ -	$ -
Land Survey	$ 1,500,000	$ 500,000	$ 461,986	$ 37,701	$ 499,687	$ 313	$ 38,014
General Plant Improvements / Water	$ 14,370,000	$ 7,241,000	$ 7,241,000	$ 0	$ 7,241,000	$ 0	$ 0
Interest Earned							$ 33,262
Total Construction Fund (2010 Series Revenue Bond)	**$ 87,402,000**	**$ 87,402,000**	**$ 77,090,837**	**$ 4,274,036**	**$ 81,364,874**	**$ 6,037,126**	**$ 10,344,424**

1.) PUC's Docket 11-01 $29,000,000.00 dated
09/19/11authorized GWA for reallocation
2) PUC's Docket 11-01 Reallocation of $23,246,000.00 dated 07/30/12
3) PUC's Dockect Reallocation dated February 2013

GUAM WATERWORKS AUTHORITY
2013 Series Bond Project Status
As of Feb. 28, 2017

SCHEDULE K

PROJECT NAME	Adjusted Project Cost	EXPENDITURES AS OF 02/28/17	OUTSTANDING ENCUMBRANCES	TOTAL EXPENDITURES AND ENCUMBRANCES	UNOBLIGATED PROJECT COST	Construction fund balance AS OF 02/28/17
Santa Rita Springs Booster Pump Rehab Phase II	$ 100,000			$ -	$ 100,000	$ 100,000
"A" Series Well Transmission Line	$ 400,000	314,479	55,367	$ 369,846	$ 30,154	$ 85,521
Water Booster Pump Station	$ 1,861,000	1,567,880	62,084	$ 1,629,964	$ 231,036	$ 4,432,120
Meter Replacement Program	$ 999,000	996,532	-	$ 996,532	$ 2,468	$ 503,468
Barrigada Tank Repair/Replacement	$ 4,987,000	4,924,959	62,041	$ 4,987,000	$ 0	$ 1,075,041
Leak Detection	$ 20,000	16,916	-	$ 16,916	$ 3,084	$ 83,084
Potable Water System Planning	$ 624,000	598,453	25,547	$ 624,000	$ (0)	$ 601,547
Implement Ground Water Rule	$ 1,000,000	1,000,000	-	$ 1,000,000	$ -	$ -
Deep Well Rehabilitation	$ 550,000	189,780	10,220	$ 200,000	$ 350,000	$ 610,220
New Deep Wells at Down Hard	$ 810,000			$ -	$ 810,000	$ 2,000,000
Master Meters	$ 884,000	531,188	180,872	$ 712,060	$ 171,940	$ 3,468,812
Ugum Water Treatment Plant Intake	$ 982,000	578,549	281,252	$ 859,801	$ 122,199	$ 421,451
Water Wells	$ 4,200,000	1,347,375	829,246	$ 2,176,621	$ 2,023,379	$ 2,852,625
Water Distribution System	$ 12,451,000	3,297,367	5,507,993	$ 8,805,360	$ 3,645,640	$ 10,702,633
Pressure Zone Realignment /	$ 431,000	321,464	1,260	$ 322,725	$ 108,275	$ 678,536
Mechanical/Electrical Equipment	$ 430,000	328,686	98,112	$ 426,798	$ 3,202	$ 101,314
Water Reservoir Internal/External	$ -			$ -	$ -	$ 800,000
Water System Reservoirs 2005 Improvements	$ 13,878,000	4,467,913	3,238,855	$ 7,706,768	$ 6,171,233	$ 13,532,087
Ugum Water Treatment Plant Reservoir	$ 90,000			$ -	$ 90,000	$ 7,000,000
Agana Heights & Chaot Tanks	$ 3,280,000	232,227	47,022	$ 279,250	$ 3,000,750	$ 4,267,773
Tank Major Repair Yigo#1 Mangilao#2 Agat#2	$ 11,605,000	152,333	1,409,371	$ 1,561,703	$ 10,043,297	$ 13,347,668
Tank Major Repair Yigo#1 Mangilao#2 Agat#2	$ -			$ -	$ -	$ 8,000,000
Assessment of malojloj Elevetad & Yigo Elevated	$ 500,000	390,927	94,190	$ 485,117	$ 14,883	$ 109,073
Fire Hydrant Replacement Program	$ -			$ -	$ -	$ 1,000,000
	$ -					
Wastewater System Planning	$ 651,000	479,126	171,875	$ 651,000	$ (0)	$ 320,874
Lift Station Upgrades	$ 946,000	561,748	363	$ 562,111	$ 383,889	$ 1,438,252
Wastewater Collection System Repl/Rehab	$ 880,000	269,037	172,711	$ 441,748	$ 438,253	$ 3,530,963
Baza Gardens STP Replacement	$ 1,000,000	888,197	111,803	$ 1,000,000	$ -	$ 111,803
Facilities Plan/Design for Umatac-Merizo WWTP	$ 473,000	322,782	48,917	$ 371,699	$ 101,301	$ 677,218
Agat/Santa Rita STP Replacement	$ 67,200,000	17,469,634	49,420,967	$ 66,890,601	$ 309,399	$ 1,530,366
Agana WWTP Interim Measures	$ 673,000	526,226	146,774	$ 673,000	$ (0)	$ 973,774
Umatac Merizo Replacement	$ -			$ -	$ -	$ 1,000,000
	$ -					
Wastewater Pump Station Electrical Upgrade	$ 620,000	91,274	8,587	$ 99,861	$ 520,139	$ 528,726
Electrical Upgrade - Water Wells	$ 1,500,000	1,480,583	19,417	$ 1,500,000	$ 0	$ 19,417
Electrical Upgrade - Water Booster	$ 2,000			$ -	$ 2,000	$ 325,000
Electrical Upgrade -Water Booster	$ 350,000	977	-	$ 977	$ 349,023	$ 349,023
Electrical Upgrade - Other Water	$ 250,000	60,700	-	$ 60,700	$ 189,300	$ 189,300
SCADA Improvements – Phase 3	$ 923,000	329,132	393,227	$ 722,359	$ 200,641	$ 1,520,868
SCADA Improvements – Phase 4	$ -			$ -	$ -	$ 1,200,000
	$ -					
Laboratory Modernization	$ 1,173,000	930,765	240,700	$ 1,171,465	$ 1,535	$ 569,235
Land Survey	$ 2,000		2,000	$ 2,000	$ (0)	$ 2,000,000
General Plant Improvements / Water	$ 2,600,000	1,173,902	1,267,835	$ 2,441,737	$ 158,263	$ 1,426,098
Allowance for COI						$ 275,005
Interest Earned						$ 64,333
Total Construction Fund (2013 Series Revenue Bond)	**$ 139,325,000**	**$ 45,841,111**	**$ 63,908,608**	**$ 109,749,719**	**$ 29,575,282**	**$ 93,823,227**

PUC's Docket 14-04 dated February 25, 2014

GUAM WATERWORKS AUTHORITY
2014 Series Refunded Bond Project Status
As of Feb. 28, 2017

SCHEDULE L

PROJECT NAME	ORIGINAL APPROVED PROJECT	ADJUSTED PROJECT COST	EXPENDITURES AS OF 02/28/17	OUTSTANDING ENCUMBRANCES	TOTAL EXPENDITURES AND ENCUMBRANCES	UNOBLIGATED PROJECT COST	20% PUC AS OF 02/28/17	Construction fund balance AS OF 02/28/17
Agana Treatment Plant	$ 10,475,000	$ 11,065,512	11,065,512	$ -	$ 11,065,512	$ (0)	$ 2,095,000	$ (0)
								$ -
Agana Outfall	$ 5,030,000	$ 10,127,198	10,127,198	$ -	$ 10,127,198	$ 0	$ 1,006,000	$ 0
								$ -
								$ -
Northern District (Outfall)	$ 4,700,000	$ 10,251,423	10,251,423	$ -	$ 10,251,423	$ 0	$ 940,000	$ 0
Northern District WWTP Upgrade		$ 173,681	173,681		$ 173,681	$ -		$ -
Northern Treatment Plant		$ -	-		$ -	$ -		$ -
Baza Gardens Wastewater Treatment Plant Upgrade	$ 500,000	$ 297,177	297,177	$ -	$ 297,177	$ (0)	$ 100,000	$ (0)
Interim Disinfection Facilities	$ 581,000	$ 3,437,311	3,408,599	$ 28,712	$ 3,437,311	$ (0)	$ 116,200	$ 28,712
				$ -		$ -		$ -
Electrical Protection	$ 1,000,000	$ 1,512,483	1,512,483.3	$ -	$ 1,512,483	$ (0)	$ 200,000	$ (0)
Well Vulnerability Reduction	$ 600,000	$ 185,522	185,522	$ -	$ 185,522	$ 0	$ 120,000	$ 0
Old Agat Wastewater Collection (I/I Reduction)	$ 2,155,000	$ 1,931,659	1,931,659	$ -	$ 1,931,659	$ (0)	$ 431,000	$ (0)
				$ -		$ -		$ -
Chaot WW Pump Station/Collection System	$ 410,000	$ 399,120	399,120	**$ -**	$ 399,120	$ -	$ 82,000	$ -
Lift Station Upgrades	$ 230,000	$ 149,895	149,895	$ -	$ 149,895	$ 0	$ 46,000	$ 0
Collection Line Upgrades	$ 200,000	$ 62,755	62,755	$ -	$ 62,755	$ 0	$ 40,000	$ 0
"A" Well Transmission Line	$ 2,413,000	$ 3,833,175	3,790,888	$ 42,287	$ 3,833,175	$ (0)	$ 482,600	$ 42,287
					$ -	$ -		$ -
Santa Rita Springs - Booster Pump Rehab.	$ 648,000	$ 306,841	306,841	-	$ 306,841	$ (0)	$ 129,600	$ (0)
						$ -	$ -	$ -
Fena Bypass Transmission line		$ 160,913	160,913	$ -	$ 160,913	$ (0)	$ -	$ (0)
Storage Additions	$ 950,000	$ -			$ -	$ -	$ 190,000	$ -
Booster Station Upgrades	$ 390,000	$ 66,734	66,734	$ -	$ 66,734	$ -	$ 78,000	$ -
Mangilao Tank Repair	$ 800,000	$ 398,367	397,933	$ 434	$ 398,367	$ (0)	$ 160,000	$ 434
Ugum Tank Replacement	$ 2,500,000	$ -			$ -	$ -	$ 500,000	$ -
Ugum WTPlant Refurbishment ($1.724,970EPA)		$ 6,588,473	6,531,525	$ 56,949	$ 6,588,473	$ (0)		$ 56,948
Barrigada Tank Repair/Replacement	$ 3,000,000	$ 65,019	65,019	$ -	$ 65,019	$ 0	$ 600,000	$ 0
						$ -		$ -
Water Reservoir Condition Assessment		$ 1,250,000	1,207,250.62	$ 42,749	$ 1,250,000	$ 0	$ -	$ 42,749
EarthTech Well Buyout	$ 5,000,000	$ 5,975,000	5,975,000	$ -	$ 5,975,000	$ -	$ 1,000,000	$ -
Water Wastewater Master Plan	$ 4,900,000	$ 4,881,308	4,881,308	$ -	$ 4,881,308	$ 0	$ 980,000	$ 0
Laboratory Modernization	$ 800,000	$ 135,055	135,055	$ -	$ 135,055	$ 0	$ 160,000	$ 0
Land Survey	$ 800,000	$ 577,836	556,037	$ 21,799	$ 577,836	$ 0	$ 160,000	$ 21,799
Ground Water Disinfection		$ -				$ -		$ -
GWUDI Study		$ 262,234	260,430	1,804	$ 262,234	$ -		$ 1,804
						$ -		$ -
Contingency	$ 12,276,023	$ 154	-	$ -	$ -	$ -		$ 732
						$ -		$ -
						$ -		$ -
						$ -		$ -
						$ -		$ -
						$ -		$ -
Vehicles	$ 1,100,000	$ 1,280,000	2,130,305	$ (850,305)	$ 1,280,000	$ -	$ 220,000	$ -
Generation Equipment	$ 700,000	$ 880,000	2,712	$ 877,288	$ 880,000	$ 0		$ 27,033
Leak Detection/Line Replacement	$ 8,200,000	$ 5,988,494	5,988,494	$ -	$ 5,988,494	$ -	$ 1,640,000	$ -
						$ -		$ -
						$ -		$ -
Automated Meter Reading	$ 12,572,063	$ 17,468,359	16,870,522	$ 537,157	$ 17,468,359.32	$ 0	$ 2,514,413	$ 597,837
Total Construction Fund (2014 Series Refunded Rev	$ 82,930,086	$ 89,711,698	88,891,990	$ 758,873.38	$ 89,711,543	$ 1	$ 13,990,813	$ 820,336
Interest Earned	$ 6,781,612	$ (0)				$ (0)		$ 437
Total Project Cost Funding	**$ 89,711,698**	**$ 89,711,698**	**88,891,990**	**$ 758,873.38**	**$ 89,711,543**	**$ 1**	**$ 13,990,813**	**$ 820,774**

GUAM WATERWORKS AUTHORITY
2016 Series Bond Project Status
As of Feb. 28, 2017

SCHEDULE M

PROJECT NAME	ORIGINAL APPROVED PROJECT COST	EXPENDITURES AS OF 02/28/17	OUTSTANDING ENCUMBRANCES	TOTAL EXPENDITURES AND ENCUMBRANCES	UNOBLIGATED PROJECT COST	Construction fund balance AS OF 02/28/17
Water Booster Pump Station	$ 4,139,000			$ -	$ 4,139,000	$ 4,139,000
Meter Replacement Program	$ 4,501,000			$ -	$ 4,501,000	$ 4,501,000
Barrigada Tank Repair/Replacement	$ 1,013,000			$ -	$ 1,013,000	$ 1,013,000
Leak Detection	$ 1,180,000			$ -	$ 1,180,000	$ 1,180,000
Potable Water System Planning	$ 2,276,000		336,894	$ 336,894	$ 1,939,106	$ 2,276,000
Deep Well Rehabilitation	$ 250,000			$ -	$ 250,000	$ 250,000
New Deep Wells at Down Hard	$ 1,190,000			$ -	$ 1,190,000	$ 1,190,000
Master Meters	$ 3,616,000			$ -	$ 3,616,000	$ 3,616,000
Ugum Water Treatment Plant Intake	$ 18,000			$ -	$ 18,000	$ 18,000
Water Wells	$ 2,500,000			$ -	$ 2,500,000	$ 2,500,000
Water Distribution System	$ 2,049,000			$ -	$ 2,049,000	$ 2,049,000
Pressure Zone Realignment /	$ 1,141,000			$ -	$ 1,141,000	$ 1,141,000
Mechanical/Electrical Equipment	$ 100,000			$ -	$ 100,000	$ 100,000
Water Reservoir Internal/External	$ 800,000			$ -	$ 800,000	$ 800,000
Water System Reservoirs 2005 Improvements	$ 42,350,000		1,893,328	$ 1,893,328	$ 40,456,672	$ 42,350,000
Ugum Water Treatment Plant Reservoir	$ 6,410,000			$ -	$ 6,410,000	$ 6,410,000
Water Audit Program & Water Loss Control Plan	$ 1,000,000				$ 1,000,000	$ 1,000,000
Agana Heights & Chaot Tanks	$ 1,220,000			$ -	$ 1,220,000	$ 1,220,000
Tank Major Repair Yigo#1 Mangilao#2 Agat#2	$ 1,895,000			$ -	$ 1,895,000	$ 1,895,000
Tank Major Repair Yigo#1 Mangilao#2 Agat#2	$ 10,500,000		1,822,133	$ 1,822,133	$ 8,677,867	$ 10,500,000
Fire Hydrant Replacement Program	$ 2,000,000			$ -	$ 2,000,000	$ 2,000,000
Wastewater System Planning	$ 349,000		40,647	$ 40,647	$ 308,353	$ 349,000
Lift Station Upgrades	$ 2,404,000			$ -	$ 2,404,000	$ 2,404,000
Wastewater Collection System Repl/Rehab	$ 2,920,000			$ -	$ 2,920,000	$ 2,920,000
Baza Gardens STP Replacement	$ 16,700,000	2,074,952	3,830,251	$ 5,905,203	$ 10,794,797	$ 14,625,048
Facilities Plan/Design for Umatac-Merizo WWTP	$ 527,000	1,038	250,015	$ 251,053	$ 275,948	$ 525,963
Agat/Santa Rita STP Replacement	$ 3,000,000		447,250	$ 447,250	$ 2,552,750	$ 3,000,000
Agana WWTP Interim Measures	$ 827,000			$ -	$ 827,000	$ 827,000
Umatac Merizo Replacement	$ 8,000,000		57,220	$ 57,220	$ 7,942,780	$ 8,000,000
Wastewater Pump Station Electrical Upgrade	$ 100,000			$ -	$ 100,000	$ 100,000
Electrical Upgrade - Water Wells	$ 650,000			$ -	$ 650,000	$ 650,000
Electrical Upgrade - Water Booster	$ 323,000			$ -	$ 323,000	$ 323,000
SCADA Improvements – Phase 3	$ 1,177,000		432,705	$ 432,705	$ 744,295	$ 1,177,000
SCADA Improvements – Phase 4	$ 6,500,000			$ -	$ 6,500,000	$ 6,500,000
Laboratory Modernization	$ 1,127,000		1,127,000	$ 1,127,000	$ -	$ 1,127,000
Land Survey	$ 1,998,000		107,000	$ 107,000	$ 1,891,000	$ 1,998,000
General Plant Improvements / Water	$ 2,769,463		474,437	$ 474,437	$ 2,295,026	$ 2,769,463
Information Technology Integration Improvements	$ 500,000				$ 500,000	$ 500,000
Interest Earned						$ 45,158
Total Construction Fund (2016 Series Revenue Bond)	**$ 140,019,463**	**$ 2,075,990**	**$ 10,818,880**	**$ 12,894,870**	**$ 127,124,593**	**$ 137,988,632**

GUAM WATERWORKS AUTHORITY
Schedule of Series 2010, 2013, 2014 Refunding and 2016 Bond Bank Accounts
As of February 28, 2017

SCHEDULE N

	2/28/2017
BANK OF GUAM	
BOG - Revenue Account - Acct. no. 71-00-4000-3-02	5,167,969
BOG - Operations and Maintenance Reserve - Acct. no. 71-01-4000-3-02	3,083,482
BOG - Operations, Maintenance, Renewal and Replacement Reserve Fund - Acct. no. 71-03-4000-3-02	17,423,213
BOG - Capital Improvement Fund - Acct. no. 71-05-4000-3-02	4,565
BOG - O & M Reserve - Acct. no. 71-05-4001-3-02	13,003,396
BOG - Debt Service Reserve - Acct. no. 71-05-4002-3-02	11,188,845
BOG - CAPEX Reserve - Acct. no. 71-05-4003-3-02	11,613,031
Total BOG Bank Account Balance	**61,484,500**
Series 2010 Bond:	
BOG - Construction Account - Acct. no. 71-09-4000-3-02	10,344,424
USB - Debt Service Fund - Acct. no. 144541000	2,171,805
USB - Debt Service Reserve Fund - Acct. no. 210860001	7,566,460
Total Series 2010 Bond Bank Balance	**20,082,689**
Series 2013 Bond:	
BOG - Construction Fund - Acct. no. 71-13-4000-3-02	93,823,227
BOG - Capitalized Interest Fund - Acct. no. 71-12-4000-3-02	-
USB - Debt Service Fund - Acct no. 207339000	1,555,471
USB - Debt Service Reserve Fund - Acct no. 210860001	12,031,688
Total Series 2013 Bond Bank Balance	**107,410,386**
Series 2014 Refunding Bond:	
BOG - Construction Fund - Acct. no. 71-08-4000-3-02	820,773
USB - Debt Service Fund - Acct. no. 210860000	2,886,703
USB - Debt Service Reserve Fund - Acct. no. 210860001	7,707,603
Total Series 2014 Refunding Bond Bank Balance	**11,415,080**
Series 2016 Bond:	
BOG - Construction Account - Acct. no. 71-15-4000-3-02	137,988,632
BOG - Capitalized Interest Fund - Acct. no. 71-15-4001-3-02	5,356,658
BOG - Cost of Issuance Fund - Acct. no. 71-15-4002-3-02	-
USB - Debt Service Fund - Acct. no. 264990000	-
USB - Debt Service Reserve Fund - Acct. no. 264990001	7,582,725
Total Series 2016 Bond Bank Balance	**150,928,015**

GUAM CONSOLIDATED COMMISSION ON UTILITIES
RESOLUTION NO. 23–FY2017

RELATIVE TO APPROVING THE PROPERTY INSURANCE, GENERAL LIABILITY INSURANCE, DIRECTORS AND OFFICERS LIABILITY INSURANCE, AUTOMOBILE INSURANCE, CYBER INSURANCE AND CRIME INSURANCE BID IN GUAM WATERWORKS AUTHORITY ("GWA") BID NUMBER GWA 2017-12 AND AUTHORIZING GWA TO PETITION THE GUAM PUBLIC UTILITIES COMMISSION ("PUC") FOR APPROVAL UNDER THE CONTRACT REVIEW PROTOCOL

WHEREAS, under 12 G.C.A. § 14105, the Consolidated Commission on Utilities ("CCU") has plenary authority over financial, contractual and policy matters relative to the Guam Waterworks Authority ("GWA"); and

WHEREAS, the Guam Waterworks Authority ("GWA") is a Guam Public Corporation established and existing under the laws of Guam; and

WHEREAS, under Sections 6.05 and 6.06 of the Bond Indenture for GWA's 2010, 2013, 2016 System Revenue Bond Series and 2014 Refunding Bonds respectively, GWA is required to maintain or cause to be maintained insurance with responsible insurers in types and amounts that is usually maintained by prudent operators of systems similar and similarly situated to GWA's system; and

WHEREAS, on December 06, 2016, the CCU adopted Resolution No. 08–FY2017 relative to authorizing GWA to deploy an invitation to bid to procure property insurance and authorizing GWA to petition the PUC for approval under the contract review protocol; and

WHEREAS, on December 12, 2016, GWA petitioned the Guam Public Utilities Commission (PUC) for approval of GWA's Invitation to Bid; and

WHEREAS on December 29, 2016, after careful consideration of GWA's December 12, 2016 Petition to the PUC and the December 27, 2016 ALJ report, GWA's Petition was approved pursuant to PUC GWA Docket No. 17-01; and

WHEREAS, on February 14, 2017 GWA issued Bid No. GWA 2017-12 which sought competitive sealed bids for three (3) and or five (5) year terms for property insurance, general liability insurance, directors and officers liability insurance, automobile insurance, cyber insurance and crime insurance to cover GWA's system, assets, and key officers and personnel with coverage amounts, deductibles and terms deemed appropriate by GWA's Risk Consultant, Iris Limited; and

WHEREAS, at the bid opening held on March 07, 2017, AM Insurance, a local insurance brokerage firm, and the sole bidder, submitted a firm and fixed bid (Exhibit A, Exhibit B and Exhibit C – Parts 1 – 4) to provide the aforementioned lines of insurance; and

WHEREAS, GWA's Risk Consultant, GWA's Chief Financial Officer and GWA's Procurement Administrator have reviewed the bid and determined that the bid presented by AM Insurance was a responsive and responsible bid; and

WHEREAS, given the fact that AM Insurance bid was responsive and responsible, GWA's Management recommends that the Bid be awarded to AM Insurance for a Five (5) Year Term and total combined premium of Four Million Five Hundred Twenty Eight Thousand Eight Hundred Four Dollars ($4,528,804) subject to approval of the bid by the PUC under the Contract Review Protocol; and

Line of Insurance	Annual Premium		Total Premium	
	3 Year Term	5 Year Term	3 Year Term	5 Year Term
Property	$ 760,681	$ 701,530	$ 2,282,043	$ 3,507,650
Liability	115,000	115,000	345,000	575,000
D & O	17,213	15,921	51,638	79,606
Auto	47,906	40,065	143,717	200,323
Crime	5,670	5,245	17,010	26,225
Cyber	28,000	28,000	84,000	140,000
TOTAL PREMIUMS	**$ 974,470**	**$ 905,761**	**$ 2,923,408**	**$ 4,528,804**

WHEREAS, the CCU finds that the recommendation of GWA's Management to award the bid subject to the approval of the PUC is prudent under best business practices and in conformity with the existing Bond Indenture for GWA's System Revenue Bonds; and

NOW BE IT THEREFORE RESOLVED, the Consolidated Commission on Utilities does hereby approve the following:

1. The recitals set forth above hereby constitute the findings of the CCU.
2. The CCU finds that the terms of the bid submitted by AM Insurance is prudent, fair and reasonable under the circumstances and as such GWA is authorized to issue a Notice to Proceed with AM Insurance (See Exhibits A, B and C).
3. The CCU hereby authorizes the management of GWA to enter into a contract with AM Insurance for a five (5) year term and total combined premium of Four Million Five Hundred Twenty Eight Thousand Eight Hundred Four Dollars ($4,528,804).
4. The General Manager for GWA is authorized to execute all documents and undertake all reasonable actions necessary to ensure that the insurance policies are issued by AM Insurance.
5. The CCU finds that the approval authorized in Section 1 is subject to GWA obtaining the approval of the PUC under the Contract Review Protocol.

RESOLVED, that the Chairman certified and the Board Secretary attests to the adoption of this Resolution.

DULY AND REGULARLY ADOPTED, this 21st day of March 2017.

Certified by:	Attested by:
_____	_____
JOSEPH T. DUENAS	**J. GEORGE BAMBA**
Chairperson	Secretary

//

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//

I, J. George Bamba, Board Secretary of the Consolidated Commission on Utilities as evidenced by my signature above do hereby certify as follows:

The foregoing is a full, true and accurate copy of the resolution duly adopted at a regular meeting by the members of the Guam Consolidated Commission on Utilities, duly and legally held at a place properly noticed and advertised at which meeting a quorum was present and the members who were present voted as follows:

AYES: _____

NAYS: _____

ABSTENTIONS: _____

ABSENT: _____

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GUAM WATERWORKS AUTHORITY

"Better Water, Better Lives."
Gloria B. Nelson Public Service Building| 688 Route 15 | Mangilao, Guam 96913
Tel: (671) 300-6846

Issues for Decision

Resolution No. 23- FY2017
Relative to Approving the Property Insurance, General Liability Insurance, Directors and Officers Liability Insurance, Automobile Insurance, Cyber Insurance and Crime Insurance Bid in GWA Bid No. 2017-12 and Authorizing GWA to Petition the Guam Public Utilities Commission ("PUC") for Approval Under the Contract Review Protocol

What is the project's objective and is it necessary and urgent?
Under Sections 6.05 and 6.06 of the Bond Indenture for GWA's 2010, 2013, 2016 System Revenue Bond Series and 2014 Refunding Bonds respectively, GWA is required to maintain or cause to be maintained insurance with responsible insurers in types and amounts that is usually maintained by prudent operators of systems similar and similarly situated to GWA's system.

The current policy is expiring on April 12, 2017.

Where is the location?
N/A

How much will it cost?
Three-year term: $2,923,408
Five-year term: $4,528,804

When will it be completed?
Upon PUC approval

What is the funding source?
Revenue funded

The RFP/BID responses (if applicable):
Sole bidder: AM Insurance

RESOLUTION NO. 23-FY2017

EXHIBIT A

GUAM WATERWORKS AUTHORITY
Gloria B. Nelson Public Service Building
688 Route 15, Mangilao GU 96913

MEMORANDUM

TO: Miguel C. Bordallo, P.E., General Manager

FROM: Evaluation Committee Members

SUBJECT: **PROPERTY INSURANCE, GENERAL LIABILITY INSURANCE, DIRECTORS AND OFFICERS LIABILITY INSURANCE, AUTOMOBILE INSURANCE, CRIME INSURANCE AND CYBER INSURANCE.**

Ref: Recommendation of Award

Invitation for Bid No: GWA 2017-12 was officially announced and advertised in the Pacific Daily News, Guam Times and Guam Waterworks Authority Website, subject bid opened on March 7, 2017 @ 10:00 am as scheduled.

Seven (7) firms registered and downloaded bid packages via GWA's website, namely:

- Am Insurance
- Trans Pacific Ins. Brokers
- AON Risk Solutions
- AXS Ins.
- Alfa Ins.
- DelTek
- Damon Harper

Of the 7, one submitted a seal bid, namely:

- Am Insurance

Evaluation:
The evaluation committee determined, Am Insurance proposal deemed responsive complying with all terms, condition and requirements set forth in the invitation for bid, bid price for the following insurance category below was also found acceptable, therefore the committee members recommends award to proceed with the **5-year** premium on all insurance listed below.

Property Insurance:	**3 year Premium**	**5 Year Premium**
	$2,282,043.00	$3,507,650.00
Billed Annually:	$760,681.00	$701,530.00
Liability Insurance:		
	$345,000.00	$575,000.00
Billed Annually	$115,000.00	$115,000.00
Assessment fee (2%)	Included	Included
Director & Officers		
	$50,625.00	$78,045.00
Billed Annually	$16,875.00	$15,609.00
Assessment fee (2%)	$1,012.50	$1,560.90
Automobile Insurance:		
	$142,541.10	$198,509.60
Billed Annually	$47,513.70	$39,701.92
Assessment fee (2%)	$392.07	$362.67
Crime Insurance:		
	$17,010.00	$26,225.00
Billed Annually	$5,670.00	$5,245.00
Cyber Insurance		
	$84,000.00	$140,000.00
Billed Annually	$28,000.00	$28,000.00

Concurred by the committee members:

3.9.17
Greg Cruz, Chief Financial Officer

3/9/17
Vince Guerrero, Supply Management Adm.

3/09/17
Stephan Mondina, Buyer Supervisor II

Your approval is greatly appreciated.

In consideration of the foregoing, please indicate your approval of this recommendation by your signature below.

[ ] APPROVED [ ] DISAPPROVED

3.10.17
MIGUEL C. BORDALLO, P.E. GENERAL MANGER

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RESOLUTION NO. 23-FY2017

EXHIBIT B

GUAM WATERWORKS AUTHORITY
Gloria B. Nelson Public Service Building
688 Route 15, Mangilao GU, 96913
Tel: (671) 300-6027 Fax: (671) 649-3750

NOTICE OF CONDITIONAL AWARD

Date:

AM Insurance
J&G Comm. & Prof. Bldg. Suite 113F, 215A Chalan Santo Papa
P.O. Box 2797 Hagåtña, Guam 96932
Tel: (671) 477-2632/42 Fax: (671) 477-2602
E-Mail Address: amuna@amibrokers.com

Re: Invitation for Bid Number: IFB 2017-12 for:
PROPERTY INSURANCE, GENERAL LIABILITY INSURANCE, DIRECTORS AND OFFICERS LIABILITY INSURANCE, AUTOMOBILE INSURANCE, CRIME INSURANCE AND CYBER INSURANCE.

Hafa Adai Annmarie,

The Guam Waterworks Authority ("GWA") has considered the bid submitted by AM Insurance for the above described reference in response to its Advertisement for Bids, you are hereby notified that the bid offer for the above reference term of 5 years, has been accepted by GWA, they are as follows:

Property Insurance:	**3 year Premium**	**5 Year Premium**
	$2,282,043.00	$3,507,650.00
Billed Annually:	$760,681.00	$701,530.00
Liability Insurance:		
	$345,000.00	$575,000.00
Billed Annually	$115,000.00	$115,000.00
Assessment fee (2%)	Included	Included
Director & Officers		
	$50,625.00	$78,045.00
Assessment fee (2%)	$1,012.50	$1,560.90
Billed Annually	$16,875.00	$15,609.00
Assessment fee (2%)	$337.50	$312.18
Automobile Insurance:		
	$142,541.10	$198,509.60
Assessment fee (2%)	$1,176.21	$1,813.35

1

Billed Annually	$47,513.70	$39,701.92
Assessment fee (2%)	$392.07	$362.67
Crime Insurance:		
	$17,010.00	$26,225.00
Billed Annually	$5,670.00	$5,245.00
Cyber Insurance		
	$84,000.00	$140,000.00
Billed Annually	$28,000.00	$28,000.00

You are also advised that any obligation incurred by your firm prior to execution of the contract is entirely at your own risk and GWA shall have no obligation to reimburse costs incurred prior to execution of the contract.

Please note this Notice of Award is conditional on obtaining the approval of the Guam Consolidated Commission on Utilities for any award over $250,000 and the approval of the Guam Public Utilities Commission where the total value over the life of the contract exceed $1M. Also, award is conditional upon providing any documents relative to the bid if required or Guam law.

You are required to return an acknowledged copy of this Conditional Notice of Award to the Procurement Administrator.

Sincerely,

3.10.17

Miguel C. Bordallo, P.E.
General Manager

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ACCEPTANCE OF CONDITIONAL NOTICE OF AWARD

Receipt of the above Notice of Conditional Award for GWA Bid No. 2017-12 is hereby acknowledged.

By: _____ Title: PRESIDENT / GENERAL MGR
Signature (please print)

Dated this 13TH day of MARCH, 2017.

******** END OF CONDITIONAL NOTICE OF AWARD *******

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AM Insurance
Price Comparision Current Premiums vs. Proposed Premiums

Line of Insurance	A Current Annual Premium	B Proposed Annual Premium (3 years)	C Annual Savings (B-A)	D Total 3Yr Premium	E Proposed Annual Premium (5 years)	F Annual Savings (E-A)	G Total 5Yr Premium
Property	1,069,500	760,681	(308,819)	2,282,043	701,530	(367,970)	3,507,650
Liability	92,500	115,000	22,500	345,000	115,000	22,500	575,000
D&O	20,813	17,213	(3,600)	51,638	15,921	(4,891)	79,606
Auto	22,601	47,906	25,304	143,717	40,065	17,463	200,323
Crime	6,993	5,670	(1,323)	17,010	5,245	(1,748)	26,225
Cyber	-	28,000	28,000	84,000	28,000	28,000	140,000
	$ 1,212,407	**$ 974,469**	**$ (237,938)**	**$ 2,923,408**	**$ 905,761**	**$ (306,646)**	**$ 4,528,804**
			x			**x**	
			3 years			**5 years**	
			=			**=**	
Total Savings for 3 years			**$ (713,813)**	**($237,938 x 3Yrs)**			
Total Savings for 5 years						**$ (1,533,231)**	**($306,646 x 5Yrs)**

RESOLUTION NO. 23-FY2017

EXHIBIT C (1 of 4)

PROPOSAL

for

PROPERTY, GENERAL LIABILITY, D&O LIABILITY, AUTOMOBILE & CRIME INSURANCE

GUAM WATERWORKS AUTHORITY

INVITATION FOR BID: GWA IFB No. 2017-12

Submission Deadline: 10:00 a.m. March 7, 2017

To:
Guam Waterworks Authority
Attn: Mr. Vince Guerrero, Procurement Administrator
Gloria B. Nelson Public Service Building
688 Route 15
Mangilao, Guam 96913

Submitted by:

AM INSURANCE
ACCESS TO MARKETS FOR INSURANCE
INTERNATIONAL INSURANCE BROKERS

J&G Comm. & Prof. Bldg., Suite 113F, 215A Chalan Santo Papa
P. O. Box 2797 Hagåtña, Guam 96932
Tel: (671) 477-2632/42 Fax: (671) 477-2602
E-Mail Address: amuna@amibrokers.com

AM INSURANCE
Access to Markets for Insurance
International Insurance Brokers
Office: Suite 113, Building F, Ada's Commercial & Professional Center, 215-A Chalan Santo Papa, Agana
Mailing Address: P.O. Box 2797, Hagåtña, Guam 96932 USA
Phone: (671) 477-2632 & 477-2642 • Fax: (671) 477-2602

March 7, 2017

Guam Waterworks Authority
Attn: Mr. Vince Guerrero
Procurement Administrator
Gloria B. Nelson Public Service Building
688 Route 15
Mangilao, Guam 96913

Re: Letter of Transmittal
Invitation For Bid No. IFB 2017-12 (Property, General Liability, D&O, Auto & Crime Insurance)

Hafa Adai,

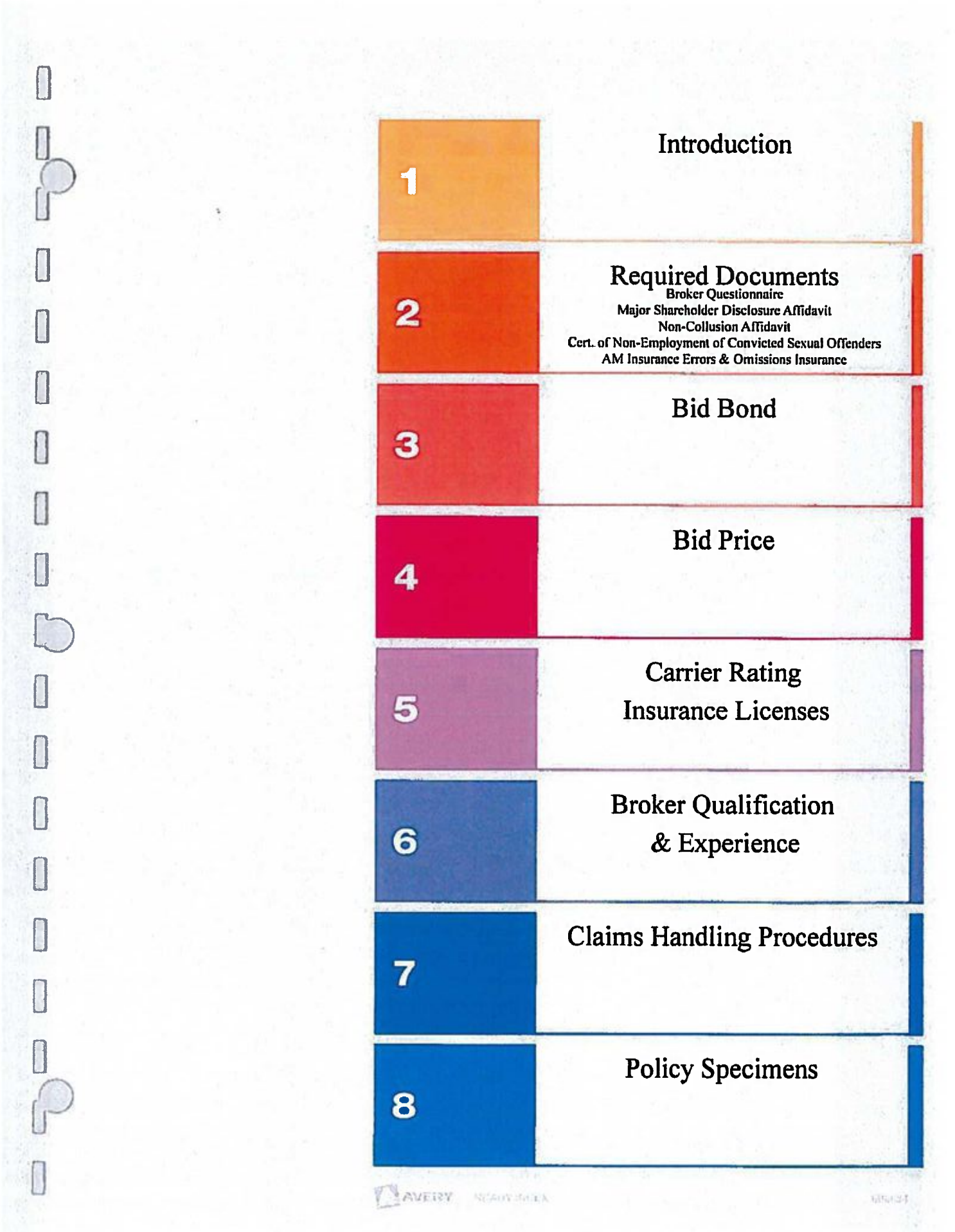
Enclosed is our proposal for Insurance Coverages as requested in the caption Invitation for Bid. AM Insurance (AMI) has had the pleasure of servicing the Guam Waterworks Authority (GWA) for the past 8 years and hopes to continue working together on the agency's insurance program. AMI has the ability to understand the ever changing insurance needs required by GWA and is able to provide innovative and responsive services to benefit your agency.

I trust that you will find all the documents in order and our proposal competitive. Let us know if you have any questions regarding our submission.

Sinceru Yan Magahet,

ANNMARIE T. MUÑA
President/General Manager

/trg


1
Introduction
2
Required Documents
Broker Questionnaire
Major Shareholder Disclosure Affidavit
Non-Collusion Affidavit
Cert. of Non-Employment of Convicted Sexual Offenders
AM Insurance Errors & Omissions Insurance
3
Bid Bond
4
Bid Price
5
Carrier Rating
Insurance Licenses
6
Broker Qualification
& Experience
7
Claims Handling Procedures
8
Policy Specimens



INTRODUCTION...

AM Insurance ("Access to Markets for Insurance"/AMI) is an aggressive Insurance Broker, specializing in providing brokerage services to individuals, businesses, government entities, religious and non-profit organizations. The agency is managed by Annmarie T. Muna whose extensive experience and contacts in the insurance industry have afforded her the reputation of being one of the region's top professional brokers.

AM Insurance was established in January 1994, with only two employees. The company began as a sole proprietorship and incorporated in June 1996. After three years of hard work, AMI built a dossier of accounts totaling over ten million dollars in insurance premiums which consists mostly of large Government and Commercials Accounts. All employees of AMI go through extensive training which enables them to provide personalized administrative and underwriting assistance, as well as prompt and efficient claims support.

AM Insurance is well versed with Insurance Programs required by various government agencies. They currently service the Guam Waterworks Authority, Port Authority of Guam, Commonwealth Ports Authority, University of Guam and the Guam International Airport Authority.

In fact, Ms. Muña has personally participated in almost every insurance bid the Government of Guam has put out over the past 30 years. She has kept herself abreast with the developments and has firsthand knowledge of the increasing property values and widening operations liability exposures.

As a licensed surplus lines broker, she combines her knowledge and expertise of the local insurance industry with her contacts that are able to access both the London and U.S. Markets to provide tailor-made Insurance Programs to fit each client's needs. AM Insurance has a team of professionals with collectively over 80 years experience in the insurance industry. The staff is trained to provide efficient administrative assistance, risk management support, & claims services whenever it is needed.

With AM Insurance, GWA is assured of uninterrupted professional services available virtually on a 24-hour basis. Representatives are on call to service GWA at any given time.

The contact persons are as follows:

A M Insurance Office
Tel: 477-2632/2642/53/56
Fax: 477-2602
E-Mail: amuna@amibrokers.com

Annmarie T. Muña
Tel: 472-2646
Cell: 687-6001
E-Mail: amuna@amibrokers.com

Tricia R. Granillo
Tel: 477-2659
Cell: 687-3575
E-Mail: tgranillo@amibrokers.com


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BROKER QUESTIONAIIRE

Name of Firm: AM Insurance

Address: P.O. Box 2797

Hagatna, GU 96932

Telephone: (671) 477-2632

Fax: (671) 477-2602

Email: amuna@amibrokers.com

Web Site: (if any):

Year Established: 1994

Principal: Annmarie Muna

Total Personnel: 13

Annual Commercial Premium: $17,300,000

MAJOR SHAREHOLDER DISCLOSURE AFFIDAVIT

TERRITORY OF GUAM }
}
HAGATNA, GUAM }

I, the undersigned Annmarie Muna, being first duly sworn, depose and says:

1. That the persons who have held more than ten percent (10%) of the company's share during the past twelve months preceding the submission of the bid are as follows (if none, so state):

NAME	ADDRESS	PERCENTAGE OF SHARES HOLD
Annmarie Muna	PO Box 2797 Hagatna, GU 96932	40
Ikushi Harada	PO Box 2797 Hagatna GU 96932	40
Ana A. Muna	PO Box 2797 Hagatna, GU 96932	10

TOTAL NUMBER OF SHARES 90

2. Persons who have received or are entitled to receive a commission, gratuity or other compensation for procuring or assisting in obtaining business related to the bid for which this affidavit is submitted are as follows:

NAME	ADDRESS	AMOUNT OF COMMISSIONS, GRATUITY OR OTHER COMPENSATION
N/A		

Further, affiant sayeth naught.

Date: 3/3/17

A. Munz
Signature of individual if bidder is a sole proprietorship; partner, if the bidders is a partnership; officer, if the bidder is a corporation (or other authorized person).

Subscribed and sworn to before me this 3rd day of March, 2017.

Notary Public
In and for the Territory of Guam
Joyce Lyn N. Camacho*

JOYCELYN N. CAMACHO
NOTARY PUBLIC
In and for Guam, U.S.A.
My Commission Expires: June 07, 2017
P.O. Box 25153 Barrigada, Guam 96921

NON-COLLUSION AFFIDAVIT

Guam)
)ss:
Tamuning)

I, Annmmarie Muna first being duly sworn, depose and say:
(Name of Declarant)

1. That I am the President/General Manager of AM Insurance.
(Title) (Name of Company or Person Bidding/RFP

2. That in making the foregoing proposal or bid, that such proposal or bid is genuine and not collusive or sham, that said bidder/offeror has not colluded, conspired, connived or agreed, directly or indirectly, with any bidder or person, to put in a sham or to refrain from bidding or submitting a proposal and has not in any manner, directly or indirectly, sought by agreement or collusion, or communication or conference, with any person, to fix the bid price of affiant or any other bidder, or to secure any overhead, project or cost element of said bid price, or of that of any bidder, or to secure any advantage against the GUAM WATERWORKS AUTHORITY or any person interested in the proposed contract; and

3. That all statements in said proposal or bid are true.

4. This affidavit is made in compliance with 2 G.A.R. § 3126(b).
So sayeth Annmarie Muna A M Muna 3/3/17
(Declarant)

Signed on this 3rd day of March 2017, before me a Notary Public in and for Guam, personally appeared Annmarie T. Muna, known to me to be the authorized representative of AM Insurance, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed on behalf of AM Insurance, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the date last above written.

) Seal (

Notary Public Joycelyn N. Camacho

JOYCELYN N. CAMACHO
NOTARY PUBLIC
In and for Guam, U.S.A.
My Commission Expires: June 07, 2017
P.O. Box 25153 Barrigada, Guam 96921

CERTIFICATION OF NON-EMPLOYMENT OF CONVICTED SEXUAL OFFENDERS

Pursuant to Guam Public Law 28-24, as amended by Guam Public Law 28-98, if a contract for services is awarded to the bidder or offeror, then the service provider must warrant that no person in its employment who has been convicted of a sex offense under the provisions of Chapter 25 of Title 9 of the Guam Code Annotated or of an offense defined in Article 2 of Chapter 28 of Title 9 of the Guam Code Annotated, or who has been convicted in any other jurisdiction of an offense with the same elements as heretofore defined, or who is listed on the Sex Offender Registry, shall provide services on behalf of the service provider while on government of Guam property, with the exception of public highways. If any employee of a service provider is providing services on government property and is convicted subsequent to an award of a contract, then the service provider warrants that it will notify the Government of the conviction within twenty-four hours of the conviction, and will immediately remove such convicted person from providing services on government property. If the service provider is found to be in violation of any of the provisions of this paragraph, then the Government will give notice to the service provider to take corrective action. The service provider shall take corrective action within twenty-four hours of notice from the Government, and the service provider shall notify the Government when action has been taken. If the service provider fails to take corrective steps within twenty-four hours of notice from the Government, then the Government in its sole discretion may suspend temporarily any contract for services until corrective action has been taken.

I, Annmarie Muna being a duly authorized representative acknowledge the
(print name)

directive as describe above and ensure the Bid Proposal as submitted addresses the directive.

AM Insurance
(Company Name)

President/General Manager
(Title)

(Signature) 3/3/17 (Date)

PROFESSIONAL INDEMNITY INSURANCE

Dongbu Insurance Co., Ltd.

Seoul, Korea

NAMED INSURED:	AM INSURANCE, P.O. BOX 2797, Hagatna, Guam 96932 AM PROPERTIES, P.O. BOX 2797, Hagatna, Guam 96932 ANNMARIE T. MUNA, P.O. Box 2797, Hagatna, Guam 96932 Y MAGAS, INC. P.O. Box 2797 Hagatna, Guam 96932
POLICY NO.:	**277247-716586 (KMPL0001-A08)**
PERIOD:	From **27 September 2016** to **27 September 2017** both days at 12:01am Local Standard time at the address of the Insured
INTEREST:	To indemnify the Insured in respect of their legal liability for financial or Economic loss suffered by third parties arising as a result of acts, errors or omissions committed or alleged to have been committed by the Insureds in the provision of their professional services as specified in the Proposal Forms
LIMITS OF INDEMNITY:	**$2,000,000** any one claim and in the annual aggregate.
TERRITORIAL LIMITS:	Worldwide
CONDITIONS:	Insurance Brokers and Agents Errors and Omissions **Deductible: $10,000.00** each and every claim excluding costs paid expenses War and Terrorism exclusion Excluding claims arising out of or relating to claims and or circumstances which could .give rise to a claim of which the insured is aware prior to inception Excluding Limits made by associated companies unless emanating from an independent third party Contracts Rights of Third Parties

Nuclear Incident Exclusion Clause
Racketeer Influenced and Corrupt Organizations Exclusion Endorsement
30 days Cancellation Clause
Asbestos and Mold. Exclusions amended for Insurance Brokers
Retroactive Exclusion Clause
Remuneration and Bid Rigging Exclusions
Excluding claims arising out of mortgage broking or real estate transactions
Endorsement No.1

CHOICE OF LAW & JURISDICTION This insurance shall be governed by and construed in accordance with the laws of Guam and the exclusive jurisdiction of the USA including Guam courts. The seat of arbitration shall be Guam.

PREMIUMS **$20,000.00**

2% ASSESSMENT FEE **$400.00**

PREMIUM PAYMENT TERMS 60 Days

INFORMATION

The following information was provided to insurer(s) to support the assessment of the risk at the time of underwriting.

Date: 09/26/2016

Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

THE SCHEDULE

Policy No: **277247-716586 (KMPL0001-A08)**

NAMED INSURED and ADDRESS:

AM INSURANCE, P.O. BOX 2797, Hagatna, Guam 96932
AM PROPERTIES, P.O. BOX 2797, Hagatna, Guam 96932
ANNMARIE T. MUNA, P.O. Box 2797, Hagatna, Guam 96932
Y MAGAS, INC. P.O. Box 2797 Hagatna, Guam 96932

Period of Insurance: From: 27th September 2016
To: 27th September 2017 both days at 12:01 a.m.
Standard Time at address of Insured stated above

Limits of Liability and Deductibles:

A. The liability of 'Underwriters for "each claim", including claims expenses, which is first made against the Insures, during the, Policy Period shall not exceed **USD 2,000,000**

and subject to that limit for each claim the total of Underwriters' liability for all claims, including claims expenses; first made against the Insured during The Policy Period shall not exceed in the "aggregate" **USD 2,000,000**

B. The Limit of Liability afforded under the policy shall be subject to a deductible amount of **USD 10,000** which shall be applicable to "each claim ,"and shall not inclusive of "claims expenses" as more fully set forth in the Policy.

INSURANCE BROKERS AND AGENTS ERRORS AND OMISSIONS INSURANCE

NOTICE

THIS IS A CLAIMS MADE POLICY

EXCEPT TO SUCH EXTENT AS MAY BE PROVIDED OTHERWISE HEREIN, THIS POLICY IS LIMITED TO INDEMNITY FOR ONLY THOSE CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD. PLEASE REVIEW THE POLICY CAREFULLY:

In consideration of the payment of The premium and the undertaking of the Insured to pay the deductible as described herein and in reliance upon the statements in the application attached hereto and made a part hereof, and subject to the Limits of Liability shown in the Schedule, and subject to all the terms of this Insurance, Underwriters agree With the Named Insured as follows.

INSURING AGREEMENTS

1. COVERAGE: CLAIMS MADE PROVISION

The Underwriters will indemnify the Insured for all sums which the Insured shall become legally obligated to pay as damages by reason of any negligent act error or omission committed or alleged to have been committed by the Insured or by any person for whose negligent acts, errors or omissions the Insured is legally responsible which arise out of the conduct of the Insured's professional activities as Insurance Brokers, Insurance Agents or General Insurance Agents, provided always that:

(a) a claim is first made against the insured during the Policy Period by reason of such negligent act, error or omission, and

(b) the Insured has no knowledge, on or prior to the effective date of this Policy, that such negligent act, error or omission may give rise to a claim against the Insured, or, there are no prior policy or policies which provide insurance for such liability or claims resulting from such negligent act, error or omission whether or not the deductible provisions and amount of such prior policy or policies are different from this Policy.

2. DISCOVERY CLAUSE

If during the Policy Period the insured shall first become aware of any facts or circumstances which may subsequently give rise to a claim against the Insured by reason of any negligent act, error or omission for which coverage would be

afforded hereunder, and if the Insured shall DURING THE POLICY PERIOD stated in the Schedule give written notice to Underwriters of such facts or circumstances, any such claim subsequently made against the Insured arising out of such negligent act, error or omission shall be deemed for the purpose of this Insurance to have been first made during the Policy Period stated in the Schedule. The Insured shall co-operate fully with Underwriters or its representatives as provided in Condition I and any investigation conducted by Underwriters or its representatives shall he subject to the terms set forth in this Insurance.

3. LIMITS OF LIABILITY:

The liability of Underwriters for each claim made during the Policy Period, including claims expenses, shall not exceed the amount stated in the Schedule for "each claim". Subject to that limit for each claim, the total Limit of Underwriters' Liability for all claims made during the Policy Period, including claims expenses, shall never exceed the amount stated in the Schedule as "aggregate". The inclusion herein of more than one Insured or the making of claims or the bringing of suits by more than one person or organization, shall not operate to increase the Limit of Underwriters' Liability for each claim or in the aggregate.

4. DEDUCTIBLE:

The deductible amount stated in the Schedule shall be paid by the Named Insured, shall be applicable to each claim, and shall include claim payments and claims expenses; whether or not claim payment is made.

5. DEFENSE AND SETTLEMENT:

(a) The Insured shall not admit liability for or settle any claim or incur any claims expenses in connection therewith without the written consent of the Underwriters, who shall be entitled at any time to take over and conduct in the name of the Insured the defense of any claims, and the Insured shall continue to co-operate fully with the Underwriters in such

(b) The Underwriters shall not settle any claim without the consent of the Insured. If however the Insured shall refuse to consent to any settlement recommended by the Underwriters and shall elect to contest or continue any legal proceedings in connection with such claim, then the Underwriters' liability for the claim shall not exceed the amount for which the claim could have been so settled including the claims expenses incurred with their consent up to the date of such refusal.

DEFINITIONS

1. THE INSURED

The unqualified word "Insured" whenever used in this Policy means:

(a) the individual, partnership or corporation designated as the Named Insured in the Schedule:

(b) any partner, executive officer, director, or salaried employee of the Named Insured while' acting within the scope of his duties as such:

(c) any former partner, executive officer, director or salaried employee of the Named Insured for acts committed while acting within the scope of his duties as such.

2. POLICY PERIOD:

The terms "Policy Period' whenever used in this Policy shall mean the period from the inception date of this policy to the expiration date as set forth in the Schedule or its earlier termination date, if any.

3. CLAIM:

The unqualified word "claim" whenever used in this Policy shall mean a written demand received by the Insured for money or services, including the service of suit or demand for arbitration against the Insured. The filing of suit, or the filing of demand, for arbitration, shall not constitute a claim within the meaning of the policy.

4. CLAIMS EXPENSES;

"Claims Expenses" means:

(a) fees charged by an attorney designated by Underwriters,

(b) all other fees, costs and expenses incurred by Underwriters in the investigation, adjustment, defense and appeal of a claim, and

(c) the reasonable fees charged by an attorney designated by the Insured with the written consent of Underwriters.

EXCLUSIONS

The Insuring Agreements and all other provisions of this Policy shall not provide indemnity or claims expenses for claims:

(a) Arising out of any dishonest, fraudulent, criminal or malicious act committed or alleged to have been committed by, or at the direction of the insured.

(b) For punitive or exemplary damages, fines or penalties,

(c)For bodily injury to, or sickness, disease or death of any person, or injury to or destruction of any tangible property, including the loss of use thereof,

(d) For libel, slander, invasion of privacy or discrimination,

(e) By any Insurer arising out of any alleged negligent act, error or omission by the Insured in their capacity as Insurance Agents or General Insurance Agents of that Insurer, unless that Insurer has obtained a judgment against the Insured in any Court in respect of that claim,

(f) Arising out of the commingling of monies or accounts, or loss of monies received by the Insured or credited to the Insured's

(g) Arising out of, due to or involving directly or indirectly the insolvency, receivership, bankruptcy liquidation or financial inability to pay, by any Insurance Company, Agent, Broker or intermediary with which the Insured has placed or obtained coverage for a client or an account.

(h) By any entity or individual which is wholly or partially owned, operated or managed by the Insured or which wholly or partially owns, operates or manages the Insured, or which is wholly or partially under the same common ownership, operation or management as the Insured.

(i) Arising out of the Insured's activities as a managing agent or managing general agent unless otherwise endorsed on the Schedule.

CONDITIONS

1. INSURED'S DUTIES IN THE EVENT OF CLAIM OR SUIT:

   The Insured shall, as a condition precedent to their right to be indemnified under this Insurance, give to Underwriters immediate notice in writing of any claim first made against them, co-operate with Underwriters and upon Underwriters' request submit to examination and interrogation by Underwriters' representative, under oath if required, and attend hearings, depositions and trials, and assist in effecting settlement, securing and giving evidence, obtaining the attendance of witnesses and assisting in the conduct of suits as well as the giving of a written statement or statements to Underwriters' representatives and meetings with such representatives for the purposes of investigation and/or defense, and all without charge
   to Underwriters.

2. SUBROGATION:

   In the event of any payment under this Policy, Underwriters shall be subrogated to all the Insured's right of recovery there for against any person or organization and the Insured shall execute and, deliver instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing to prejudice such rights.

3. ACTION AGAINST UNDERWRITERS:

   No action shall be against Underwriters unless, as a condition precedent thereto, the Insured shall have fully complied with all the terms of this Policy, nor until the amount of the Insured 's obligation to pay shall have been fully and finally determined either by judgment against the Insured after actual trial, or by written agreement of the Insured, the claimant and Underwriters.

4. FALSE OR FRAUDULENT CLAIMS:

If the Insured shall proffer any claim knowing same to be false or fraudulent, as regards amount or otherwise this insurance shall become null and void and all coverage hereunder shall be forfeited.

5. APPLICATION:

By acceptance of this Policy the Insured agrees that the statements in the application are his 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 Underwriters, or any of its agents, relating to this Insurance.

6. OTHER INSURANCE:

Subject to the limitation of coverage as set forth in Insuring Agreement I (b) regarding the application of a prior policy or policies, this Insurance is in excess of the amount of the applicable deductible of this Policy and any other valid and collectible insurance available to the Insured whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise.

7. ASSIGNMENT:

Assignment of interest under this Policy shall not bind Underwriters until their consent is endorsed hereon. In the event of the death or in competency of the Insured this Policy shall cover the Insured for any claims first made against the insured or its legal representatives during the Policy Period and which would otherwise be covered by this Policy.

This Policy maybe cancelled by the Named Insured by a written notice stating when thereafter such cancellation shall be effective. If cancelled by the Named Insured, Underwriters shall retain the customary short rate proportion of the Premium hereon.

This Policy may be cancelled by Underwriters by mailing to the Named Insured written notice stating when, not less than thirty (30) days thereafter, such cancellation shall be effective, but "this Policy may be cancelled as aforesaid by not less than ten days notice when the cancellation is being effected by reason of the Insured's non-payment of premium. The mailing of notice as aforementioned shall be sufficient notice and the effective date of cancellation stated in the notice shall become the expiration date of the policy. Delivery of such written notice by the Named Insured, or Underwriters' shall be equivalent to mailing. If cancelled by Underwriters, earned Premium shall be computed pro rata.

Premium adjustment may be made at the time cancellation is effected or as soon as practicable thereafter. The cheque of the Underwriters or any of its representatives, mailed or delivered, shall be sufficient tender of any refund due to the Named Insured.

8. SERVICE OF SUIT:

It is agreed that in the event of the failure of Underwriters hereon to pay any amount

claimed to be due hereunder, the Underwriters hereon, at the request of the Insured, will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' 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 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 the designee named in the Schedule and that in any, suit instituted against any one of them upon this Contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal,

The above named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured to give a written undertaking to the Insured that they will enter a general appearance upon Underwriters behalf in the event such suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision there for, Underwriters hereon hereby designate the Superintendent, Commissioner, or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their 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 Contract of Insurance and hereby designates the above-named as the person to whom-said officer is authorized to mail such process or a true copy thereof.

CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999 CLARIFICATION CLAUSE

A person who is not a party to this contract has no right under the Contracts (Rights Of Third Parties) Act 1999 to enforce any term of this Contract but this does not affect any right or remedy of a third party which exists or is available apart from the Act.

NUCLEAR INCIDENT EXCLUSION CLAUSE-LIABILITY-DIRECT (BROAD) (U.S.A)

For attachment to insurances of the following classifications in the U. S. A. its territories and Possessions, Puerto Rico Ad the Canal Zone:

Owners, Landlords and Tenants Liability, Contractual Liability, Elevator Liability, Owners or Contractors (including railroad) Protective Liability, Manufacturers and Contractors Liability, Product Liability, Professional and Malpractice Liability, Storekeepers Liability, Garage Liability; Automobile Liability (including Massachusetts Motor Vehicle or Garage Liability), not being insurances of the classifications to which the Nuclear Incident Exclusion Clause-Liability-Direct (Limited) applies.

This Policy does not apply:

I. Under any Liability Coverage, injury, sickness, disease, death or destruction:

(a) with respect to which an insured under the Policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would been insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(b) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the insured is, or had this Policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

II. Under any Medical Payments Coverage, or under any Supplementary Payments Provision relating to immediate medical or surgical relief, to expenses incurred with respect to bodily injury, sickness, disease or death resulting from the, hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.

III. Under any Liability Coverage, to injury, sickness, disease, death or destruction resulting from the hazardous Properties of nuclear material, if:

(a) the nuclear material (1) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (2) has been discharged or dispersed therefrom;

(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 an insured; or

(c) the injury, sickness, disease, death or destruction 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, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (c) applies only to injury to or destruction of property at such nuclear facility.

IV. As used in this endorsement:

"hazardous properties" include radioactive, toxic or explosive properties; "nuclear material" means source material, special nuclear material or by-product material; "source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act 1954 or in any law amendatory thereof; "spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; "waste" means any waste material (1) containing by-product material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (a) or (h) thereof; "nuclear facility" means:

(a) any nuclear reactor,

(b) any equipment or device designed or used for (I) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste,

(c) any equipment or device used for the processing, fabricating 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 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,

(d) 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; "nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material. With respect to injury to or destruction of property the word "injury" or "destruction" includes all forms of radioactive contamination of property.

It is understood and agreed that except as specifically, provided in the foregoing to the contrary, this clause is subject to the terms, exclusions, conditions and limitations of the Policy to which it is attached.

*NOTE: As respects policies which afford liability coverages and other forms of coverage in addition, the words underlined should be amended to designate the liability coverage to which this clause is to apply.

R. I. C. O. EXCLUSION

In consideration of the premium charged, it is hereby understood and agreed that there shall be no liability hereunder in respect of any loss payments or claim expenses directly or indirectly brought about by, arising out of, or attributable to:

any actual or alleged violation of the Racketeer Influenced and Corrupt Organizations Act, 18 USC Sections 1961 et seq., or any comparable state law, and any amendments thereto, or any rules or regulations promulgated thereunder.

RETROACTIVE EXCLUSION CLAUSE (U.S.A./CANADA)

(Professional Indemnity Insurance)

It is understood and agreed that, notwithstanding anything contained herein to the contrary, this Policy shall not indemnify the Insured in respect of any claim made against the Insured by reason of any negligent act, error or omission committed, or alleged to have been committed prior to 31st October 2008.

EXCLUSIONS

The following are added to Exclusions;

(j) Arising out of or relating to claims and/or circumstances which could give rise to a claim of which the Insured is aware prior to inception

(k) Arising out of mortgage broking or real estate transactions

ASBESTOS & MOLD-EXCLUSION FOR INSURANCE BROKERS

ASBESTOS EXCLUSION:

This Policy shall not apply to CLAIMS or CLAIMS EXPENSES arising directly or indirectly out of or resulting from or in consequence of, or in any way involving asbestos, or any materials in whatever form or quantity.

TOXIC MOLD EXCLUSION

In consideration for the premium charged, it is hereby understood and agreed that the coverage afforded by this Policy shall not apply to:

A. CLAIMS or CLAIMS EXPENSES which, either in whole or in part, directly or indirectly, are for, based upon, relate to, or arise out of:

(I) the actual, potential, alleged or threatened formation, .growth, presence, release or dispersal of any fungi, molds, spores or mycotoxins of any kind; or

(2) any action taken by any party in response to the actual, potential, alleged or threatened formation, growth, presence, release or dispersal of fungi, molds, spores or mycotoxins of any kind, such action to include investigating, testing for, detection of, monitoring of, treating, remediating or removing such fungi, molds, spores or mycotoxins;

B. Any governmental or regulatory order, requirement, directive, mandate or decree that any party take action in response to the actual, potential, alleged or threatened formation, growth, presence, release or dispersal of fungi, molds, spores or mycotoxins of any kind, such action to include investigating, testing for, detection of, monitoring of, treating, remediating or removing such fungi, molds, spores or mycotoxins;

C. Underwriters will have no duty or obligation to defend any Insured with respect to any CLAIM or governmental or regulatory order, requirement, directive, mandate or decree which, either in whole or in part, directly or indirectly, is for, based upon, relates to, or arises out of the actual, potential, alleged or threatened formation, growth, presence, release or dispersal of any fungi, molds, spores or mycotoxins of any kind.

However, these exclusion shall not apply if the loss arises out of the Insured's professional services as an insurance broker or agent.

SYNDICATE 4000 PSA/MSA EXCLUSION

This policy provides no indemnity for loss or defense costs in connection with any claim directly or indirectly arising out of, based upon or in consequence of, resulting from, or in any way involving the actual or alleged payment of fees, commissions or other remunerations by or to any Insured or the permission of, aiding or abetting, or participation in the payment of fees, commissions or other remunerations to any other entity. This Policy also excludes any indemnity for loss or defense costs in connection with any claim directly or indirectly arising out of, based upon or in consequence of, resulting from, or in any way involving any actual of alleged bid rigging, market allocation or solicitation of non-competitive bids for insurance coverage.

CHOICE OF LAW AND JURISDICTION

This Policy shall be governed by and construed in accordance with the laws of Guam and the exclusive jurisdiction of the USA including Guam courts. The seat of arbitration shall be Guam.

IN WITNESS WHEREOF, the Company has caused this policy to be signed by its president and manager, but this policy shall not be valid unless countersigned on the Declarations page by a duly authorized representative of the Company.

Yonjo Choi
MANAGER

JEONG-NAM KIM
PRESIDENT

ENDORSEMENT NO. 1

Name Insured : **Am Insurance, AM Properties, Annmarie T. Muna, Y Magas, Inc.**

IT IS HEREBY UNDERSTOOD AND AGREED that Exclusion, (k) Arising out of mortgage broking or real estate transactions DOES NOT apply to the following:

1) Single Family Dwelling located in Santa Rita, Guam
2) Condominium Unit located at Villa Rosario
3) Any newly acquired properties owned by the Insured, subject to reporting by endorsement

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the Policy, except as hereinafter set forth.

This endorsement is effective as of Inception of the Policy Period.

Attached to and forming part of Policy No. **277247-716586 (KMPL0001-A08)** of Dongbu Insurance Co., Ltd.

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This insurance does not apply to TERRORISM, including injury or damage arising, directly or indirectly, out of a "certified act of terrorism".

"Certified act of terrorism" means an act that is certified by the Secretary of Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism and Risk Insurance Act of 2002. The criteria contained in that Act for a "certified act of terrorism" includes the following:

1. The act resulted in aggregate 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 on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

This endorsement fulfills the requirements of the U.S. Terrorism Risk Insurance Act of 2002.

Effective 09/27/2016

All other terms and conditions remain unaltered.

Attached to and forming part of Policy No. 277247-716586 (KMPL0001-A08)

issued to AM Insurance, AM Properties, Annmarie T. Muna, Y Magas, Inc.

effective 09/27/2016

Dongbu Insurance Company Ltd.

Date: 09/26/2016

By: _____

Authorized Representative
Moylan's Insurance Underwriters, Inc.
General Agent

3

My commission expires

BID AND PERFORMANCE BOND FOR GOODS AND SERVICES AS REQUIRED UNDER 5 G.C.A. § 5212

KIC-14328-B

KNOW ALL MEN BY THESE PRESENTS, that

AM INSURANCE

(Name of Contractor)

as Principal, herein after called the Principal and

DONGBU INSURANCE CO., LTD.

(Name of Surety)

as duly admitted insurer under the laws of the Territory of Guam, as Surety, hereafter called the Surety, are held and firmly bound unto the Guam Waterworks Authority for the sum of ONE THOUSAND & 00/100 Dollars ($1,000.00), for payment of which sum will and truly to be made, the said Principal and the said Surety bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally firmly by these presents:

WHEREAS, the Principal has submitted a bid for and is anticipated to enter into a contract in the amount specified below, GWA IFB NO. 2017-12 PROPERTY INSURANCE, GENERAL LIABILITY INSURANCE, DIRECTORS AND OFFICERS LIABILITY INSURANCE, AUTOMOBILE INSURANCE AND CRIME INSURANCE

NOW, THEREFORE, if the Guam Waterworks Authority shall accept the bid and the Principal shall not withdraw said bid within sixty (60) calendar days after the opening of bids, and shall within twenty one (21) calendar days after the prescribed forms are presented to him for signature, enter into a Contract with the Guam Waterworks Authority in accordance with the terms of such bid. This bond shall also be held by the Guam Waterworks Authority to secure the faithful performance of such Contract and for the prompt payment of labor, goods, services and materials furnished in the prosecution thereof. In the event of the failure of the Principal to enter into such Contract, or if the Principals (Contractor) fails to perform in accordance with the requirements set out under the Bid or any other written instrument requirement performance thereunder, the Surety, on behalf of the Principals shall pay to the Guam Waterworks Authority the differences not to exceed the penalty hereof between the amounts specified in said bid and such larger amount for which the Guam Waterworks Authority may in good faith contract with another party to perform work covered by said bid or an appropriate

liquidated amount as specified in the Invitation for Bids then this obligation shall be null and void, otherwise to remain in full force and effect.

NOW, THEREFORE, THE CONDITIONS OF THIS OBLIGATION is such that, if the contractor shall promptly and faithfully perform said Contract, and shall promptly make payment to all claimants as hereinafter defined for all labor and material used or reasonably required for use in the performance of the Contract, then this obligation shall be void; otherwise it shall remain in full force and effect, subject, however, to the following conditions:

A. The Surety hereby waives notice of any alteration or extension of the time made by the Authority provided the same is within the scope of the Contract or any modification thereto.

B. Whenever the contractor shall be and is declared in default by the Authority to be in default under the Contract, the Authority having performed its obligations hereunder, the Surety may promptly remedy the default or shall promptly:

1. Complete the Contract in accordance with its terms and conditions; or

2. Obtain a bid or bids for completing the Contract in accordance with its terms and conditions, and upon determination by the Authority and the Surety of the lowest responsible bidder, arrange for a Contract between such bidder and the Authority, and make available as work progresses (even though there should be a default or a succession of defaults under the Contract or Contracts or completion arranged under this paragraph) sufficient funds to pay the cost of completion, less than balance of the Contract price, but not exceeding, including other costs and damages for which the Surety may be liable hereunder, the amount set forth in the first paragraph hereof. The term "balance of the Contract Price," as used in this paragraph shall mean the total amount payable by the Authority to Contractor under the Contract and any amendments thereto, less the amount properly paid by the Authority to Contractor. No right of action shall accrue on this bond to or for use of any person or corporation other than the Authority or successors of the Authority.

C. A claimant is defined as one having a direct contract with the Contractor or with a subcontractor of the Contractor for labor, material, or both, used or reasonably required for use in the performance of the Contract, labor and material

being construed to include that part of water, gas, power, light, heat, oil, gasoline, telephone service or rental of equipment directly applicable to the Contract.

D. The above named Contractor and Surety hereby jointly and severally agree with the Authority that every claimant as herein defined, who has not been paid in full before the expiration of a period of ninety (90) days after the date of which the last of such claimant's work or labor was done or performed, or materials were furnished by such claimant, may sue on this bond for use of such claimant, prosecute the suit to final judgment to final judgment for such sum or sums as may be justly due the claimant, and have execution thereon. The Authority shall not be liable for the payment of any costs or expenses of any such suit.

E. No suit or action shall be commenced hereunder by any claimant:

1. Unless claimant, other than one having a direct contract with the contractor, shall have given written notice to any two (2) of the following entities named below:

(a) the Contractor; (b) the Guam Waterworks Authority, or (c) the Surety above named, within ninety (90) days after such claimant did or performed the last of the work or labor, or furnished the last of the materials for which said claim is made, stating with substantial accuracy the amount claimed and the name of the party to whom the materials were furnished, or for whom the work or labor was done or performed. Such notice shall be personally served by mailing the same by registered mail or certified mail, postage prepaid, in an envelope addressed to the Contractor at any place the principal maintains an office or conducts its business.

2. After the expiration of one (1) year following the date on which the last of the labor was performed or material was supplied by the party bringing suit.

3. Other than in a court of competent jurisdiction in and for the Territory of Guam.

F. The amount of the bond shall be reduced by and to the extent of any payment or payments made in good faith hereunder.

SIGNED AND SEALED THIS 1ST day of MARCH, 2017, A.D.

IN THE PRESENCE OF:
(Note: If the Principals are Partners, each must execute the Bond)

	AM INSURANCE
(WITNESS)	(CONTRACTOR) (SEAL)
	Annmerie Muna, President + CEO
(TITLE)	(TITLE)
JEONG NAM KIM K. S. Chl	JONG PYO JEONG K. S. Chl
(MAJOR OFFICER OF SURETY)	(MAJOR OFFICER OF SURETY)
PRESIDENT & CEO	EXECUTIVE VP
(TITLE)	(TITLE)
CECILIA A. ANAS SURETY DIVISION MANAGER	MOYLAN'S INSURANCE UND., INC. (RESIDENT GENERAL AGENT)

GOVERNMENT OF GUAM
DEPARTMENT OF REVENUE AND TAXATION
OFFICE OF THE INSURANCE COMMISSIONER

CERTIFICATE OF AUTHORITY

RENEWAL 218

Know All Men By These Presents That:

Name DONGBU INSURANCE COMPANY, LTD.

Address 891-10, DAECHI-DONG, KANGNAM-GU
SEOUL, KOREA

Classes of Insurance Authorized

ACCIDENT & HEALTH
FIDELITY & SURETY
FIRE
MARINE
MISCELLANEOUS
MOTOR VEHICLE
PROP. DAMAGE & LIABILITY
WORKMENS COMP

Having complied with the Insurance Law of Guam, is hereby authorized to transact as an insurer, the above named Classes of Insurance in Guam from the 01 *day of* July *, 20* 16 *, to the* 01 *day of* July *, 20* 17 *, unless authority is revoked for failure to comply with the law.*

General Agent(s):

MOYLAN'S INSURANCE UNDERWRITERS INC

In Witness Whereof, I have hereunto subscribed my name officially and have hereon impressed my Seal of Office at the City of Hagatña, Guam on this 03 *day of* June *A.D. 20* 16.

ARTEMIO B. ILAGAN
Insurance Commissioner

141
Doc. No. 34GL-17-0810.*

CCU March 21, 2017 Regular Meeting - NEW BUSINESS

공증인가 동방종합법무법인

Registered No. 2016 — 309

NOTARIAL CERTIFICATE

DONG BANG LAW & NOTARY OFFICE INC.
187,Toegye-ro, Jung-gu, Seoul, Korea

DECLARATION (진 술 서)

I do hereby solemnly and sincere declare that the attached power of attorney exactly corresponds to the original.
(본인은 별첨된 위임장이 원본과 틀림없음을 진술합니다)

Appendix Document Title: Power of Attorney

2016. .1. 28

Signature Hojin Choe

Print Name(영문이름): Hojin Choe

Dongbu Insurance

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That Dongbu Insurance Co., Ltd., a corporation organized and existing under and by virtue of the laws of the Republic of Korea, having its principal office at the address of Dongbu Financial Center, 432, Teheran-ro, Gangnam-Gu, Seoul, the Republic of Korea, does hereby nominate, constitute and appoint *Moylan's Insurance Underwriters, Inc.*, a corporation organized and existing under and by virtue of the laws of the Territory of Guam, having its principal office at the address of 102 Julale Center, 424 West O'Brien Drive, Hagatna, Guam, its true and lawful attorney-in-fact to make, execute, seal and deliver on its behalf any and all bonds, undertakings, contracts and other writings of suretyship for it and on its behalf.

IN WITNESS WHEREOF, Dongbu Insurance Co., Ltd. has caused these presents to be signed by its appropriate officers and to be affixed of its corporate seal thereunto on this *1st day of Jan., 2016*.

DONGBU INSURANCE CO., LTD.

JONG PYO JEONG, Executive Vice President

B. H. Yoo

BU HEUI YOO, Secretary

[제42호 서식] 공증인가 동방종합법무법인 (영문사서본인용지)

등부 2016 년 제 309 호 Registered No. 2016 - 309

인 증 NOTARIAL CERTIFICATE

위 진 술 서 에 기재된 최호진 은 본 공증인의 면전에서 위 사서증서에 자기가 기명날인 한 것임을 자인하였다.

CHOE, HO-JIN personally appeared before me and admitted his(her) subscription to the attached DECLARATION

This is hereby attested on

2016년 1월 28일 이 사무소에서 위 인증한다.

this 28th day of JAN. 2016 at this office.

서 울 지 방 검 찰 청 소 속
공증인가 동방종합법무법인
서울특별시 중구 퇴계로 187
공증담당
변 호 사

BELONG TO SEOUL CENTRAL DISTRICT PROSECUTORS' OFFICE
DONG BANG LAW & NOTARY OFFICE INC.
187,Toegye-ro, Jung-gu, Seoul, Korea

Attorney at law(Rep.) Seo, Keon Ik

This office has been authorized by the Minister of Justice, the Republic of Korea, to act as Notary Public since Apr. 26. 1984.under Law No.5

공증인가 동방종합법무법인

Registered No. 2017 — 203

NOTARIAL CERTIFICATE

DONG BANG LAW & NOTARY OFFICE INC.
187,Toegye-ro, Jung-gu, Seoul, Korea

Dongbu Insurance
Dongbu Financial Center, 432, Teheran-ro
Gangnam-gu, Seoul, Korea 135-523
Tel: +82-2-3011-5825
Fax: +82-505-181-1023
www.dongbu.com

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That Dongbu Insurance Co., Ltd., a corporation duly organized and existing under and by virtue of the laws of the Republic of Korea, and having its principal office at the address of Dongbu Financial Center, 432, Teheran-ro, Gangnam-Gu, Seoul, the Republic of Korea, does hereby make, constitute and appoint ***Shin Chul Kim, Guam Branch Manager*** of this Company, its true and lawful attorney-in-fact, for it, and in its name, place and stead ***to proceed all the necessary requirements and steps for its business operation in Guam and its neighboring islands,*** giving and granting unto its attorney full power and authority to do and perform all and every act and thing whatsoever, requisite, necessary and proper to be done in the premises, as fully, to all intents and purposes, as it might or could do, with full power of substitution and revocation, hereby ratifying and confirming all that its attorney, or his substitute, shall lawfully do, or cause to be done, by virtue hereof.

IN WITNESS WHEREOF, Dongbu Insurance Co., Ltd. has caused its corporate name to be subscribed hereto by its appropriate officer, and its corporate seal to be affixed, attested by its ~~secretary, on this~~ ***1st day of Jan., 2017***

DONGBU INSURANCE CO., LTD.

JEONG NAM KIM, President & CEO

Acknowledged

Kim S. Chul

SHIN CHUL KIM
Guam Branch Manager

Attest:

B. H. Yw

BU HEUI YOO
Secretary

[제43호 서식] 공증인가 동방종합법무법인 (영문사서대리인용지)

동부 2017 년 제 203 호

인 증

위 위임장

에 기재된

동부화재
해상보험 (주)
대표이사 김정남

의

대리인 최호진 는

본 공증인의 면전에서 위 본인이 기명날인 한 것임을 자인하였다.

2017년 1월 17일

이 사무소에서 위 인증한다.

Registered No. 2017 - 203

NOTARIAL CERTIFICATE

Ho-Jin, Choe

attorney - in fact of

JEONG NAM KIM
President & CEO
DONGBU INSURANCE CO.,LTD

appeared

before me and admitted said principal's subscription to the attached

POWER OF ATTORNEY

This is hereby attested on this 17th day of Jan. 2017 at this office.

서울중앙지방검찰청소속
공증인가 동방종합법무법인
서울특별시 중구 퇴계로 187
공증담당
변호사

BELONG TO SEOUL CENTRAL DISTRICT PROSECUTORS' OFFICE
DONG BANG LAW & NOTARY OFFICE INC.
187,Toegye-ro, Jung-gu, Seoul, Korea

Attorney at law(Rep.) Seo, Keon Ik.

This office has been authorized by the Minister of Justice, the Republic of Korea, to act as Notary Public since Apr. 26. 1984. under Law No. 5

공증인가 동방종합법무법인

Registered No. 2017— 204

NOTARIAL CERTIFICATE

DONG BANG LAW & NOTARY OFFICE INC.
187,Toegye-ro, Jung-gu, Seoul, Korea

Dongbu Insurance
Dongbu Financial Center, 432, Teheran-ro
Gangnam-gu, Seoul, Korea 135-523
Tel: +82-2-3011-5825
Fax: +82-505-181-1023
www.idongbu.com

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That I, ***Jeong Nam Kim,*** **President & CEO** of Dongbu Insurance Co., Ltd., a corporation duly organized and existing under and by virtue of the laws of the Republic of Korea, having its principal office at the address of Dongbu Financial Center, 432, Teheran-ro, Gangnam-Gu, Seoul, the Republic of Korea, does hereby nominate, constitute and appoint ***Shin Chul Kim, Branch Manager*** of the Company's Guam Branch at 233 Julale Center, 424 West O'Brien Drive, Hagatna, Guam 96910, my true and lawful attorney-in-fact to make, execute, seal and deliver any and all bonds, undertakings, contracts and other writings of suretyship for the Company and in my behalf.

IN WITNESS WHEREOF, Dongbu Insurance Co., Ltd. has caused these presents to be signed by me and ***the Corporate Secretary,*** and to be affixed of its corporate seal thereunto on this ***1st day of Jan., 2017***

DONGBU INSURANCE CO., LTD.

JEONG NAM KIM, President & CEO

B. H. Yoo

BU HEUI YOO, Secretary

[제43호 서식] 공증인가 동방종합법무법인 (영문사서대리인용지)

등부 2017 년 제 204 호 Registered No. 2017 - 204

인 증 NOTARIAL CERTIFICATE

위 위임장 에 기재된 동부화재 해상보험 (주) 대표이사 김정남 의 대리인 최호진 는 본 공증인의 면전에서 위 본인이 기명날인 한 것임을 자인하였다.

Ho-Jin, Choe attorney - in fact of JEONG NAM KIM President & CEO DONGBU INSURANCE CO.,LTD appeared before me and admitted said principal's subscription to the attached POWER OF ATTORNEY

This is hereby attested on this 17th day of Jan. 2017 at this office.

2017년 1월 17일 이 사무소에서 위 인증한다.

서울중앙지방검찰청소속 BELONG TO SEOUL CENTRAL DISTRICT PROSECUTORS' OFFICE

공증인가 동방종합법무법인 DONG BANG LAW & NOTARY OFFICE INC.

서울특별시 중구 퇴계로 187 187,Toegye-ro, Jung-gu, Seoul, Korea

공증담당 변호사

Attorney at law(Rep.) Seo, Keon Ik

This office has been authorized by the Minister of Justice, the Republic of Korea, to act as Notary Public since Apr. 26. 1984. under Law No. 5

공증인가 동방종합법무법인

Registered No. 2017— 205

NOTARIAL CERTIFICATE

DONG BANG LAW & NOTARY OFFICE INC.
187,Toegye-ro, Jung-gu, Seoul, Korea

DECLARATION (진 술 서)

I do hereby solemnly and sincere declare that the attached certificate exactly corresponds to the original.
(본인은 별첨된 증명서사본이 원본과 틀림없음을 진술합니다)

Appendix Document Title: power of attorney

2017. 1. 17

Signature Hojin Choe

Print Name(영문이름): Hojin Choe

Dongbu Insurance
Dongbu Financial Center, 432, Teheran-ro
Gangnam-gu, Seoul, Korea 135-523
Tel: +82-2-3011-5825
Fax: +82-505-181-1023
www.idongbu.com

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS :

That I, **Jong Pyo Jeong, Executive Vice President** of Dongbu Insurance Co., Ltd., a corporation duly organized and existing under and by virtue of the laws of the Republic of Korea, having its principal office at the address of Dongbu Financial Center, 432, Teheran-ro, Gangnam-Gu, Seoul, the Republic of Korea, does hereby nominate, constitute and appoint ***Shin Chul Kim, Branch Manager*** of the Company's Guam Branch at 233 Julale Center, 424 West O'Brien Drive, Hagatna, Guam 96910, my true and lawful attorney-in-fact to make, execute, seal and deliver any and all bonds, undertakings, contracts and other writings of suretyship for the Company and in my behalf.

IN WITNESS WHEREOF, Dongbu Insurance Co., Ltd. has caused these presents to be signed by me and ***the Corporate Secretary,*** and to be affixed of its corporate seal thereunto on this ***1st day of Jan., 2017***.

DONGBU INSURANCE CO., LTD.

JONG PYO JEONG, Executive Vice President

B. H. Yw

BU HEUI YOO, Secretary

[제42호 서식] 공증인가 동방종합법무법인 (영문사서본인용지)

동부 2017 년 제 205 호 Registered No. 2017 - 205

인 증 NOTARIAL CERTIFICATE

위

진 술 서

에

기재된

최 호 진

은

본 공증인의 면전에서 위 사서증서에 자기가 기명날인 한 것임을 자인하였다.

HOJIN, CHOE

personally appeared before me and admitted his(her) subscription to the attached

DECLRATION

2017년 1월 17일 이 사무소에서 위 인증한다.

This is hereby attested on this 17th day of JAN. 2017 at this office.

서 울 중 앙 지 방 검 찰 청 소 속

공증인가 동방종합법무법인

서울특별시 중구 퇴계로 187, 3층

(필동1가, 국제빌딩)

공증담당

변 호 사

BELONG TO SEOUL CENTRAL DISTRICT PROSECUTORS' OFFICE

DONG BANG LAW & NOTARY OFFICE INC.

3F.187,Toegye-ro, Jung-gu, Seoul, Korea

Attorney at law(Rep.) Seo, Keon Ik

This office has been authorized by the Minister of Justice, the Republic of Korea, to act as Notary Public since Apr. 26. 1984.under Law No.5

ACKNOWLEDGEMENT

Guam, U.S.A.)
) ss:
CITY OF Hagatna)

On this 25th day of Jan., 2017, I certify that the attached document is a certified copy of the original Power of Attorney executed by Jeong Nam Kim and Jong Pyo Jeong, President and C.E.O. and Executive Vice President, respectively of Dongbu Insurance Co., Ltd. appointing Shin Chul Kim, as Attorney-in-Fact and that to my knowledge, are neither public records nor publicly recordable documents.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

(Official Signature and Seal of Notary)

CECILIA A. ANAS
NOTARY PUBLIC
In and for Guam, U.S.A.
My Commission Expires: March 28, 2018
P.O. Box 315726 Tamuning, Guam 96931

ACKNOWLEDGEMENT

Guam, U.S.A.)
) ss:
CITY OF Hagatna)

On this 25th day of Jan., 2017, I certify that the attached document is a certified copy of the original Power of Attorney executed by Jeong Nam Kim and Jong Pyo Jeong, President and C.E.O. and Executive Vice President, respectively of Dongbu Insurance Co., Ltd. appointing Moylan's Insurance Und., Inc., to be their Attorney-in-Fact and that to my knowledge, are neither public records nor publicly recordable documents.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

(Official Signature and Seal of Notary)

CECILIA A. ANAS
NOTARY PUBLIC
In and for Guam, U.S.A.
My Commission Expires: March 28, 2018
P.O. Box 315726 Tamuning, Guam 96931

ACKNOWLEDGEMENT

Guam, U.S.A.)
) ss:
CITY OF Hagatna)

On this 25th day of Jan., 2017, before me personally appeared Shin Chul Kim, known to me to be the person who signed the document and acknowledged his appointment by Dongbu Insurance Co., Ltd. as Attorney-in-Fact for its business operations on Guam and the neighboring islands.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

(Official Signature and Seal of Notary)

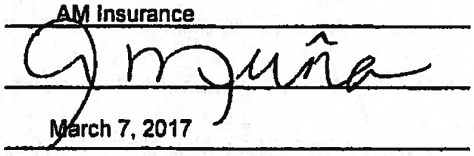
CECILIA A. ANAS
NOTARY PUBLIC
In and for Guam, U.S.A.
My Commission Expires: March 28, 2018
P.O. Box 315726 Tamuning, Guam 96931

BID RESPONSE FORM – PROPERTY INSURANCE

Limit	Deductible	3 Year Premium	5 Year Premium
$30,000,000	$1,000,000 Cat. $100,000 all other	$2,282,043.00 ($760,681.00 Billed Annually)	$3,507,650.00 ($701,530.00 Billed Annually)

Carrier	Carrier's Financial Rating
Dongbu Insurance Co. Ltd.	A XV

Bidder: AM Insurance

By: 

Date: March 7, 2017

ALTERNATE QUOTE: DEDUCTIBLE CHANGES

Limit	Deductible	3 Year Premium	5 Year Premium
$30,000,000	Cat - 5% of claim, Minimum $250,000 Maximum $1,000,000 $50,000 all other	$2,580,468.75 ($860,156.25 Billed Annually)	$4,300,781.25 ($860,156.25 Billed Annually)

Carrier	Carrier's Financial Rating
Sompo Japan Nipponkoa	A XV

1

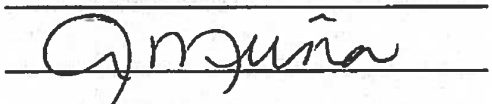
BID RESPONSE FORM – CYBER INSURANCE (OPTIONAL)

MUST BE PURCHASED WITH PROPERTY INSURANCE FROM DONGBU

Limit	Deductible	3 Year Premium	5 Year Premium
$5,000,000	$50,000	$84,000.00 ($28,000.00 Billed Annually)	$140,000.00 ($28,000.00 Billed Annually)

Carrier	Carrier's Financial Rating
Dongbu Insurance Co., Ltd.	A XV

Bidder: AM Insurance

By: 

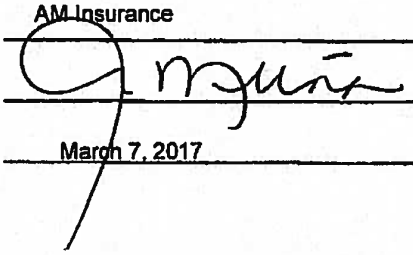
Date: March 7, 2017

BID RESPONSE FORM – LIABILITY INSURANCE

Limit	Deductible	3 Year Premium	5 Year Premium
$50,000,000 CSL	$300,000 eel	$345,000.00 Includes 2% Assessment Fee ($115,000.00 Billed Annually)	$575,000.00 Includes 2% Assessment Fee ($115,000.00 Billed Annually)

Carrier	Carrier's Financial Rating
Dongbu Insurance Co. Ltd.	A XV

Bidder: AM Insurance

By: 

Date: March 7, 2017

BID RESPONSE FORM – DIRECTORS' & OFFICERS LIABILITY INSURANCE

Limit	Deductible	3 Year Premium	5 Year Premium
$2,000,000 CSL	Nil	$50,625.00 plus $1,012.50 2% Assessment Fee ($16,875.00 Billed Annually) plus $337.50 2% Assessment Fee	$78,045.00 plus $1,560.90 2% Assessment Fee ($15,609.00 Billed Annually) plus $312.18 2% Assessment Fee

Carrier	Carrier's Financial Rating
Dongbu Insurance Co. Ltd	A XV

Bidder: AM Insurance

By:

Date: March 7, 2017

BID RESPONSE FORM – AUTOMOBILE INSURANCE

Limit	Deductible	3 Year Premium	5 Year Premium
$2,000,000 CSL	~~$1,000~~	$142,541.10 plus $1,176.21 2% Assessment Fee	$198,509.60 plus $1,813.35 2% Assessment Fee
	$1,000.00 each Collision Loss	($47,513.70 Billed Annually) plus $392.07 2% Assessment Fee	($39,701.92 Billed Annually) plus $362.67 2% Assessment Fee

Carrier	Carrier's Financial Rating
Dongbu Insurance Co. Ltd.	A XV

Bidder: AM Insurance

By: [signature]

Date: March 7, 2017

ALTERNATE QUOTE: INCLUDING COLLISION COVER

Limit	Deductible	3 Year Premium	5 Year Premium
Actual Cash Value	Collision: $1,000.00 each loss Comprehensive: $1,000.00 each loss	**$159,952.02** plus $1,176.21 2% Assessment Fee **($53,317.34** Plus $392.07 2% Assessment Fee Billed Annually)	**$220,273.25** plus $1,813.35 2% Assessment Fee **($44,054.65** plus $362.67 2% Assessment Fee Billed Annually)

Carrier	Carrier's Financial Rating
Dongbu Insurance Co. Ltd.	A XV

BID RESPONSE FORM – CRIME INSURANCE

Limit	Deductible	3 Year Premium	5 Year Premium
$1,000,000	Nil	$17,010.00 ($5,670.00 Billed Annually)	$26,225.00 ($5,245.00 Billed Annually)

Carrier	Carrier's Financial Rating
Dongbu Insurance Co., Ltd.	A XV

Bidder: AM Insurance

By:

Date: March 7, 2017

4

INSURANCE PROPOSAL

Prepared for

GUAM WATERWORKS AUTHORITY
IFB 2017-12

March 01, 2017

This quotation is valid for 30 days from its date of issued

Prepared by: Ross Aguon

Moylan's Insurance thanks you for the opportunity to discuss your insurance needs. This summary is a brief overview of your insurance coverage and is based on the exposure information you provided. Please refer to the policies for complete terms, conditions, limitations, definitions and exclusions.

Disclaimer: The abbreviated outlines of coverages used throughout this summary are not intended to express any legal opinion as to the nature of coverage. They are only visuals to a basic understanding of coverages.
This is just an illustration of the cost of insurance

MOYLAN'S INSURANCE UNDERWRITERS, INC.
Home of the Good Guys and Gals
424 W OBrien Dr Ste 102 Hagatna GU 96910

GWA IFB. NO. 2017-12
Proposal No. IP0998
Prepared By: Ross Aguon
Senior Commercial Underwriter/ Government & Specialty Lines

Carriers: **Dongbu Insurance Co., Ltd.**
Rated A Excellent by A.M. Best's
A- By S&P, FSC XV

Policy Period : May 01, 2017 to May 01, 2018
With an Additional **2 OR 4** year renewal option

PROPERTY INSURANCE

Description/Coverage	Limits of Insurance
Blanket Coverage for All risks of direct physical loss or damage to all Real and Personal Property of every kind and description belonging to the Insured, or in which the Insured has insurable interest.	**$30,000,000.00** blanket any one occurrence

Including:

- Earthquake, Windstorm, Flood, Typhoon, and Tidal Wave
- Loss of Revenue/ Business Interruption and Extra Expense Extension
- Boiler Explosion and Machinery Breakdown

SUB-LIMITS:

Personal Property in Transit	**$ 250,000.00**
Valuable Papers and Records and Computer Media	**$1,000,000.00**
Automatic Acquisition	**$1,000,000.00**
Boiler Explosion and Machinery Breakdown	**$5,000,000.00**
Personal Property in Transit	**$ 250,000.00**
Boiler Explosion and Machinery Breakdown	**$5,000,000.00**
Denial of Access	**$1,000,000.00**
Suppliers' and Customers'	**$1,000,000.00**
Debris Removal	**$1,000,000.00**
Mold Damage (in the aggregate)	**$250,000.00**

Self-Insured Retentions

Each and Every Loss in respect of EARTHQUAKE, WINDSTORM, FLOOD, TYPHOON, and TIDAL WAVE	**$1,000,000.00**
Each and Every Loss in respect of all other perils	**$100,000.00**

GWA IFB. NO. 2017-12
Proposal No. IP0998
Prepared By: Ross Aguon
Senior Commercial Underwriter/ Government & Specialty Lines

Cancellation	90 days prior written notice by Email **and** Certified Mail
Endorsements Applicable	- Schedules - Waiver of Subrogation – Tenants - Valuation - Misrepresentation & Fraud - Cancellation Clause (90 days) - Automatic Acquisition - Waiver of Coinsurance or Average Clause - Demolition Cost - Increased Cost of Construction - Demolition and Increased Time to Rebuild - Business Interruption Extension - Extra Expense Extension - Denial of Access - Jurisdiction - Preservation of Property - Damage to Building Exterior - Damage to Building Interior - Earthquake Damage - All Risk Endorsement - Multi-Year Policy Endorsement - Payment Schedule Agreement
Annual Premium	**$848,312.00**
Three Year Premium	**$760,681.00 (Billed Annually)**
Five Year Premium	**$701,530.00 (Billed Annually)**

GWA IFB. NO. 2017-12
Proposal No. IP0998
Prepared By: Ross Aguon
Senior Commercial Underwriter/ Government & Specialty Lines

CYBER COVERAGE

CYBER INSURANCE

COVERAGE	LIMIT	DEDUCTIBLE/ WAITING PERIOD
Security and Privacy Liability	**$5,000,000** in the aggregate, including claims expenses	**$50,000** each and every loss including claims expenses
Multimedia & Intellectual Property Liability	**$5,000,000** in the aggregate, including claims expenses	**$5,000,000** each claim & in the aggregate including claims expenses
Network Interruption & Recovery	**$5,000,000** each claim & in the aggregate	Network Expenditure **$50,000** each claim Loss of Business Income Coverage: 8 hours waiting period
Event Support Expenses	**$5,000,000** each claim & in the aggregate	**$50,000** each and every claim
Privacy Regulation Defense & Penalties	**$5,000,000** each claim & in the aggregate including claims expenses	**$50,000** each and every claim including claims expenses
Network Extortion	**$5,000,000** each claim & in the aggregate	**$50,000** each and every claim
Electronic Theft, Computer Fraud and Telecommunications Fraud	**$100,000** each claim & in the aggregate	**$50,000** each and every claim
Social Engineering Fraud	**$25,000** each claim & in the aggregate	**$50,000** each and every claim
Reputational Damage	**$5,000,000** each claim & in the aggregate	**$50,000** each and every claim
Payment Card Industry Fines or Penalties	**$1,000,000** each claim & in the aggregate including claims expenses	**$50,000** each and every claim including claims expenses

Annual Premium **$28,000.00**
Three Year Premium **$28,000.00 (Billed Annually)**
Five Year Premium **$28,000.00 (Billed Annually)**

*****CYBER COVERAGE ONLY AVAILABE IF PURCHASED IN CONJUNCTION WITH THE PROPERTY POLICY FROM DONGBU**

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COMPREHENSIVE 3D

Limit of Liability:	Aggregate	**$1,000,000.00**
	Employee Dishonesty -	**$1,000,000.00**
	Loss Inside Premises -	**$100,000.00**
	Loss Outside Premises -	**$100,000.00**
	Money Orders and Counterfeit Paper	**$100,000.00**
	Depositors Forgery -	**$100,000.00**
	Check Forgery	**$100,000.00**
	Third Party Computer Fraud	**$100,000.00**
	Costs	**$100,000.00**
Deductible	**$50,000.00** for all sections of coverage except in respects of Loss Inside Premises & Loss Outside Premises which will be **$10,000.00**	
Territory	GUAM	
Endorsements Applicable	- Territory – Guam - Jurisdiction - Multi-Year Policy Endorsement - Payment Schedule Agreement	
Annual Premium	**$6,300.00**	
Three Year Premium	**$5,670.00 (Billed Annually)**	
Five Year Premium	**$5,245.00 (Billed Annually)**	

DIRECTORS AND OFFICERS INCLUDING EMPLOYMENT PRACTICE CLAIMS

Limit of Liability	**$2,000,000.00** Aggregate for Coverages A & B combined (including Defense Costs)
Employment Related Practice Sublimit	**$1,000,000.00** (part of and not in addition to the limit)
Co-Insurance	100%
Self Retention	NIL
Cancellation	90 days prior written notice by Email **and** Certified Mail
Territory	Worldwide including the USA and Canada
Required Conditions	- Retroactive Date: April 12, 2012 - Territory – Worldwide - Jurisdiction - Cancellation Clause

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Endorsements: Security Holder Derivative Action Inclusion Clause; Territory, Cancellation Clause, Jurisdiction, Punitive Damage Exclusion Clause; Nuclear Energy Liability Exclusion Endorsement; Prior Acts Exclusion Endorsement; Retention Endorsement; Failure to Maintain Insurance Exclusion Endorsement; Captive Insurance Company Exclusion Endorsement; One VS One Exclusion Endorsement (Insured VS Insured Exclusion Endorsement); Closely-Held Clause; Company Securities Claims (Entity Cover); Regulatory Exclusion Clause; SEC Exclusion; Erisa Exclusion; Year 2000 Exclusion, Multi-Year Endorsement, Payment Schedule Agreement, Exclusion of Certified Acts of Terrorism

Notice 1: Except to such extent as may otherwise be provided herein, the coverage of this policy is limited generally to liability for only those claims that are first made against the Insured during the policy period.
Notice 2: The limit of liability available to pay judgment or settlements shall be reduced by amounts incurred for legal defense. Amount incurred for legal defense shall be applied against the retention amount.
Notice 3: The Insurer does not assume any duty to defend; however, the Insurer may advance defense costs payments prior to the final disposition of claim.

Annual Premium	**$18,750.00 (Plus $375.00 – 2% Assessment Fee)**
Three Year Premium	**$16,875.00 (Plus $337.50 – 2% Assessment Fee) (Billed Annually)**
Five Year Premium	**$15,609.00 (Plus $312.18 – 2% Assessment Fee) (Billed Annually)**

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AUTOMOBILE INSURANCE

No. of Vehicles 184 (per schedule)

Coverage	Limits of Insurance	Deductible
A./B. Bodily Injury and Property Damage Liability	**$2,000,000.00** Combined Single Limit – each accident	Nil
C. Medical Payments	$1,000.00 each person	Nil
D. Comprehensive	*Actual Cash Value*	*$1,000.00*
E. Collision	Actual Cash Value	$1,000.00
Hired and Non-Owned Auto Liability	Included	Nil

Cancellation 90 days prior written notice by Email **and** Certified Mail

Endorsements Applicable:

- Valid Drivers License Waiver
- Under-Age Driver Waiver
- Operator Waiver
- Newly Acquired and Substitute Vehicles
- Errors & Omissions Clause
- Racing, Pace-making or Speed Testing
- Jurisdiction
- Waiver of Sovereign Immunity
- Deductible Endorsement
- Cancellation Clause
- Exclusion of Certified Acts of Terrorism
- Combined Single Limit Endorsement
- Hired & Non-Owned Auto Liability
- Payment Schedule Agreement
- Multi-Year Endorsement

Annual Premium **$52,793.00 (Plus $435.63 – 2% Assessment Fee)**
Three Year Premium **$47,513.70 (Plus $392.07 – 2% Assessment Fee)**
Five Year Premium **$39,701.92 (Plus $362.67 – 2% Assessment Fee)**

ALTERNATIVE QUOTE TO INCLUDE COMPREHENSIVE

Annual Premium **$59,241.49 (Plus $435.63 – 2% Assessment Fee)**
Three Year Premium **$53,317.34 (Plus $392.07 – 2% Assessment Fee)**
Five Year Premium **$44,054.65 (Plus $362.67 – 2% Assessment Fee)**

MAKE	MODEL	YEAR	VIN.#	ACTUAL CASH VALUE
FORD	F-150 P/U 4WD	2012	1FTMF1EM7BFC81831	$ -
YALE	FORKLIFT	1995	GP25TEJUAE2185	$ -
INTERNATIONAL	DUMP TRUCK	1992	1HTSHPCT8NH433383	$ -
TOYOTA	PICKUP 4X4	1991	JT4RN01P1M7041416	$ -
KENWORTH	TRACTOR TRUCK	1993	1XK0D60XXRS617660	$ -
WALKER	WATER TANKER	1992	1W9P82G26N1029887	$ -
TOYOTA	TACOMA 4X2	2000	4TANL42N9YZ626324	$ 4,000.00

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TOYOTA	TACOMA 4X2	2000	4TANL42N9YZ625318	$	4,000.00
WALKER	WATER TANKER	1992	1W9P82G24N1029886	$	-
WALKER	WATER TANKER	1992	1W9P82G28N1029888	$	-
WALKER	WATER TANKER	1992	1W9P82G22N1029885	$	-
NISSAN	FRONTIER 4X2	2000	1N6DD21S6YC307391	$	-
NISSAN	FRONTIER 4X2	2000	1N6DD21S4YC344911	$	-
GMC	DEISEL TANKER	1992	1GDM7H1J5NJ518041	$	-
GMC	CARGO VAN	2000	1GCHG39R4Y1186066	$	-
NISSAN	FRONTIER 4X2	2001	1N6SDD21S91C321470	$	-
NISSAN	FRONTIER 4X2	2001	1N6SDD21S91C319718	$	-
WORK HORSE	VAN	2000	5B4KP42YX13326943	$	-
FORD	RANGER 4X4	2001	1FTYR15U41PA50127	$	4,100.00
FREIGHT LINER	DUMP TRUCK	2001	1FVHALCG61LJ21985	$	-
FREIGHT LINER	TRUCK, VELOCITY	1992	1FVHBXCS71HJ21974	$	-
TOYOTA	TACOMA 4X2	2001	5TENL42N41Z857954	$	4,100.00
TOYOTA	TACOMA 4X2	2001	5TENL42N31Z854446	$	4,100.00
TOYOTA	TACOMA 4X2	2001	5TENL42N61Z875503	$	4,100.00
TOYOTA	TACOMA 4X2	2001	5TENL42N01Z861483	$	4,100.00
ZIEMAN 4245-A	TRAILER	2002	1ZCT35A2922P24324	$	-
FREIGHT LINER	BOOM TRUCK	2003	1FVHBXCS03HL65100	$	-
FREIGHT LINER	BOOM TRUCK	2003	1FVHBXCS23HL65101	$	-
NISSAN	FRONTIER 4X2	1998	1N6DD21S3WC309144	$	-
NISSAN	FRONTIER 4X2	1998	1N6DD21S3WC317647	$	-
TOYOTA	TACOMA 4X2	1998	4TANL42N9NZ066026	$	-
FORD	F-150 4X4	1997	1FTDX1867VKD54525	$	4,000.00
FORD	RANGER	2005	1FTYR10D35PA32344	$	3,900.00
FORD	RANGER	2005	1FTYR10D55PA58184	$	3,900.00
FORD	RANGER	2005	1FTYR10D75PA58185	$	3,900.00
FORD	RANGER	2005	1FTYR10D55PA56824	$	3,900.00
FORD	RANGER	2005	1FTYR10D35PA56823	$	3,900.00
FORD	RANGER	2005	1FTYR10D75PA56825	$	3,900.00
FORD	RANGER	2005	1FTYR10D25PA71846	$	3,900.00
FORD	RANGER	2005	1FTYR10D05PA71845	$	3,900.00
NISSAN	XTERRA 4X4	2006	5N1AN08W36C517990	$	6,900.00
NISSAN	XTERRA 4X4	2006	5N1AN08W96C514544	$	6,900.00
TOYOTA	TUNDRA	2000	5TBBT4810YS043534	$	6,600.00
TOYOTA	TUNDRA 4X4	2001	5TBRN34151S165126	$	4,900.00
NISSAN	FRONTIER	2001	1N6DD26S71C375391	$	3,100.00
NISSAN	PATHFINDER	2000	JN8AR07Y8YW436050	$	-
FORD	RANGER	2006	1FTYR10D86PA11183	$	5,300.00
TOYOTA	4RUNNER	2002	JT3GN86R320234905	$	5,300.00
FORD	RANGER	2006	1FTYR10D16PA58121	$	5,300.00
FORD	RANGER	2006	1FTYR10D86PA26038	$	5,300.00

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FORD	RANGER	2006	1FTYR10D56PA42391	$	5,300.00
FORD	RANGER	2006	1FTYR10D76PA42392	$	5,300.00
FORD	RANGER	2006	1FTYR10D96PA42393	$	5,300.00
FORD	RANGER	2006	1FTYR10D86PA58116	$	5,300.00
FORD	RANGER	2006	1FTYR10DX6PA58117	$	5,300.00
FORD	RANGER	2006	1FTYR10D16PA58118	$	5,300.00
FORD	RANGER	2006	1FTYR10D36PA58119	$	5,300.00
FORD	RANGER	2006	1FTYR10DX6PA58120	$	5,300.00
TOYOTA	TACOMA 4X4	2000	4TAWN74N4YZ581144	$	7,400.00
TOYOTA	TACOMA	2005	5TETX22N15Z062429	$	10,600.00
FORD	RANGER	2007	1FTYR10D77PA23567	$	5,400.00
CASE	BACKHOE	2006	N6C411522	$	-
FORD	RANGER	2001	1FTYR15UO1PA50125	$	4,100.00
TEREX	BACKHOE	2006	SMFH64TCO6EGS8803	$	-
FORD	F-550	2000	1FDAF562YEC14493	$	6,900.00
FORD	RANGER	2007	1FTYR10D17PA15254	$	5,400.00
FORD	RANGER	2007	1FTYR10D77PA13007	$	5,400.00
FORD	RANGER	2007	1FTYR10D97PA13008	$	5,400.00
CHEVY	3500HD	2001	3GBKC34F61M110845	$	4,200.00
PETERBILT	TRACTOR	2000	1XPFDBOX2YN512802	$	-
INTERNATIONAL	VACTOR	2007	1HTWCADR48J667839	$	-
FORD	RANGER	2007	1FTYR10DX7PA28536	$	5,400.00
INTERNATIONAL	VACTOR	2007	1HTTWGADT18J667832	$	-
INTERNATIONAL	SLUDGE TRUCK	2008	3HTWCAAR58N561952	$	-
FORD	RANGER	2007	1FTYR10D37PA46747	$	5,400.00
FORD	RANGER	2007	1FTYR10D97PA54058	$	5,400.00
FORD	RANGER	2007	1FTYR10D87PA46744	$	5,400.00
FORD	RANGER	2007	1FTYR10D67PA4673	$	5,400.00
FORD	RANGER	2007	1FTYR10DX7PA46745	$	5,400.00
CHEVY	EXPRESS	2008	1GCHG30KX81107812	$	9,400.00
NISSAN	FRONTIER	1998	1N6DD21SWC316604	$	3,200.00
ZEIMAN/BOMAG	TRAILER - 1120	1989	ZP15647	$	-
SUZUKI	G/VITARA	2008	JS3TE944X84102282	$	4,400.00
SUZUKI	G/VITARA	2008	JSTE944984102774	$	-
FORD	E150 CARGO/VAN	2008	1FTNE14W18DA82353	$	8,400.00
FORD	E150 CARGO/VAN	2008	1FTNE14W38DA82354	$	8,400.00
FORD	RANGER	2008	1FTYR10UX8PA97065	$	7,900.00
FORD	RANGER/UT	2008	1FTYR10U78PA97069	$	7,900.00
NISSAN	FRONTIER	2004	1N6DD26T24C466971	$	4,800.00
NISSAN	FRONTIER	2000	1N66DD21S4YC304165	$	-
FORD	F-350 CREW CAB	2008	1FDWX36Y88EE21376	$	9,300.00
FORD	F-350 CREW CAB	2008	1FDWX36Y08EE21375	$	9,300.00
FORD	RANGER/UT	2008	1FTYR10U38PA97067	$	7,900.00

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FORD	RANGER/UT	2008	1FTYR10U78PA97072	$	7,900.00
FORD	RANGER/UT	2008	1FTYR10U38PA97070	$	7,900.00
FORD	RANGER/UT	2008	1FTYR10U38PA97070	$	7,900.00
FORD	RANGER/UT	2008	1FTYR10U58PA97068	$	7,900.00
FORD	RANGER/UT	2008	1FTYR10U58PA91643	$	7,900.00
FORD	E-450 BOX VAN	2008	1FCLE49S180B44493	$	-
FORD	F-350	2008	1FDWX36Y48EE21377	$	9,300.00
FORD	RANGER	2008	1FTYR10U18PA97066	$	7,900.00
FORD	F-350	2008	1FDWX36Y98EE21374	$	9,300.00
BOB CAT	SKID STEER LDR	2003	519030317	$	-
400 GALLON	WATER BUFFALO	N/A	ID #28-354	$	-
400 GALLON	WATER BUFFALO	N/A	ID #8530	$	-
Allmand	Mini Backhoe-4WD	2009	0015T623508	$	-
Allmand	Mini Backhoe-2WD	2009	0008T53508	$	-
Allmand	Mini Backhoe-2WD	2009	0009T53508	$	-
Allmand	Mini Backhoe-2WD	2009	0010T53508	$	-
Marksman-Trailer	RBET80X15-99WD/904	2009	1M9BE15269L516009	$	-
Marksman-Trailer	RBET80X15-99WD/901	2009	1M9BE15229L516010	$	-
Marksman-Trailer	RBET80X15-99WD/903	2009	1M9BE15249L516011	$	-
Marksman-Trailer	RBET80X15-99WD/902	2009	1M9BE15249L516008	$	-
FORD	RANGER	2007	1FTYR14D87PA42333	$	8,000.00
FORD	RANGER	2007	1FTYR14DX7PA42334	$	8,000.00
FORD	RANGER	2007	1FTYR14D37PA42336	$	8,000.00
FORD	RANGER	2007	1FTYR14D17PA42335	$	8,000.00
FORD	RANGER	2007	1FTYR14DX7PA44553	$	8,000.00
FORD	RANGER	2007	1FTYR14D37PA44555	$	8,000.00
FORD	RANGER	2007	1FTYR14D17PA44554	$	8,000.00
FORD	RANGER	2007	1FTYR14D77PA44557	$	8,000.00
FORD	RANGER	2007	1FTYR14D57PA44556	$	8,000.00
FORD	RANGER	2007	1FTYR14D97PA44558	$	8,000.00
FORD	RANGER	2008	1FTYR10D18PA43900	$	5,800.00
FORD	RANGER	2008	1FTYR10DX8PA61540	$	5,800.00
FREIGHT LINER	DUMPSTER R/O M2106	2014	3ALHCYDJ9EDFZ6338	$	-
FORD	RANGER	2011	1FTKR1AD2BPA82488	$	9,400.00
FORD	RANGER	2011	1FTKR1AD2BPA82491	$	9,400.00
FORD	ESCAPE	2011	1FMCU9C7XCKA60886	$	11,800.00
FORD	RANGER XCAB P/U 2WD	2011	1FTLR1EE7BPA84941	$	13,000.00
FORD	ESCAPE, WAGON	2011	1FMCU9C70BKB62759	$	10,600.00
TOYOTA	TACOMA 4WD, DBL. CAB	2011	5TFLU4EN8BX016972	$	21,900.00
TOYOTA	TACOMA 4WD, DBL. CAB	2011	5TFLU4EN9BX018682	$	21,900.00
FORD	F-150 P/U 2WD	2011	1FTMF1CM4BKE05631	$	12,900.00
FORD	F-150 P/U 2WD	2011	1FTMF1CM9BKE05639	$	12,900.00
FORD	F-150 P/U 2WD	2011	1FTMF1CM7BKE05638	$	12,900.00

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FORD	F-150 P/U 2WD	2011	1FTMF1CM3BKE05636	$	12,900.00
FORD	F-150 P/U 2WD	2011	1FTMF1CM2BKE05630	$	12,900.00
FORD	F-150 P/U 2WD	2011	1FTMF1CM6BKE05632	$	12,900.00
FORD	F-150 P/U 2WD	2011	1FTMF1CMXBKE05634	$	12,900.00
FORD	RANGER XCAB P/U 2WD	2011	1FTLR1EEXBPA83055	$	13,000.00
FORD	RANGER XCAB P/U 2WD	2011	1FTLR1EE6BPA83053	$	13,000.00
FORD	RANGER XCAB P/U 2WD	2011	1FTLR1EE8BPA83054	$	13,000.00
FORD	RANGER XCAB P/U 2WD	2011	1FTLR1EE1BPA83056	$	13,000.00
FORD	RANGER XCAB P/U 2WD	2011	1FTLR1EE5BPA84940	$	13,000.00
FORD	RANGER XCAB P/U 2WD	2011	1FTLR1EE3BPA83057	$	13,000.00
FORD	ESCAPE XLS	2012	1FMCU0C74CKA60863	$	10,200.00
FORD	ESCAPE XLT	2012	1FMCU0D71CKA60883	$	11,000.00
FORD	ESCAPE XLT	2012	1FMCU0D76CKA60880	$	11,000.00
FORD	ESCAPE XLS	2012	1FMCU9C75CKA60889	$	11,800.00
FORD	ESCAPE XLS 4X4, AWD	2012	1FMCU9C73CKA60888	$	11,800.00
FORD	ESCAPE XLS FWD	2012	1FMCU0C76CKA60878	$	11,800.00
FORD	ESCAPE XLS FWD	2012	1FMCU0C72CKA60876	$	11,800.00
FORD	ESCAPE XLS FWD	2012	1FMCU0C79CKA60874	$	11,800.00
FORD	ESCAPE XLS FWD	2012	1FMCUOC70CKA60875	$	11,800.00
FORD	ESCAPE XLS FWD	2012	1FMCU0C75CKA60869	$	11,800.00
CHEVROLET	VAN CG33705	2012	1GCZGUBG4C1152625	$	19,500.00
FORD	E150 CARGO VAN	2012	1FTNE1EW0CDA07473	$	16,000.00
FORD	E150 CARGO VAN	2012	1FTNE1EW7CDA07471	$	16,000.00
FORD	ESCAPE XLT, AWD	2012	1FMCU9C74CKC57648	$	11,800.00
OVERBILT	TILT TAG/TRAILER-Pintle	2013	1Z9KD3129CO058445	$	-
OVERBILT	TILT TAG/TRAILER-Fixed	2013	1Z91D3523CO058446	$	-
GROVE	Crane, 30T RT530E-2	2013	232329	$	-
KENWORTH	DUMP TRUCK	2014	1NKDLOEXOER385558	$	-
KENWORTH	DUMPSTER TRUCK	2001	2NK0HZ8X10M882398	$	-
FORD	E150 CARGO VAN	2012	1FTNE1EW2CDA07474	$	16,000.00
FORD	F-150 XCAB P/U 4WD	2012	1FTEX1EM0CKD41104	$	18,400.00
FREIGHT LINER	JETTER M2106V	2013	1FVHC3DJ1DHFB6022	$	-
Black Dot	Trailer MODEL#WS585ALD	2009	4P2FB0814RY098898	$	-
FREIGHT LINER	DUMPSTER R/O M2106	2013	3ALHCYDJXDDFD5509	$	-
JOHN DEERE	410, BACKHOE, 4WD	N/A	1T0410KXKCD234952	$	-
JOHN DEERE	410, BACKHOE, 4WD	N/A	1T0410KXLCD234957	$	-
YALE	FORKLIFT 2.5T	2003	YALE GPT25RH	$	-
TOYOTA	FORKLIFT	1995	8FGU32-62009/2517584	$	-
HYUNDAI	FORKLIFT 2.5T	2003	HHKHHF23CE0000259	$	-
CASE	TRENCHER	2002	JAF0353150	$	-

ABOUT US

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Moylan's Insurance Underwriters, Inc., Home of the Good Guys and Gals began with the vision of Kurt and Judith Moylan. In 1971, Moylan's Insurance opened its doors with only three employees and wrote property and casualty insurance in Agana.

Today, Moylan's Insurance is a multi-line insurance agency on the islands of Guam, the Commonwealth of the Northern Marianas Islands, Republic of Palau, Republic of the Marshall Islands, and the Federated States of Micronesia. Main office is located in Hagatna, Guam and there are 11 branches that extend from Guam to the outer island nations.

In May of 2001, Moylan's was honored by Legislative Certificate No. 16 from the 26th Guam Legislature commending and congratulating the company stating "Moylan's Insurance Underwriters, Inc. has been an important part of Guam's vibrant economy and has made many valuable contributions to our Island and its people. Moylan's Insurance Underwriters, Inc.'s commitment to furthering Guam's economic growth and improving the quality of life of our Island is to be commended."

Dongbu Insurance Company was formerly known as Korea Auto Fire Marine Insurance Company (KAFMIC). In 1995, they were acquired by the Dongbu Group. One of the top ten conglomerates in Korea. ***Dongbu's has been rated A (Excellent) by A.M. Best.***

PRODUCT EXPERTISE

As a multi-line insurance agency, Moylan's is able to meet the needs of the clients through the various products we have available:

- Automobile Insurance
- Homeowners Insurance
- Value pack Insurance for home and auto
- Property Insurance
- General Liability Insurance
- Worker's Compensation Insurance
- Businessowner's Package Insurance
- Special Multi-Peril (SMP) Insurance
- Business Interruption
- Contract Bonds
- Personal Accident Insurance
- Travel Insurance

SERVICE EXPERTISE

Our primary goal is to work together with the client to achieve the objective the client needs to meet. Risk management initiatives and improvement of profit and efficiency within the organization. This will allow the agency to keep up to date on the loss exposures covered by the policies which the Insured will have.

Our risk management services include a suite of services in the areas of:

- Actuarial
- Alternative Risk Funding
- Automation
- Benchmarking
- Claims/Litigation management
- Cost Allocation
- Cost of Risk Assessment

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- Crisis Management
- Executive Personal Lines
- Insurance Program Design
- Investor Services
- Loss Control and Safety Engineering
- Risk Analysis
- Risk Financing
- Risk management Administration
- Strategic Planning Initiatives
- Periodic visitation of facilities
- Conducting safety inspections of the plant and assets of the Insured
- Facilitate interviews with designated representative of the Insured

In addition, the following services will also be afforded to the Insured:

1. Market and place required insurance coverage.
2. Assist with claims handling and processing.
3. Answer insurance coverage questions.
4. Assist in analyzing the loss exposures arising from existing or new operations.
5. Develop underwriting information and assist in gathering and organizing exposure and loss data for renewals.
6. Recommend coverage changes, as needed.
7. Review insurance binders, policies, certificates and other documents to ensure all wording is complete and accurate.
8. Structure insurance programs to eliminate gaps or overlaps between policies and to provide the limits and coverages requested by the Insured, to the extent such coverages and limits are available.
9. Service each policy issued to the Insured, including processing all changes, amendments and endorsements and verifying the accuracy of invoices.
10. Be available for consultation with the Insured regarding the coverages placed.
11. Provide early warning or advance notice of rate and coverage changes or renewal problems,
12. Maintain written records of the Insured's insurance transactions.

CLAIMS HANDLING

Equitable Adjusters & Services Company (EASCO), is a subsidiary company of Moylan's Insurance responsible to settle and provide claim assistance to its carriers. They have license claims adjusters to adjust and pay all claims.

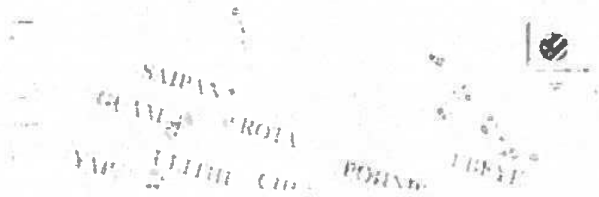
In the event of major catastrophes, carriers can call on off-island adjusting firms to assist in claims handling and settlement, such as Miller International, a subsidiary of Miller Fisher Group from the United Kingdom.

STRONG BUSINESS PRESENCE

Through all our subsidiary corporations in Micronesia, Moylan's services a 3,000-mile area that is comparable to the size of the continental United States. With considerable growth over the past two decades, Moylan's has become the recognized name in insurance for the islands in the Pacific.

FUTURE

GWA IFB.
Proposal I
Prepared
Senior Co



Moylan's plans to continue serving its clients with quality products and friendly service. We also have plans to increase our presence in the islands as new markets open and require our expertise. Moylan's has always been proud of its standard-setting reputation, and as we approach the new century, our family owned corporation has expansion in the making.

GWA IFB. NO. 2017-12
Proposal No. IP0998
Prepared By: Ross Aguon
Senior Commercial Underwriter/ Government & Specialty Lines

GUÅHAN
INSURANCE SERVICES

INSURANCE PROPOSAL

Prepared for: Guam Waterworks Authority

Effective Date: May 1, 2017 – 5 Year Term
By: Jung Suk
Proposal Date: March 3, 2017

COMMERCIAL PROPERTY

Policy Information

Insurer	:	Sompo Japan Nipponkoa Insurance Inc. with an AM Best Rating of A+, XV
Location	:	All risks of the Insured throughout the Territory of Guam, U.S.A.
Description	:	All Real Property (Including Buildings and Aboveground / Underground Assets) and Business Personal Property (BPP - Contents) of the Insured or in which the Insured has an Insurable Interest, including Business Interruption with Extra Expense, Machinery and Plant Breakdown
Insured Value	:	As Per Schedule Below
Deductibles	:	As Per Schedule Below – Per Occurrence
Covered Causes of Loss	:	Risks of Direct Physical Loss or Damage, including Windstorm, Typhoon, Earthquake and Flood
Valuation Clause	:	100% of the Current Replacement Value at the Time of Loss, subject to the limit of coverage provided by the Policy.
Exclusions of Note	:	Radioactive Contamination Exclusion; Electronic Date Recognition Exclusion; Electronic Data Exclusion; War & Terrorism Exclusion; Biological or Chemical Exclusion; Asbestos Clause; Microorganism Exclusion
Coverage Extensions of Note	:	Automatic Acquisitions; Waiver of Co-Insurance; Demolition Cost; Increased Cost of Construction; Professional Fees.
Conditions	:	Subject to Direct Physical Loss or Damage Policy Wording; Annual Review Clause

Premiums

Annual Premium	**$**	**860,156.25**

Jung W. Suk

Digitally signed by Jung W. Suk
DN: cn=Jung W. Suk, o=Guahan Insurance Services, Inc., ou, email=jsuk@guahanis.com, c=GU
Date: 2017.03.03 13:46:35 +10'00'

COMMERCIAL PROPERTY

Policy Information

Description	
Total Declared Value	$ 587,002,129

Schedule of Values & Limits

Description	Per Occurrence
Sum Insured	$ 30,000,000
Sub Limit – Windstorm, Typhoon, Flood, Tidal Wave, Earthquake and Volcanic Action	$ 30,000,000
Sub Limit – Personal Property In Transit (Any One Conveyance)	$ 250,000
Sub Limit – Valuable Papers, Records and Computer Media	$ 1,000,000
Sub Limit – Automatic Acquisitions	$ 1,000,000
Sub Limit – Boiler and Machinery Breakdown	$ 5,000,000
Sub Limit – Denial of Access	$ 1,000,000
Sub Limit – Suppliers' and Customers'	$ 1,000,000
Sub Limit – Mold (Aggregate)	$ 250,000

Schedule of Deductibles

Description	Per Occurrence
Windstorm, Typhoon, Earthquake, Flood, Tidal Wave	5% of Claim Amount (Minimum $250,000; Maximum $1,000,000)
All Other Occurrence Combined for Material Damage and Business Interruption	$ 50,000

Jung W. Suk

Digitally signed by Jung W. Suk
DN: cn=Jung W. Suk, o=Guahan Insurance Services, Inc., ou, email=jsuk@guahanis.com, c=GU
Date: 2017.03.01 13:47:06 +10'00'

RISK DETAILS

TYPE	Commercial General Liability reinsurance
ORIGINAL INSURED	The Guam Waterworks Authority, any director, officer, elected or appointed official, contract employee, servant, employee or volunteer worker acting for or on behalf of the Authority
ADDRESS	Lot 2512, Municipality of Mangilao 688 Route 15 Fadian Mangilao GUAM 96923
REINSURED	Dongbu Insurance Company Ltd, Guam
PERIOD	36 months from 1st May 2017 to 1st May 2020 both days at 12:01am local standard time at the address of the Original Insured. Or 60 months from 1st May 2017 to 1st May 2022 both days at 12:01am local standard time at the address of the Original Insured. Period hereon: 1st May 2017 to 1st May 2018 both days at 12:01am local standard time at the address of the Original Insured.
BUSINESS	Ownership, operation and maintenance of fresh and waste water facilities
LIMIT OF INDEMNITY	Section A - Public Liability: USD 50,000,000 any one occurrence Section B - Pollution Liability: USD 15,000,000 any one occurrence and in the aggregate Section C - Products Liability: USD 50,000,000 any one occurrence and in the aggregate
TERRITORIAL LIMITS	Guam but worldwide in respect of Products.
CONDITIONS	Underwriters agree to waive sight of retention Subject to the express terms of this Reinsurance, Reinsurers are liable under this Reinsurance to the extent that the Reassured is liable under the contract protected hereunder. Claims Control Clause as attached NMA1998 Service of Suit Clause as attached LMA3100 Sanction Limitation and Exclusion Clause This reinsurance is subject to notice of cancellation at the anniversary date. Notice of cancellation with effect from 1st May 2018 is hereby given Annual Review Clause as attached Original Conditions Wording: NVA07 Intl CGL plus Personal Injury Extension as attached

Excess USD 300,000 each and every loss
Employees, officials and directors of the Insured are covered whilst attending meetings worldwide subject to the policy terms, conditions and limitations

If Underwriters desire to cancel this policy other than for non-payment of premium, they shall give not less than ninety (90) days' prior written notice by e-mail and Certified Mail to:
Greg P Cruz, Chief Financial Officer
PO Box 3010
Hagatna
Guam 96923
e-mail gpcruz@guamwaterworks.org

Additional Insureds, waivers of subrogation, indemnities and contractual agreements, hold harmless agreements and cross liability clauses shall be held covered subject to notification to Insurers as soon as is practicable

Including the Insured's liability arising out of any events held throughout the year on the Insured's premises

Including the liability of the Insured for bodily injury and/or property damage caused by an occurrence arising out of the giving or serving of alcoholic beverages by the Insured at functions incidental to the Insured's business, subject to a policy limit of USD 1,000,000 any one occurrence. Such limit is included within and not in addition to the limit of liability shown in the policy

In the event of a claim under this policy, Insurers waive the right to invoke the legal defence of sovereign immunity

EXPRESS WARRANTIES

None
(Other than those that may be expressly contained within the policy conditions, wordings, clauses and in addition to any implied warranties under the law to which this insurance is subject – failure to comply with a warranty will, in normal circumstances, void this insurance policy).

CONDITIONS PRECEDENT

None
(Other than those that may be expressly contained within the policy conditions, wordings, clauses and in addition to any implied warranties under the law to which this insurance is subject – failure to comply with any such Condition Precedent may result in the cancellation of or denial of coverage under this policy).

SUBJECTIVITIES

None
(Other than those that may be expressly contained within the policy conditions, wordings, clauses to which this insurance is subject – failure to comply with any such Subjectivities may result in the cancellation of this policy and the issuance of a policy premium refund on a pro rata basis).

CHOICE OF LAW & JURISDICTION

This insurance shall be governed by and construed in accordance with the laws of Guam and the exclusive jurisdiction of the Guam courts. The seat of arbitration shall be Tamuning

PREMIUM PAYMENT TERMS

It is a condition of this contract of reinsurance that the premiums due must be paid to and received by Reinsurer on or before midnight on the dates specified

If this condition is not complied with this policy shall terminate from midnight on the due date of the first breach with the Reinsured hereby agreeing to pay premium calculated at not less than pro rata temporis

1) 1st July 2017 - 50%
2) 1st October 2017 - 50%

The second instalment is to be paid as an Additional Premium and not as deferred

TAXES PAYABLE BY REINSURED WHICH ARE ADMINISTERED BY REINSURERS	None
RECORDING, TRANSMITTING & STORING INFORMATION	Where the Broker maintains risk and claim data/information/documents the Broker may hold data/information/documents electronically
INSURER CONTRACT DOCUMENTATION	This document details the contract terms entered into by the reinsurer(s), and constitutes the contract document

INFORMATION

The following information was provided to insurer(s) to support the assessment of the risk at the time of underwriting.

2012 turnover - USD 67,315,207
2013 turnover - USD 67,111,723
2014 turnover - USD 81,000,000
2015 turnover - USD 94,000,000
2016 turnover - USD 104,987,000

Invitation for Competitive Sealed Bids IFB 2017-12

PREMISES

The Authority occupies an approximate 15,000ft administration building at 578 North Marine Corps Drive, Tamuning, Guam. It also has the following facilities located throughout Guam:

Fresh water system

1 treatment plant
21 reservoirs
33 booster pump stations
35 pressure relief valve vaults
120 water well sites
19 owned water storage tanks
394 miles of pipe

Waste water system

7 treatment plants
164 booster pump stations
72 pumping stations
6,776 manholes
224 miles of pipe

Operations consist principally of administration, routine maintenance and repair work. 333 employees

In addition to the Insured's fresh water sources, the US Navy supplies water from its system to the Insured for sale to non-military customers

No data is currently available as to contractual obligations incurred by the Authority

CLAIMS

No claims exceeding the deductible in the last 5 years

SECURITY DETAILS

INSURER'S LIABILITY **LMA3333**

(Re)insurer's liability several not joint

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning 'signing' below. In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite under this contract. The business address of each member is Lloyd's, One Lime Street, London, EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportions may be obtained by writing to Market Services, Lloyd's, at the above address.

Proportion of liability

Unless there is 'signing' (see below) the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its 'written line'. Where this contract permits, written lines, or certain written lines, may be adjusted ('signed'). In that case, a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a 'signed line'. The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred. Although reference is made at various points in this clause to 'this contract' in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

ORDER HEREON 100% of 100%

BASIS OF WRITTEN LINES Percentage of whole

SIGNING PROVISIONS

In the event that the written lines hereon exceed 100% of the order, any lines written "to stand" will be allocated in full and all other lines will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order without further agreement of any of the insurers.

However:

a) in the event that the placement of the order is not completed by the commencement date of the period of insurance then all lines written by that date will be signed in full;

b)the signed lines resulting from the application of the above provisions can be varied, before or after the commencement date of the period of insurance, by the documented agreement of the insured and all insurers whose lines are to be varied. The variation to the contracts will take effect only when all such insurers have agreed, with the resulting variation in signed lines commencing from the date set out in that agreement.

PUBLIC & PRODUCTS LIABILITY INSURANCE

1. OPERATIVE CLAUSE

The Underwriters will indemnify the Insured against their liability to pay damages (including claimants' costs, fees and expenses) in accordance with the law of any country but not in respect of any judgement, award, payment or settlement made within countries which operate under the laws of the United States of America or Canada (or to any order made anywhere in the world to enforce such judgement, award, payment or settlement either in whole or in part) unless the Insured has requested that there shall be no such limitation and has accepted the terms offered by Underwriters in granting such cover, which offer and acceptance must be signified by specific endorsement to this Policy.

This indemnity applies only to such liability as defined by each insured Section of this Policy arising out of the Business specified in the Schedule, subject always to the terms, Conditions and Exclusions of such Section and of the Policy as a whole.

For the purpose of determining the indemnity granted

1.1. "Injury" means death, bodily injury, illness or disease of or to any person;

1.2 "Damage" means loss of possession or control of or actual damage to tangible property;

1.3 "Pollution" means pollution or contamination of the atmosphere or of any water, land or other tangible property;

1.4 "Product" means any property after it has left the custody or control of the Insured which has been designed, specified, formulated, manufactured, constructed, installed, sold, supplied, distributed, treated, serviced, altered or repaired by or on behalf of the Insured, but shall not include food or drink supplied by or on behalf of the Insured primarily to the Insured's employees as a staff benefit.

5 "Terrorism" means an act, including but not limited to the use of force or violence and/or threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or governments(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

6 "Occurrence" means an event, including continuous or repeated exposures to substantially the same general conditions, which result in Injury and/or Damage neither expected nor intended from the standpoint of the Insured. All events of a series consequent upon or attributable to one source or original cause shall be deemed one Occurrence

2. **INDEMNITY TO OTHERS**

The indemnity granted extends to

2.1 at the request of the Insured, any party who enters into an agreement with the Insured for any purpose of the Business, but only to the extent required by such agreement to grant such indemnity and subjects always to Clauses 7.3.3, and 12.3;

2.2. officials of the Insured in their business capacity for their liability arising out of the performance of the Business and/or in their private capacity arising out of their temporary engagement of the Insured's employees;

2.3 at the request of the Insured any person or firm for their liability arising out of the performance of a contract to provide labour only services to the Insured;

2.4 the officers, committee and members of the Insured's canteen, social, sports, medical, fire fighting and welfare organisations in their respective capacity as such;

2.5 the personal representatives of the estate of any person indemnified by reason of this Clause 2 in respect of liability incurred by such persons;

provided always that all such persons or parties shall observe, fulfil and be subject to the terms, Conditions and Exclusions of this Policy as though they were the Insured.

3. **CROSS LIABILITIES**

Each person or party specified as the Insured in the Schedule is separately indemnified in respect of claims made against any of them by any other, subject to Underwriters' total liability not exceeding the stated Indemnity Limits.

4. **DEFENCE COSTS**

The Underwriters will pay all costs, fees and expenses incurred by the Insured with the Underwriters prior written consent in the investigation defence or settlement of any claim made against the Insured under this Policy (hereinafter called "Defence Costs") other than in respect of any actions in the United States of America or Canada.

Defence Costs extend to include the costs of representation at any inquest inquiry or other proceedings in respect of matters which have a direct relevance to any claim made or which might be made against the Insured provided such claim or claims arise from an Occurrence which is the subject of indemnity by this Policy

5. **INDEMNITY LIMITS**

Underwriters' liability to pay damages (including claimants' costs, fees and expenses) shall not exceed the sum stated in the Schedule against each Section in respect of any one Occurrence or series of Occurrences arising from one originating cause, but under Section B and Section C the Indemnity Limits represent Underwriters' total liability in respect of all Occurrences.

Defence Costs will be payable in addition to the Indemnity Limits unless this Policy is endorsed to the contrary.

Should liability arising from the same originating cause form the subject of indemnity by more than one Section of this Policy, each Section shall be subject to its own Indemnity Limit, provided always

that the total amount of Underwriters' liability shall not exceed the greatest Indemnity Limit available under any one of the Sections providing indemnity.

SECTION A - PUBLIC LIABILITY

6. SECTION A - INDEMNITY

The Insured is indemnified by this Section in accordance with the Operative Clause for and/or arising out of Injury and/or Damage occurring during the Period of Insurance but not against liability arising out of

6.1 Pollution;

6.2 or in connection with any Product.

7. SECTION A - EXCLUSIONS

This section does not cover liability

7.1 arising out of the ownership, possession or use of any motor vehicle or trailer by or on behalf of the Insured, other than claims

7.1.1 caused by the use of any tool or plant forming part of or attached to or used in connection with any motor vehicle or trailer;

7.1.2 arising beyond the limits of any carriageway or thoroughfare and caused by the loading or unloading of any motor vehicle or trailer;

7.1.3 for damage to any bridge, weighbridge, road or anything beneath caused by the weight of any motor vehicle or trailer or the load thereon;

7.1.4 arising out of any motor vehicle or trailer temporarily in the Insured's custody or control for the purpose of parking;

provided always that no indemnity is granted against liability compulsorily insurable by legislation or for which the government or other authority has accepted responsibility;

7.2 arising out of the ownership, possession or use by or on behalf of the Insured of any aircraft, watercraft or hovercraft (other than watercraft not exceeding five metres in length and then only whilst on inland waterways);

7.3 for and/or arising out of Damage to property owned, leased or hired by or under hire purchase or on loan to the Insured or otherwise in the Insured's care, custody or control other than

7.3.1 premises (or the contents thereof) temporarily occupied by the Insured for work therein, and/or other property temporarily in the Insured's possession for work thereon (but no indemnity is granted for Damage to that part of the property on which the Insured is working and which arises out of such work);

7.3.2 clothing and personal effects belonging to employees and visitors of the Insured;

7.3.3 premises tenanted by the Insured to the extent that the Insured would be held liable in the absence of any specific agreement.

SECTION B - POLLUTION LIABILITY

8. SECTION B - INDEMNITY

The Insured is indemnified by this Section in accordance with the Operative Clause for and/or arising out of Injury and/or Damage occurring during the Period of Insurance and arising out of Pollution, but only to the extent that the Insured can demonstrate that such Pollution

8.1 was the direct result of a sudden, specific and identifiable event occurring during the Period of Insurance;

8.2 was not the direct result of the Insured failing to take reasonable precautions to prevent such Pollution.

9. SECTION B - EXCLUSIONS

This Section is subject to the Exclusions of Sections A7 and C11, and also does not cover liability for and/or arising out of

9.1 Damage to premises which is presently or was at any time previously owned, leased or tenanted by the Insured;

9.2 Damage to land or water within or below the boundaries of any land or premises which is presently or was at any time previously owned, leased or tenanted by the Insured or otherwise in the Insured's care, custody or control.

SECTION C - PRODUCTS LIABILITY

10. SECTION C - INDEMNITY

The Insured is indemnified by this Section in accordance with the Operative Clause for and/or arising out of Injury and/or Damage occurring during the Period of Insurance but only against liability arising out of or in connection with any Product and not against liability arising out of Pollution.

11. SECTION C - EXCLUSIONS

This Section does not cover liability

11.1 for and/or arising out of Damage to any Product or part thereof;

11.2 for costs incurred in the repair, reconditioning, modification or replacement of any Product or part thereof and/or financial loss consequent upon the necessity for such repair, reconditioning, modification or replacement;

11.3 arising out of the recall of any Product or part thereof;

11.4 arising out of any Product or part thereof which with the Insured's knowledge is intended to be incorporated into the structure, machinery or controls of any aircraft.

12. GENERAL EXCLUSIONS APPLICABLE TO ALL SECTIONS OF THE POLICY

This Policy does not cover liability

12.1 arising out of the deliberate, conscious or intentional disregard by the Insured's technical or administrative management of the need to take all reasonable steps to prevent Injury or Damage;

12.2 for and/or arising out of Injury to any person under a contract of employment or apprenticeship with or the provision of labour only services to the Insured where such Injury arises out of the execution of such contract;

12.3 arising out of liquidated damages clauses, penalty clauses or performance warranties unless proven that liability would have attached in the absence of such clauses or warranties;

12.4 directly or indirectly occasioned by, happening through or in consequence of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military or usurped power;

12.5 directly or indirectly caused by or contributed to by or arising from

12.5.1 ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel;

12.5.2 the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;

12.6 for Injury and/or Damage directly or indirectly caused by, resulting from or in connection with any act of Terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

This exclusion also excludes Injury and/or Damage directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of Terrorism.

If the Underwriters allege that by reason of this exclusion, any Injury and/or Damage is not covered by this Policy the burden of proving the contrary shall be upon the Insured.

In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

12.7 directly or indirectly caused by or alleged to be caused by or contributed to in whole or in part or arising from the existence of or exposure to asbestos and /or any asbestos containing materials

12.8 for the Excess as stated in the Schedule in respect of the first amount of each claim or series of claims arising out of one originating cause

(if any product from one prepared or acquired batch causes Damage to property of or Injury to more than one person, the Damage to property of all persons and all Injury resulting from that batch shall be considered as arising out of one originating cause);

12.9 which forms the subject of insurance by any other policy and this Policy shall not be drawn into contribution with such other insurance;

12.10 for awards or damages of a punitive or exemplary nature whether in the form of fines, penalties, multiplication of compensation awards or damages or aggravated damages or in any other form whatsoever.

13. GENERAL CONDITIONS

(Conditions 13.1 to 13.4 are precedent to Underwriters' liability to provide indemnity under this Policy).

13.1 The Insured shall give written notice to the Underwriters as soon as reasonably practicable of any Occurrence that may give rise to a claim under this Policy and shall give all such additional information as the Underwriters may require. Every claim, writ, summons or process and all documents relating thereto shall be forwarded to the Underwriters immediately they are received by the Insured.

13.2 No admission, offer, promise or payment shall be made or given by or on behalf of the Insured without the prior written consent of the Underwriters who shall be entitled to take over and conduct in the name of the Insured the defence or settlement of any claim or to prosecute in the name of the Insured to their own benefit any claim for indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings and in the settlement of any claim and the Insured shall give all such information and assistance as the Underwriters may reasonably require.

13.3 The Insured shall give notice as soon as reasonably practicable of any fact or event which materially changes the information supplied to Underwriters at the time when this Policy was effected and Underwriters may amend the terms of this Policy according to the materiality of the change.

13.4 Where the premium is provisionally based on the Insured's estimates, the Insured shall keep accurate records and after expiry of the Period of Insurance declare as soon as possible such details as Underwriters require. The premium shall then be adjusted and any difference paid by or allowed to the Insured as the case may be subject to any minimum premium that may apply.

13.5 The Underwriters may at any time pay to the Insured in connection with any claim or series of claims under this Policy to which an Indemnity Limit applies the amount of such Limit (after deduction of any sums already paid) or any lesser amount for which such claims can be settled and upon such payment being made the Underwriters shall relinquish the conduct and control of and be under no further liability in connection with such claims except for the payment of Defence Costs incurred prior to the date of such payment (unless the Indemnity Limit is stated to be inclusive of Defence Costs).

Provided that if Underwriters exercise the above option and the amount required to dispose of any claim or series of claims exceeds the Indemnity Limit and such excess amount is insured either in whole or in part, with Defence Costs payable in addition to the Indemnity Limit under this Policy then the Underwriters will also contribute their proportion of subsequent Defence Costs incurred with their prior consent.

13.6 Any dispute concerning the interpretation of this Policy and/or Schedule will be determined in accordance with the Law of Guam.

The Insured and Underwriters submit to the exclusive jurisdiction of any court of competent jurisdiction within Guam and agree to comply with all requirements necessary to give such court jurisdiction. All matters arising hereunder shall be determined in accordance with the law and practice of such court.

13.7 Any phrase or word in this Policy will be interpreted in accordance with the law of Guam. The Policy and the Schedule shall be read together as one contract and any word or

expression to which a specific meaning has been attached in any part of this Policy or the Schedule shall bear such specific meaning wherever it may appear.

13.8 The Underwriters may cancel this Policy by giving sixty days' notice in writing of such cancellation to the Insured's last known address.

13.9 If any claim under this Policy is in any respect fraudulent all benefit under the Policy shall be forfeited.

CLAIMS CONTROL CLAUSE

The following clause applies to all circumstances that may give rise to a claim under the Original Policy. Adherence by the Reinsured to the conditions set out herein is a condition precedent to Reinsurer's liability

(1) The Reinsured shall inform Reinsurers of any circumstance that may give rise to a claim on the Original Policy. In addition, the Reinsured shall provide Reinsurers with all available supporting information and documentation relating to the circumstance as soon as reasonably practicable but in any event within 14 days of the Reinsured becoming aware of such circumstance.

(2) Reinsurers shall have the right but not the obligation to assume control of the investigation of the circumstance and the defence and/or settlement of any resultant claim. Where Reinsurers assume control, the Reinsured shall act according to Reinsurers' direction.

(3) No settlement shall be made by the Reinsured without prior written approval of Reinsurers.

Subject otherwise to the Terms Conditions Limitations and Exclusions of the Policy

SERVICE OF SUIT CLAUSE (USA)

It is agreed that in the event of the failure of Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Insured (or Reinsured), will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' 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 to 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

AM Insurance
Suite 113F
Ada's Commercial Center
Agana
Guam

and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured (or Reinsured) to give a written undertaking to the Insured (or Reinsured) that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their 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 Reinsured) or any beneficiary hereunder arising out of this contract of insurance (or reinsurance), and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

NMA1998

24/04/1986

PERSONAL INJURY EXTENSION

The insurance provided by this Policy extends to include the Insured's legal liability for damages sustained by any person arising out of one or more of the following offences committed during the Policy period:-

1. False arrest, restraint, detention or imprisonment.
2. Malicious prosecution.
3. Wrongful entry, eviction or other invasion of the right of private occupancy.
4. The publication or utterance of a libel or slander or of other defamatory or disparaging material in violation of an individual's right of privacy except publication or utterance in the course of or related to advertising, broadcasting or telecasting activities conducted by or on behalf of the Named Insured.
5. Incidental medical malpractice error or mistake by a physician, surgeon, nurse, medical technician or other person performing medical services but only for or on behalf of the Insured in the provision of emergency medical relief.

The following additional exclusions shall apply to the Insurance provided by this extension:-

(a) liability assumed by the Named Insured under any contract or agreement

(b) personal injury arising out of the wilful violation of penal statute or ordinance committed by or with the knowledge or consent of the Named Insured

(c) personal injury arising out of offence 4 above

(i) if the first injurious publication or utterance of the same or similar material was made prior to the effective date of this insurance

(ii) if such publication or utterance was made by or at the direction of the Insured with the knowledge of the false nature thereof

(d) liability for personal injury sustained by any person directly or indirectly related to the past, present or potential employment of such person by the Insured.

The limit of liability applicable to Personal Injury claims shall be USD 10,000,000 any one offence and in the aggregate during the Policy period

MEMORANDUM OF UNDERSTANDING

Annual Review Clause

Policy Number: 17N1598

Inception Date: 1st May 2017

Expiry Date: 1st May 2020/1st May 2022

In consideration of the granting of this Policy for a period in excess of 12 months, it is agreed by both Underwriters and the Reinsured that on each 12 month Anniversary Date the Underwriters will be required to continue insurance coverage under this Policy for a further period of 12 months at the same premium and subject to the same terms and conditions, except if any of the following factors apply as at that Anniversary Date (in which case the Underwriters are entitled to review the insurance coverage and amend its terms and conditions, including the premium and the deductible or excess, or, at the sole option of the Underwriters, to issue notice of cancellation in accordance with the conditions set out under the Policy):

1. There has been a Material Change in the Risk.

2. There has been an increase of more than 10% in the Insured's estimated turnover for the forthcoming 12 months period in comparison to that given for the preceding 12 months period.

3. There has been a change in law which has the effect of increasing the Underwriters' exposure.

4. The Incurred Claims exceed 50% of the Net Premium in respect of the prior 12 months' period of insurance to which this clause relates.

5. There has been significant adverse development in the historical loss record in any of the prior 5 years whereby Incurred Claims exceed 50% of the Net Premium.

6. There has been a change in legal regulations relating to insurance contracts which oblige the Underwriters to alter any terms or conditions of the Policy, or

7. There has been a change in Underwriters' reinsurance arrangements - having the effect that reinsurance protection is no longer available to the Underwriters on substantially the same terms and conditions as previously.

The term "Material Change in the Risk" shall mean any change relating to or affecting the Insured's business activities which, if disclosed, might influence the Underwriters to either decline to continue the insurance or to stipulate a higher premium including, but not limited to, the following:

(a) Any change in the business activities of the Insured of a partial or additional nature
(b) Any change, either through expansion or contraction, in the territories or countries in which the Insured transacts their business either in terms of domicile, operations therein or exports thereto
(c) Any change in production methods or the adoption of new technology in the business of the Insured
(d) Any change in approach to the training of the Insured's employees or a change in the minimum required competencies of such employees
(e) Any change in approach to the risk management procedures adopted by the Insured
(f) In respect of any information previously supplied to Underwriters, any change in that information

The term "Incurred Claims" means the total cost of claims including actual claim payments (including medical, legal and other costs and expenses) and reserves set by the Underwriters on outstanding claims (also including such costs and expenses).

The term "Net Premium" means the premium received by the Underwriters net of tax and any commissions or other deductions.

Nothing in this Clause shall prejudice any rights the Underwriters may have to cancel this policy in accordance with (i) any cancellation condition, or the like, which may be contained in the Policy or (ii) in accordance with any general principle of contract law (including but not limited to misrepresentation).

The terms of this Clause apply only to this Policy and not to any subsequent policy issued in renewal of this policy nor to any Excess Liability Policy which may be issued to operate in excess of this Policy (unless specifically stated to the contrary herein).

RESOLUTION NO. 23-FY2017

EXHIBIT C (2 of 4)

5

GOVERNMENT OF GUAM
DEPARTMENT OF REVENUE AND TAXATION
OFFICE OF THE INSURANCE COMMISSIONER
INSURANCE LICENSE

RENEWAL B286

Know All Men By These Presents That:

Name MUNA ANNMARIE T

Address 165G CHALAN INDA
CHALAN PAGO GU 96910

Classes of Insurance Authorized

LIFE	FIRE
FIDELITY & SURETY	ACCIDENT & HEALTH
PROP. DAMAGE & LIABILITY	MISCELLANEOUS
WORKMENS COMP	MOTOR VEHICLE
MARINE	

Having complied with the Insurance Law of Guam, is hereby authorized to transact as Broker ***, the above named Classes of Insurance in Guam from the*** 01 ***day of*** July ***, 20*** 16 ***, to the*** 01 ***day of*** July ***, 20*** 17 ***, unless authority is revoked for failure to comply with the law.***

Designated Representatives:

Appointed By: **[SEAL]**

ARTEMIO B. ILAGAN
Insurance Commissioner

GOVERNMENT OF GUAM
DEPARTMENT OF REVENUE AND TAXATION
OFFICE OF THE INSURANCE COMMISSIONER

INSURANCE LICENSE

RENEWAL SLB24

Know All Men By These Presents That:

Name MUNA ANNMARIE T

Address 165G CHALAN INDA
CHALAN PAGO GU 96910

Classes of Insurance Authorized

ACCIDENT & HEALTH	WORKMENS COMP
MISCELLANEOUS	MARINE
MOTOR VEHICLE	FIRE
FIDELITY & SURETY	LIFE
PROP. DAMAGE & LIABILITY	

Having complied with the Insurance Law of Guam, is hereby authorized to transact as Surplus Line Broker *, the above named Classes of Insurance in Guam from the* 01 *day of* July *, 20* 16 *, to the* 01 *day of* July *, 20* 17 *, unless authority is revoked for failure to comply with the law.*

Designated Representatives:

[SEAL]

Artemio B. Ilagan
ARTEMIO B. ILAGAN
Insurance Commissioner

GOVERNMENT OF GUAM
DEPARTMENT OF REVENUE AND TAXATION
OFFICE OF THE INSURANCE COMMISSIONER

INSURANCE LICENSE

RENEWAL B24

Know All Men By These Presents That:

Name AM INSURANCE INC

Address SUITE 113F ADA COMMERCIAL & PROFESSIONAL CENTER 215 CHALAN SANTO PAPA HAGATNA GU 96910

Classes of Insurance Authorized

LIFE	FIRE
FIDELITY & SURETY	ACCIDENT & HEALTH
PROP. DAMAGE & LIABILITY	MISCELLANEOUS
WORKMENS COMP	MOTOR VEHICLE
MARINE	

Having complied with the Insurance Law of Guam, is hereby authorized to transact as Broker *, the above named Classes of Insurance in Guam from the* 01 *day of* July *, 20* 16 *, to the* 01 *day of* July *, 20* 17 *, unless authority is revoked for failure to comply with the law.*

Designated Representatives:
ANN MARIE MUNA
TRICIA GRANILLO
JUAN MUNA

Appointed By: **[SEAL]**

Artemio B Ilagan
ARTEMIO B. ILAGAN
Insurance Commissioner

GOVERNMENT OF GUAM
DEPARTMENT OF REVENUE AND TAXATION
OFFICE OF THE INSURANCE COMMISSIONER

INSURANCE LICENSE

RENEWAL SLB24

Know All Men By These Presents That:

Name AM INSURANCE INC

Address SUITE 113F ADA COMMERCIAL & PROFESSIONAL CENTER 215 CHALAN SANTO PAPA HAGATNA GU 96910

Classes of Insurance Authorized

LIFE	
FIDELITY & SURETY	FIRE
PROP. DAMAGE & LIABILITY	ACCIDENT & HEALTH
WORKMENS COMP	MISCELLANEOUS
MARINE	MOTOR VEHICLE

Having complied with the Insurance Law of Guam, is hereby authorized to transact as Surplus Line Broker *, the above named Classes of Insurance in Guam from the* 01 *day of* July *, 20* 16 *, to the* 01 *day of* July *, 20* 17 *, unless authority is revoked for failure to comply with the law.*

Designated Representatives:
ANNMARIE T MUNA

[SEAL]

ARTEMIO B. ILAGAN
Insurance Commissioner

1. The Symbol, Number, or Score in the Rating Scale used to Denote the Credit Rating Categories and Notches as required by Paragraph (a)(1)(ii)(A) of Rule 17g-7

Dongbu Insurance Co., Ltd. USB

A.M. Best #: 013784 **NAIC #:** 12502 **FEIN #:** 34-2055087

Financial Strength Rating	View Definition
Rating:	A (Excellent)
Financial Size Category:	XV ($2 Billion or Greater)
Outlook:	Stable
Action:	Affirmed
Effective Date:	July 14, 2016
Initial Rating Date:	October 23, 2007

Long-Term Issuer Credit Rating	View Definition
Long-Term:	a+
Outlook:	Stable
Action:	Affirmed
Effective Date:	July 14, 2016
Initial Rating Date:	October 23, 2007

(I) Denotes Indicative Rating
u Denotes Under Review Rating

Best's Credit Rating Analyst	
Rating Issued by:	A.M. Best Asia-Pacific Ltd.
Associate Financial Analyst :	Sergio Agena
Associate Director-Analytics :	Seewon Oh

2. The Version of the Procedure or Methodology used to Determine the Credit Rating as required by Paragraph (a)(1)(ii)(B) of Rule 17g-7

Rating Methodology and Criteria Report	Version
The following Methodologies and Criteria Procedures were used at the time of and the basis for the proposed rating	
Best's Credit Rating Methodology - Global Life and Non-Life Insurance Policy	04/28/2016
Catastrophe Analysis in A.M. Best Ratings	11/03/2011
Rating Members of Insurance Groups	12/15/2014
Risk Management and the Rating Process for Insurance Companies	04/02/2013
Understanding Universal BCAR	04/28/2016

3. The Main Assumptions and Principles used to Construct the Procedures and Methodology used to Determine the Credit Rating as required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

Assumptions and Macroeconomic Factors

Based on historical experience and A.M. Best's transition studies, ratings typically move no more than one to two notches when rating action occurs. However, market influences, including macroeconomic conditions, interest rate movements, inflationary levels, volatility of capital markets, pricing levels and regulatory changes, could result in larger scale movement in the ratings.

Economics

A.M. Best factors the economic and financial system conditions of a country into all of its ratings. A.M. Best defines country risk as the risk that country-specific factors could adversely affect an insurer's ability to meet its financial obligations, and separates the risks into three main categories: economic risk, political risk and financial system risk.

Economic risk is the likelihood that fundamental weaknesses in a country's economy will cause adverse developments for an insurer. A.M. Best's assessment of economic risk evaluates the state of the domestic economy, labor market conditions, inflation levels and volatility, as well as prospects for growth and stability. The level of economic risk in a country is determined to be: (1) very low; (2) low; (3) moderate; (4) high or (5) very high.

Political risk is the likelihood that governmental or bureaucratic inefficiencies, societal tensions, an inadequate legal system or international tensions will cause adverse developments for an insurer. Political risk comprises the stability of a government and society; the effectiveness of international diplomatic relationships; the reliability and integrity of the legal system and business infrastructure; the efficiency of the government bureaucracy; and the appropriateness and effectiveness of the government's economic policies. The level of political risk in a country is determined to be: (1) very low; (2) low; (3) moderate; (4) high or (5) very high.

The scores for each category of risk then are aggregated and the country is assigned to one of five Country Risk Tiers with the following broad definitions.

- CRT-1: Predictable and transparent political environment, legal system and business infrastructure; sophisticated financial system regulation with deep capital markets; mature insurance industry framework.

- CRT-2: Predictable and transparent political environment, legal system and business infrastructure; sufficient financial system regulation; mature insurance industry framework.

- CRT-3: Developing political environment, legal system and business infrastructure with developing capital markets; developing insurance regulatory structure.

- CRT-4: Relatively unpredictable and nontransparent political, legal and business environment with underdeveloped capital markets; partially to fully inadequate regulatory structure.

• CRT-5: Unpredictable and opaque political, legal and business environment with limited or nonexistent capital markets; low human development and social instability; nascent insurance industry.

In general, as country risk increases (measured by a higher assigned tier), the distribution of ratings migrates down the rating scale as the level of risk approaches CRT-5. While potential volatility already is contemplated in each Country Risk Tier, unanticipated negative changes to the economic, political and/or financial system conditions could lead to downward pressure on ratings in that country.

Correlation of Defaults = Not Applicable

4. The Potential Limitations of the Credit Rating as required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

Please refer to **Understanding Best's Credit Ratings** for the following:

- I(a). Usage of Ratings and Limitations
- VIII. Best's Rating Scales: Categories and Symbols

5. Information on the Uncertainty of the Credit Rating as required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

Please refer to **Understanding Best's Credit Ratings** for the following:

- II(b)ii. Quality of Information

6. Use of Third Party Due Diligence in Taking the Credit Rating Action as required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

A.M. Best Company did not use due diligence services of a third party in taking the rating action. This disclosure only applies to rating actions associated with asset-backed securities as defined by section 3(a)(79) of the Securities Exchange Act of 1934, as amended.

7. How Servicer or Remittance Reports were used, and with what Frequency, to Conduct Surveillance of the Credit Rating as required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

How Servicer / Remittance reports were used:

Not Applicable

Frequency of surveillance:

Not Applicable

8. A Description of the Types of Data about the Obligor, Issuer, Security, or Money Market Instrument that were Relied Upon for the Purpose of Determining the Credit Rating as required by Paragraph (a)(1)(ii)(H)(i) of Rule 17g-7

Please refer to Understanding Best's Credit Ratings for the following:

- II(b). Compile Information
- II(b)i. Material Sources of Information

9. An Overall Assessment of the Quality of Information Available and Considered in Determining the Credit Rating as required by Paragraph (a)(1)(ii)(I) of Rule 17g-7

Please refer to Understanding Best's Credit Ratings for the following:

- II(b)i. Material Sources of Information
- II(b)ii. Quality of Information

10. Information Relating to Conflicts of Interest as required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

1) A.M. Best Company has been paid to determine the credit rating by the obligor being rated or the issue, underwriter, depositor, or sponsor of the security or money market instrument being rated.

Rating Opinion Characteristics	
Solicited	Participating

2) A.M. Best Company was also paid for services by the company other than determining credit ratings during the most recently ended fiscal year.

Please refer to Understanding Best's Credit Ratings for the following:

- II(d). Not an Investment Advisor or Consultant

11. An Explanation or Measure of the Potential Volatility of the Credit Rating as required by Paragraph (a)(1)(ii)(K) of Rule 17g-7

Factors - Change Rating:

Positive rating actions could occur if the company achieves improvement in profitability, in line with higher-rated peers, while maintaining its risk-adjusted capitalization. Potential rating impact: Minor.

Negative rating actions could occur if there is a considerable deterioration in operating performance that materially affects the company's risk-adjusted capitalization. Potential rating impact: Minor.

NOTE: Only a rating committee can make a rating decision and the above referenced factors would be taken into consideration, along with all available relevant information in determining a rating action. However, the magnitude of a potential change in the rating that could reasonably occur as a result of the impact of the factors listed above are characterized by the following summary chart:

Rating Change Characterization	Number of IR Notches (Up or Down)
Minor	0 - 1
Moderate	2 - 3
Severe	> 3

12. The Information on the Content of the Information of the Credit Rating as required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

(1) Rating History and Performance

- Financial Strength / Issuer Credit Rating History

(2) Expected Probability of Default and Expected Loss

The Commission states that it does not expect NRSROs to alter the meanings of their credit ratings or rating procedures and methodologies to conform to this disclosure requirement. Rather, the Commission expects NRSROs to provide "information" to the extent it is consistent with their procedures and methodologies for determining credit ratings, on the expected probability of default and expected loss in the event of default. According to the Commission, this information could consist of, for example, historical default and loss statistics, respectively, for the class or subclass of the credit rating.

A.M. Best's credit ratings generally are intended to indicate the relative degree of credit risk of an obligor or debt instrument rather than reflect a measure of a specific default probability or loss expectation. A.M. Best is providing the historical default statistics or derivatives of such default statistics to comply with Rule 17g-7(a)(ii)(L)(2). A.M. Best does not produce any loss statistics related to any classes of credit ratings so it has no information about expected loss given default. Furthermore, expected losses given default is not consistent with A.M. Best's procedures and methodologies for determining credit ratings.

INSURANCE COMPANY DEFAULT RATES (FSR)

* Default Rates Based On Average Cohort Method

FSR	1 - Year	3 - Year	10 - Year
A++			0.03%
A+	0.05%	0.19%	0.64%
A	0.04%	0.32%	2.35%
A-	0.10%	0.73%	3.73%
B++	0.38%	1.67%	5.49%
B+	0.80%	2.43%	7.60%
B	1.70%	4.64%	11.05%
B-	3.57%	7.42%	14.94%
C++	3.99%	7.59%	14.99%
C+	3.58%	7.27%	15.43%
C	3.15%	8.72%	18.67%
C-	12.60%	16.26%	18.89%
D	17.62%	25.00%	33.96%

* Ratings Data from 1992 to 2015

1. Impairments as a Proxy for Defaults. A.M. Best designates an insurer as a Financially Impaired Company (FIC) as of the first public action taken by an insurance department or regulatory body, whereby the insurer's a) ability to conduct normal insurance operations is adversely affected, b) capital and surplus have been deemed inadequate to meet regulatory requirements, or c) general financial condition has triggered regulatory concern. The actions include supervision, rehabilitation, liquidation, receivership, conservatorship, cease-and-desist orders, suspension, license revocation and certain administrative orders. Companies that enter voluntary dissolution and are not under financial duress at that time are not counted as financially impaired. For the purposes of the performance statistics, A.M. Best considers impairments and defaults to be synonymous.

2. Construction of Default Rates of Insurance Carriers (FSR). This table was constructed by directly observing the default rates of insurance operating companies rated on the traditional Financial Strength Rating (FSR) scale.

3. Rating a Measure of Relative Credit Risk. A.M. Best's credit ratings generally are intended to indicate the relative degree of credit risk of an obligor or debt instrument rather than reflect a measure of specific default probability.

4. Data Consistent With Submission to the Securities and Exchange Commission. The data used to calculate default rates in this table is consistent with the data used to calculate the 1-year, 3-year and 10-year default rates for insurers as required by the Securities and Exchange Commission (the Commission) in Exhibit 1 of Form NRSRO. Unlike the single cohort method of analysis used in the submission to the Commission, however, the calculations in this table reflect the use of the average cohort approach in order to capture the effect of the various economic cycles experienced by insurance carriers since 1992 when the current 13-point FSR scale (A++ to D) was adopted by A.M. Best.

5. Data Does Not Necessarily Reflect Default Expectations. The data in this table does not necessarily reflect our default rate expectations. For example, the fact that we show no default rate for the 1-year "A++" category does not mean that we expect no defaults for this rating. It only means that we have not yet observed any historical defaults over a 1-year period for companies rated "A++".

6. Data Changes Periodically. The data in the table will change if A.M. Best: 1) adds more ratings cohorts over time in order to calculate default rates, 2) changes its criteria for recognizing insurance company defaults, and 3) changes the default count for other reasons such as confidential supervision of insurance carriers discovered by A.M. Best. In most cases, A.M. Best will revise the default rates annually by March 31.

INSURANCE COMPANY DEFAULT RATES (ICR)

* Default Rates Based On FSR to ICR Translation

ICRs	1-Year	3-Year	10-Year
aaa			0.03%
aa+			0.03%
aa	0.05%	0.19%	0.64%
aa-	0.05%	0.19%	0.64%
a+	0.04%	0.32%	2.35%
a	0.04%	0.32%	2.35%
a-	0.10%	0.73%	3.73%
bbb+	0.38%	1.67%	5.49%
bbb	0.38%	1.67%	5.49%
bbb-	0.80%	2.43%	7.60%
bb+	1.70%	4.64%	11.05%
bb	1.70%	4.64%	11.05%
bb-	3.57%	7.21%	14.94%
b+	3.99%	7.59%	14.99%
b	3.99%	7.59%	14.99%
b-	3.58%	7.27%	15.43%

ICRs	1-Year	3-Year	10-Year
ccc+	3.15%	8.72%	18.67%
ccc	3.15%	8.72%	18.67%
ccc-	12.60%	16.26%	18.89%
cc	12.60%	16.26%	18.89%
c	17.62%	25.00%	33.96%

* See ICR/FSR Translation Table

1. Impairments as a Proxy for Defaults. A.M. Best designates an insurer as a Financially Impaired Company (FIC) as of the first public action taken by an insurance department or regulatory body, whereby the insurer's a) ability to conduct normal insurance operations is adversely affected, b) capital and surplus have been deemed inadequate to meet regulatory requirements, or c) general financial condition has triggered regulatory concern. The actions include supervision, rehabilitation, liquidation, receivership, conservatorship, cease-and-desist orders, suspension, license revocation and certain administrative orders. Companies that enter voluntary dissolution and are not under financial duress at that time are not counted as financially impaired. For the purposes of the performance statistics, A.M. Best considers impairments and defaults to be synonymous.

2. Construction of Default Rates of Insurance Carriers(ICR). This table was not constructed by directly observing the default rates of insurance operating companies rated on the 21-point Issuer Credit Rating(ICR) scale because default data associated with ICRs is sparse. It was constructed by converting each operating company Financial Strength Rating (FSR) to an equivalent ICR based on an FSR/ICR translation table.

3. Rating a Measure of Relative Credit Risk. A.M. Best's credit ratings generally are intended to indicate the relative degree of credit risk of an obligor or debt instrument rather than reflect a measure of specific default probability.

4. Data Does Not Necessarily Reflect Default Expectations. The data in this table does not necessarily reflect our default rate expectations. For example, the fact that we show no default rate for the 1-year "aaa" category does not mean that we expect no defaults for this rating. It only means that we have not yet observed any historical defaults over a 1-year period for companies with an equivalent "aaa" rating.

5. Data Changes Periodically. The data in the table will change if A.M. Best: 1) adds more ratings cohorts over time in order to calculate default rates, 2) changes its criteria for recognizing insurance company defaults, and 3) changes the default count for other reasons such as confidential supervision of insurance carriers discovered by A.M. Best. In most cases, A.M. Best will revise the default rates annually by March 31.

CORPORATES DEFAULT RATES

* Default Rates Based On Notching Applied To Insurance ICRs

ICRs	1-Year	3-Year	10-Year
aaa	0.00%	0.00%	0.03%
aa+	0.00%	0.00%	0.03%
aa	0.00%	0.00%	0.03%
aa-	0.00%	0.00%	0.03%
a+	0.03%	0.10%	0.34%
a	0.05%	0.19%	0.64%
a-	0.05%	0.19%	0.64%
bbb+	0.04%	0.32%	2.35%
bbb	0.04%	0.32%	2.35%
bbb-	0.10%	0.73%	3.73%
bb+	0.38%	1.67%	5.49%
bb	0.38%	1.67%	5.49%

ICRs	1 -Year	3 -Year	10 -Year
bb-	0.80%	2.43%	7.60%
b+	1.25%	3.54%	9.33%
b	1.70%	4.64%	11.05%
b-	1.70%	4.64%	11.05%
ccc+	3.57%	7.21%	14.94%
ccc	3.78%	7.40%	14.97%
ccc-	3.99%	7.59%	14.99%
cc	3.99%	7.59%	14.99%
c	3.58%	7.27%	15.43%

1. Impairments as a Proxy for Defaults. A.M. Best designates an insurer as a Financially Impaired Company (FIC) as of the first action taken by an insurance department or regulatory body, whereby the insurer's a) ability to conduct normal insurance operations is adversely affected, b) capital and surplus have been deemed inadequate to meet regulatory requirements, or c) general financial condition has triggered regulatory concern. The actions include supervision, rehabilitation, liquidation, receivership, conservatorship, cease-and-desist orders, suspension, license revocation and certain administrative orders. Companies that enter voluntary dissolution and are not under financial duress at that time are not counted as financially impaired. For the purposes of the performance statistics, A.M. Best considers impairments and defaults to be synonymous.

2. Construction of Default Rates of Corporates. This table was not constructed by directly observing the default rates of corporate ratings on the 21-point Issuer Credit Rating (ICR) scale because default data associated with corporate ICRs is sparse. Rather, this table was constructed by a) converting each default rate associated with each Financial Strength Rating (FSR) to its equivalent operating company ICR based on the FSR/ICR translation table, and then, b) converting the operating company ICR to an equivalent corporate rating based on a notching algorithm set forth in the criteria, Insurance Holding Company and Debt Ratings, to reflect the legal separation of insurance holding companies from operating insurers as well as the normal subordination of insurance holding company creditors to operating company policyholders.

3. Ratings a Measure of Relative Credit Risk. A.M. Best's credit ratings generally are intended to indicate the relative degree of credit risk of an obligor or debt instrument rather than reflect a measure of specific default probability.

4. Data Does Not Necessarily Reflect Default Expectations. The data in this table does not necessarily reflect our default rate expectations. For example, the fact that we show no default rate for the 1-year "aaa" category does not mean that we expect no defaults for this rating. It only means that we have not yet observed any historical defaults over a 1-year period for corporate obligations with an equivalent "aaa" rating.

5. Data Changes Periodically. The data in the table will change if A.M. Best: 1) adds more ratings cohorts over time in order to calculate default rates, 2) changes its criteria for recognizing insurance company defaults, and 3) changes the default count for other reasons such as confidential supervision of insurance carriers discovered by A.M. Best. In most cases, A.M. Best will revise the default rates annually by March 31.

ASSET-BACKED SECURITIES DEFAULT RATES (All Subclasses)

* Default Rates From Best's Idealized Default Matrix

ICRs	1 -Year	3 -Year	10 -Year
aaa	0.03%	0.14%	0.94%
aa+	0.03%	0.20%	1.36%
aa	0.04%	0.26%	1.79%
aa-	0.05%	0.42%	2.13%
a+	0.06%	0.58%	2.48%
a	0.11%	0.76%	3.03%

ICRs	1-Year	3-Year	10-Year
a-	0.16%	0.95%	3.58%
bbb+	0.21%	1.13%	4.13%
bbb	0.23%	1.25%	4.58%
bbb-	0.27%	1.51%	5.76%
bb+	0.67%	3.18%	10.18%
bb	1.09%	4.75%	15.16%
bb-	2.09%	7.37%	21.77%
b+	2.47%	8.84%	25.70%
b	2.88%	12.42%	35.97%
b-	3.97%	13.40%	38.21%
ccc+	5.53%	16.26%	43.71%
ccc	6.41%	18.29%	47.90%
ccc-	7.55%	21.09%	54.18%
cc	8.83%	24.44%	60.89%
c	10.10%	27.79%	67.60%

* Best's Idealized Default Matrix published December 2007

1. Asset-Backed Securities Default. A.M. Best designates an asset-backed security as being in default if the issuer of the security failed to timely pay principal or interest due according to the terms of the security.

2. Construction of Default Rates of Asset-Backed Securities. This table was not constructed by directly observing the default rates of asset-backed securities. The default rates of the ratings in this category are equivalent to the default rates in Best's Idealized Default Matrix published in December 2007. This matrix reflects A.M. Best's long-term view of defaults of asset-backed securities and structured finance transactions. This view was formed by considering the defaults associated with operating insurance companies rated by A.M. Best, the notching process employed to derive the ratings associated with holding company debt obligations, and the need to make distinctions between rating categories.

3. Ratings a Measure of Relative Credit Risk. A.M. Best's credit ratings generally are intended to indicate the relative degree of credit risk of and obligor or debt instrument rather than reflect a measure of specific default probability.

4. Data Changes Periodically. The data in the table will change if A.M. Best modifies Best's Idealized Default Matrix. This matrix was published in December 2007 but may be revised based on more recent insurance company default data.

13. Information on the Sensitivity of the Credit Rating to Assumptions as required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

Topic	(1) Key Assumption Detail	(2) Potential Impact on the Rating
Data Accuracy and Reliability	While public information is considered as part of the rating process, AMB relies primarily on audited financial statements, third party actuarial reports, documents and assertions provided by management. The assumption is that the financial information provided is reliable and credible, although AMB does not undertake to verify the accuracy of this information.	A material misstatement of financial performance or capital position, whether through negligence or fraud, could negatively affect a company's rating. For example, inflated asset valuations or a faulty actuarial opinion of reserve adequacy could result in an incorrect assessment of the financial strength of a company.

Topic	(1) Key Assumption Detail	(2) Potential Impact on the Rating
Interest rates	Assumption is for normalized yield curve with no +/- changes of 300 basis points in a 12 month period.	Deviation could result in rating changes especially for companies with large interest sensitive blocks of business. Spike in interest rates may cause significant disintermediation and large unrealized losses on fixed income portfolio. However, surrender charges on liabilities and intent to hold assets to maturity are mitigating factors. Prolonged low interest rates impact spreads and hedging costs and potentially impact credit ratings.
Catastrophe Model Risk	Key assumption used in determining this rating takes into consideration information provided by third party catastrophe modelers. Best does not validate these models but assumes a degree of confidence in these models which Best uses as a benchmark to measure a company's exposure to modeled catastrophe risk. Best also uses this modeled output as a discussion point around enterprise risk management and risk mitigation. While this output can have a high degree of variability, Best believes these models are very useful tools which provides its users with the expertise, research and technical knowledge otherwise unavailable to them. Company specific data quality, data resolution and historical model reliability are also elements which lend itself to confidence in the modeled loss provided.	Catastrophe models are risk management tools that can vary widely due to the actual event (versus model event set) and model sensitivities including geocoding / data resolution, data quality (construction / ITV), reliability (missing information) and coverage. Therefore, if assumptions used in the model prove to be significantly different from actual performance, a company's capital position can be potentially exposed to a material negative impact due to a lack of reinsurance protection. Rating pressure may occur as a result.
Regulatory Risk	A key assumption used in determining this rating takes into account this company's significant concentration risk and exposure to changes in judicial, regulatory and legislative decisions. This assessment assumes no material changes in these areas but is considered as part of this company's qualitative review and business profile.	Due to the company's significant concentration risk, it's exposure to changes in judicial, regulatory and legislative decisions could adversely impact the ongoing operational and underwriting strategies of the company. This could result in a potential impact on the credit ratings prospectively and is considered as part of this company's qualitative review and business profile.

14. Information on the Representations, Warranties, and Enforcement Mechanisms as required by Paragraph (a)(1)(ii)(N) of Rule 17g-7

The representations, warranties, and enforcement mechanisms available to investors which were disclosed in the prospectus, private placement memorandum, or other offering documents for the asset-backed security and that relate to an asset pool underlying the asset-backed security. This disclosure only applies to rating actions associated with asset-backed securities as defined by section 3(a)(79) of the Securities Exchange Act of 1934, as amended. Furthermore, the disclosure applies to asset-backed securities that were initially rated on or after September 26, 2011.

15. Attestation as required by Paragraph (a)(1)(iii) of Rule 17g-7

Attestation

Attached is a signed statement by a person within A.M. Best that has responsibility for the rating action and, to the best knowledge of the person: (A) No part of the credit rating was influenced by any other business activities; (B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated; and (C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.

As the person responsible for this rating action, which was determined through the rating committee process, to the best of my knowledge:

- No part of the rating was influenced by any other business activities;
- The Credit Rating was based solely upon the merits of the obligor or security being rated and
- The Credit Rating was an independent evaluation of the risks and merits of the obligor or security being rated.

Note: Best's Credit Ratings are a product/service of A.M. Best Inc. and not of any particular individual group or committee within A.M. Best.

Name, Title: **/s/ Moungmo Lee**, MD

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address any other risk, including but not limited to, liquidity risk, market value risk or price volatility of rated securities. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY AMB IN ANY FORM OR MANNER WHATSOEVER. Each credit rating or other opinion must be weighed solely as one factor in any investment or purchasing decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security or other financial obligation and of each issuer and guarantor of, and each provider of credit support for, each security or other financial obligation that it may consider purchasing, holding or selling.

GOVERNMENT OF GUAM
DEPARTMENT OF REVENUE AND TAXATION
OFFICE OF THE INSURANCE COMMISSIONER
CERTIFICATE OF AUTHORITY

RENEWAL 218

Know All Men By These Presents That:

Name DONGBU INSURANCE COMPANY, LTD.

Address 891-10, DAECHI-DONG, KANGNAM-GU
SEOUL, KOREA

Classes of Insurance Authorized

ACCIDENT & HEALTH
FIDELITY & SURETY
FIRE
MARINE
MISCELLANEOUS
MOTOR VEHICLE
PROP. DAMAGE & LIABILITY
WORKMENS COMP

Having complied with the Insurance Law of Guam, is hereby authorized to transact as an insurer, the above named Classes of Insurance in Guam from the 01 *day of* July , *20* 16 , *to the* 01 *day of* July , *20* 17 , *unless authority is revoked for failure to comply with the law.*

General Agent(s):

MOYLAN'S INSURANCE UNDERWRITERS INC

In Witness Whereof, I have hereunto subscribed my name officially and have hereon impressed my Seal of Office at the City of Hagatña, Guam on this 03 *day of* June *A.D. 20* 16.

ARTEMIO B. ILAGAN
Insurance Commissioner

1. The Symbol, Number, or Score in the Rating Scale used to Denote the Credit Rating Categories and Notches as required by Paragraph (a)(1)(ii)(A) of Rule 17g-7

Sompo Japan Nipponkoa Ins Inc

A.M. Best #: 085258 **NAIC #:** N/A **FEIN #:** AA-1580110

Financial Strength Rating	View Definition
Rating:	A+ (Superior)
Financial Size Category:	XV ($2 Billion or Greater)
Outlook:	Stable
Action:	Affirmed
Effective Date:	July 21, 2016
Initial Rating Date:	June 30, 1990

Long-Term Issuer Credit Rating	View Definition
Long-Term:	aa-
Outlook:	Stable
Action:	Affirmed
Effective Date:	July 21, 2016
Initial Rating Date:	December 28, 2005

(i) Denotes Indicative Rating
u Denotes Under Review Rating

Best's Credit Rating Analyst	
Rating Issued by:	A.M. Best Asia-Pacific Ltd.
Associate Financial Analyst :	Sergio Agena
Associate Director-Analytics :	Seewon Oh

2. The Version of the Procedure or Methodology used to Determine the Credit Rating as required by Paragraph (a)(1)(ii)(B) of Rule 17g-7

Rating Methodology and Criteria Report:	Version
The following Methodologies and Criteria Procedures were used at the time of and the basis for the proposed rating	
Analyzing Insurance Holding Company Liquidity	03/25/2013
Introduction Section to Best's Credit Rating Methodology - Global Life and Non-Life Insurance Policy	06/15/2015
Catastrophe Analysis in A.M. Best Ratings	11/03/2011
Equity Credit for Hybrid Securities	04/02/2014
Insurance Holding Company and Debt Ratings	05/06/2014
Rating Members of Insurance Groups	12/15/2014
Risk Management and the Rating Process for Insurance Companies	04/02/2013
Understanding Universal BCAR	04/28/2016

3. The Main Assumptions and Principles used to Construct the Procedures and Methodology used to Determine the Credit Rating as required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

Assumptions and Macroeconomic Factors

Based on historical experience and A.M. Best's transition studies, ratings typically move no more than one to two notches when rating action occurs. However, market influences, including macroeconomic conditions, interest rate movements, inflationary levels, volatility of capital markets, pricing levels and regulatory changes, could result in larger scale movement in the ratings.

Economics

A.M. Best factors the economic and financial system conditions of a country into all of its ratings. A.M. Best defines country risk as the risk that country-specific factors could adversely affect an insurer's ability to meet its financial obligations, and separates the risks into three main categories: economic risk, political risk and financial system risk.

Economic risk is the likelihood that fundamental weaknesses in a country's economy will cause adverse developments for an insurer. A.M. Best's assessment of economic risk evaluates the state of the domestic economy, labor market conditions, inflation levels and volatility, as well as prospects for growth and stability. The level of economic risk in a country is determined to be: (1) very low; (2) low; (3) moderate; (4) high or (5) very high.

Political risk is the likelihood that governmental or bureaucratic inefficiencies, societal tensions, an inadequate legal system or international tensions will cause adverse developments for an insurer. Political risk comprises the stability of a government and society; the effectiveness of international diplomatic relationships; the reliability and integrity of the legal system and business infrastructure; the efficiency of the government bureaucracy; and the appropriateness and effectiveness of the government's economic policies. The level of political risk in a country is determined to be: (1) very low; (2) low; (3) moderate; (4) high or (5) very high.

The scores for each category of risk then are aggregated and the country is assigned to one of five Country Risk Tiers with the following broad definitions.

- CRT-1: Predictable and transparent political environment, legal system and business infrastructure; sophisticated financial system regulation with deep capital markets; mature insurance industry framework.

- CRT-2: Predictable and transparent political environment, legal system and business infrastructure; sufficient financial system regulation; mature insurance industry framework.

- CRT-3: Developing political environment, legal system and business infrastructure with developing capital markets; developing insurance regulatory structure.

• CRT-4: Relatively unpredictable and nontransparent political, legal and business environment with underdeveloped capital markets; partially to fully inadequate regulatory structure.

• CRT-5: Unpredictable and opaque political, legal and business environment with limited or nonexistent capital markets; low human development and social instability; nascent insurance industry.

In general, as country risk increases (measured by a higher assigned tier), the distribution of ratings migrates down the rating scale as the level of risk approaches CRT-5. While potential volatility already is contemplated in each Country Risk Tier, unanticipated negative changes to the economic, political and/or financial system conditions could lead to downward pressure on ratings in that country.

Correlation of Defaults = Not Applicable

4. The Potential Limitations of the Credit Rating as required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

Please refer to **Understanding Best's Credit Ratings** for the following:

- I(a). Usage of Ratings and Limitations
- VIII. Best's Rating Scales: Categories and Symbols

5. Information on the Uncertainty of the Credit Rating as required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

Please refer to **Understanding Best's Credit Ratings** for the following:

- II(b)ii. Quality of Information

6. Use of Third Party Due Diligence in Taking the Credit Rating Action as required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

A.M. Best Company did not use due diligence services of a third party in taking the rating action. This disclosure only applies to rating actions associated with asset-backed securities as defined by section 3(a)(79) of the Securities Exchange Act of 1934, as amended.

7. How Servicer or Remittance Reports were used, and with what Frequency, to Conduct Surveillance of the Credit Rating as required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

How Servicer / Remittance reports were used:

Not Applicable

Frequency of surveillance:

Not Applicable

8. A Description of the Types of Data about the Obligor, Issuer, Security, or Money Market Instrument that were Relied Upon for the Purpose of Determining the Credit Rating as required by Paragraph (a)(1)(ii)(H)(i) of Rule 17g-7

Please refer to Understanding Best's Credit Ratings for the following:

- II(b). Compile Information
- II(b)i. Material Sources of Information

9. An Overall Assessment of the Quality of Information Available and Considered in Determining the Credit Rating as required by Paragraph (a)(1)(ii)(I) of Rule 17g-7

Please refer to Understanding Best's Credit Ratings for the following:

- II(b)i. Material Sources of Information
- II(b)ii. Quality of Information

10. Information Relating to Conflicts of Interest as required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

1) A.M. Best Company has been paid to determine the credit rating by the obligor being rated or the issue, underwriter, depositor, or sponsor of the security or money market instrument being rated.

Rating Opinion Characteristics	
Solicited	Participating

2) A.M. Best Company was also paid for services by the company other than determining credit ratings during the most recently ended fiscal year.

Please refer to Understanding Best's Credit Ratings for the following:

- II(d). Not an Investment Advisor or Consultant

11. An Explanation or Measure of the Potential Volatility of the Credit Rating as required by Paragraph (a)(1)(ii)(K) of Rule 17g-7

Factors - Change Rating:

Negative rating actions could occur if there is a material deterioration in risk-adjusted capitalization due to a significant decline in operating performance. Potential rating impact: Minor.

Potential large-scale catastrophe events or an excessive amount of goodwill from a large-scale acquisition could also put downward pressure on the ratings if capital levels are significantly affected. Potential rating impact: Minor.

NOTE: Only a rating committee can make a rating decision and the above referenced factors would be taken into consideration, along with all available relevant information in determining a rating action. However, the magnitude of a potential

change in the rating that could reasonably occur as a result of the impact of the factors listed above are characterized by the following summary chart:

Rating Change Characterization	Number of ICR Notches (Up or Down)
Minor	0 - 1
Moderate	2 - 3
Severe	> 3

12. The Information on the Content of the Information of the Credit Rating as required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

(1) Rating History and Performance

- Financial Strength / Issuer Credit Rating History

(2) Expected Probability of Default and Expected Loss

The Commission states that it does not expect NRSROs to alter the meanings of their credit ratings or rating procedures and methodologies to conform to this disclosure requirement. Rather, the Commission expects NRSROs to provide "information" to the extent it is consistent with their procedures and methodologies for determining credit ratings, on the expected probability of default and expected loss in the event of default. According to the Commission, this information could consist of, for example, historical default and loss statistics, respectively, for the class or subclass of the credit rating.

A.M. Best's credit ratings generally are intended to indicate the relative degree of credit risk of an obligor or debt instrument rather than reflect a measure of a specific default probability or loss expectation. A.M. Best is providing the historical default statistics or derivatives of such default statistics to comply with Rule 17g-7(a)(ii)(L)(2). A.M. Best does not produce any loss statistics related to any classes of credit ratings so it has no information about expected loss given default. Furthermore, expected losses given default is not consistent with A.M. Best's procedures and methodologies for determining credit ratings.

INSURANCE COMPANY DEFAULT RATES (FSR)

* Default Rates Based On Average Cohort Method

FSR	1 -Year	3 -Year	10 -Year
A++			0.03%
A+	0.05%	0.19%	0.64%
A	0.04%	0.32%	2.35%
A-	0.10%	0.73%	3.73%
B++	0.38%	1.67%	5.49%
B+	0.80%	2.43%	7.60%
B	1.70%	4.64%	11.05%
B-	3.57%	7.42%	14.94%
C++	3.99%	7.59%	14.99%
C+	3.58%	7.27%	15.43%
C	3.15%	8.72%	18.67%
C-	12.60%	16.26%	18.89%
D	17.62%	25.00%	33.96%

* Ratings Data from 1992 to 2015

1. Impairments as a Proxy for Defaults. A.M. Best designates an insurer as a Financially Impaired Company (FIC) as of the first public action taken by an insurance department or regulatory body, whereby the insurer's a) ability to conduct normal insurance operations is adversely affected, b) capital and surplus have been deemed inadequate to meet regulatory requirements, or c) general financial condition has triggered regulatory concern. The actions include supervision, rehabilitation, liquidation, receivership, conservatorship, cease-and-desist orders, suspension, license revocation and certain administrative orders. Companies that enter voluntary dissolution and are not under financial duress at that time are not counted as financially impaired. For the purposes of the performance statistics, A.M. Best considers impairments and defaults to be synonymous.

2. Construction of Default Rates of Insurance Carriers (FSR). This table was constructed by directly observing the default rates of insurance operating companies rated on the traditional Financial Strength Rating (FSR) scale.

3. Rating a Measure of Relative Credit Risk. A.M. Best's credit ratings generally are intended to indicate the relative degree of credit risk of an obligor or debt instrument rather than reflect a measure of specific default probability.

4. Data Consistent With Submission to the Securities and Exchange Commission. The data used to calculate default rates in this table is consistent with the data used to calculate the 1-year, 3-year and 10-year default rates for insurers as required by the Securities and Exchange Commission (the Commission) in Exhibit 1 of Form NRSRO. Unlike the single cohort method of analysis used in the submission to the Commission, however, the calculations in this table reflect the use of the average cohort approach in order to capture the effect of the various economic cycles experienced by insurance carriers since 1992 when the current 13-point FSR scale (A++ to D) was adopted by A.M. Best.

5. Data Does Not Necessarily Reflect Default Expectations. The data in this table does not necessarily reflect our default rate expectations. For example, the fact that we show no default rate for the 1-year "A++" category does not mean that we expect no defaults for this rating. It only means that we have not yet observed any historical defaults over a 1-year period for companies rated "A++".

6. Data Changes Periodically. The data in the table will change if A.M. Best: 1) adds more ratings cohorts over time in order to calculate default rates, 2) changes its criteria for recognizing insurance company defaults, and 3) changes the default count for other reasons such as confidential supervision of insurance carriers discovered by A.M. Best. In most cases, A.M. Best will revise the default rates annually by March 31.

INSURANCE COMPANY DEFAULT RATES (ICR)

* Default Rates Based On FSR to ICR Translation

ICRs	1 - Year	3 - Year	10 - Year
aaa			0.03%
aa+			0.03%
aa	0.05%	0.19%	0.64%
aa-	0.05%	0.19%	0.64%
a+	0.04%	0.32%	2.35%
a	0.04%	0.32%	2.35%
a-	0.10%	0.73%	3.73%
bbb+	0.38%	1.67%	5.49%
bbb	0.38%	1.67%	5.49%
bbb-	0.80%	2.43%	7.60%
bb+	1.70%	4.64%	11.05%
bb	1.70%	4.64%	11.05%
bb-	3.57%	7.21%	14.94%
b+	3.99%	7.59%	14.99%
b	3.99%	7.59%	14.99%
b-	3.58%	7.27%	15.43%

ICRs	1 -Year	3 -Year	10 -Year
ccc+	3.15%	8.72%	18.67%
ccc	3.15%	8.72%	18.67%
ccc-	12.60%	16.26%	18.89%
cc	12.60%	16.26%	18.89%
c	17.62%	25.00%	33.96%

* See ICR/FSR Translation Table

1. Impairments as a Proxy for Defaults. A.M. Best designates an insurer as a Financially Impaired Company (FIC) as of the first public action taken by an insurance department or regulatory body, whereby the insurer's a) ability to conduct normal insurance operations is adversely affected, b) capital and surplus have been deemed inadequate to meet regulatory requirements, or c) general financial condition has triggered regulatory concern. The actions include supervision, rehabilitation, liquidation, receivership, conservatorship, cease-and-desist orders, suspension, license revocation and certain administrative orders. Companies that enter voluntary dissolution and are not under financial duress at that time are not counted as financially impaired. For the purposes of the performance statistics, A.M. Best considers impairments and defaults to be synonymous.

2. Construction of Default Rates of Insurance Carriers(ICR). This table was not constructed by directly observing the default rates of insurance operating companies rated on the 21-point Issuer Credit Rating(ICR) scale because default data associated with ICRs is sparse. It was constructed by converting each operating company Financial Strength Rating (FSR) to an equivalent ICR based on an FSR/ICR translation table.

3. Rating a Measure of Relative Credit Risk. A.M. Best's credit ratings generally are intended to indicate the relative degree of credit risk of an obligor or debt instrument rather than reflect a measure of specific default probability.

4. Data Does Not Necessarily Reflect Default Expectations. The data in this table does not necessarily reflect our default rate expectations. For example, the fact that we show no default rate for the 1-year "aaa" category does not mean that we expect no defaults for this rating. It only means that we have not yet observed any historical defaults over a 1-year period for companies with an equivalent "aaa" rating.

5. Data Changes Periodically. The data in the table will change if A.M. Best: 1) adds more ratings cohorts over time in order to calculate default rates, 2) changes its criteria for recognizing insurance company defaults, and 3) changes the default count for other reasons such as confidential supervision of insurance carriers discovered by A.M. Best. In most cases, A.M. Best will revise the default rates annually by March 31.

CORPORATES DEFAULT RATES

* Default Rates Based On Notching Applied To Insurance ICRs

ICRs	1 -Year	3 -Year	10 -Year
aaa	0.00%	0.00%	0.03%
aa+	0.00%	0.00%	0.03%
aa	0.00%	0.00%	0.03%
aa-	0.00%	0.00%	0.03%
a+	0.03%	0.10%	0.34%
a	0.05%	0.19%	0.64%
a-	0.05%	0.19%	0.64%
bbb+	0.04%	0.32%	2.35%
bbb	0.04%	0.32%	2.35%
bbb-	0.10%	0.73%	3.73%
bb+	0.38%	1.67%	5.49%
bb	0.38%	1.67%	5.49%

ICRs	1-Year	3-Year	10-Year
bb-	0.80%	2.43%	7.60%
b+	1.25%	3.54%	9.33%
b	1.70%	4.64%	11.05%
b-	1.70%	4.64%	11.05%
ccc+	3.57%	7.21%	14.94%
ccc	3.78%	7.40%	14.97%
ccc-	3.99%	7.59%	14.99%
cc	3.99%	7.59%	14.99%
c	3.58%	7.27%	15.43%

1. Impairments as a Proxy for Defaults. A.M. Best designates an insurer as a Financially Impaired Company (FIC) as of the first action taken by an insurance department or regulatory body, whereby the insurer's a) ability to conduct normal insurance operations is adversely affected, b) capital and surplus have been deemed inadequate to meet regulatory requirements, or c) general financial condition has triggered regulatory concern. The actions include supervision, rehabilitation, liquidation, receivership, conservatorship, cease-and-desist orders, suspension, license revocation and certain administrative orders. Companies that enter voluntary dissolution and are not under financial duress at that time are not counted as financially impaired. For the purposes of the performance statistics, A.M. Best considers impairments and defaults to be synonymous.

2. Construction of Default Rates of Corporates. This table was not constructed by directly observing the default rates of corporate ratings on the 21-point Issuer Credit Rating (ICR) scale because default data associated with corporate ICRs is sparse. Rather, this table was constructed by a) converting each default rate associated with each Financial Strength Rating (FSR) to its equivalent operating company ICR based on the FSR/ICR translation table, and then, b) converting the operating company ICR to an equivalent corporate rating based on a notching algorithm set forth in the criteria, Insurance Holding Company and Debt Ratings, to reflect the legal separation of insurance holding companies from operating insurers as well as the normal subordination of insurance holding company creditors to operating company policyholders.

3. Ratings a Measure of Relative Credit Risk. A.M. Best's credit ratings generally are intended to indicate the relative degree of credit risk of an obligor or debt instrument rather than reflect a measure of specific default probability.

4. Data Does Not Necessarily Reflect Default Expectations. The data in this table does not necessarily reflect our default rate expectations. For example, the fact that we show no default rate for the 1-year "aaa" category does not mean that we expect no defaults for this rating. It only means that we have not yet observed any historical defaults over a 1-year period for corporate obligations with an equivalent "aaa" rating.

5. Data Changes Periodically. The data in the table will change if A.M. Best: 1) adds more ratings cohorts over time in order to calculate default rates, 2) changes its criteria for recognizing insurance company defaults, and 3) changes the default count for other reasons such as confidential supervision of insurance carriers discovered by A.M. Best. In most cases, A.M. Best will revise the default rates annually by March 31.

ASSET-BACKED SECURITIES DEFAULT RATES (All Subclasses)

* Default Rates From Best's Idealized Default Matrix

ICRs	1-Year	3-Year	10-Year
aaa	0.03%	0.14%	0.94%
aa+	0.03%	0.20%	1.36%
aa	0.04%	0.26%	1.79%
aa-	0.05%	0.42%	2.13%
a+	0.06%	0.58%	2.48%
a	0.11%	0.76%	3.03%

ICRs	1-Year	3-Year	10-Year
a-	0.16%	0.95%	3.58%
bbb+	0.21%	1.13%	4.13%
bbb	0.23%	1.25%	4.58%
bbb-	0.27%	1.51%	5.76%
bb+	0.67%	3.18%	10.18%
bb	1.09%	4.75%	15.16%
bb-	2.09%	7.37%	21.77%
b+	2.47%	8.84%	25.70%
b	2.88%	12.42%	35.97%
b-	3.97%	13.40%	38.21%
ccc+	5.53%	16.26%	43.71%
ccc	6.41%	18.29%	47.90%
ccc-	7.55%	21.09%	54.18%
cc	8.83%	24.44%	60.89%
c	10.10%	27.79%	67.60%

* Best's Idealized Default Matrix published December 2007

1. Asset-Backed Securities Default. A.M. Best designates an asset-backed security as being in default if the issuer of the security failed to timely pay principal or interest due according to the terms of the security.

2. Construction of Default Rates of Asset-Backed Securities. This table was not constructed by directly observing the default rates of asset-backed securities. The default rates of the ratings in this category are equivalent to the default rates in Best's Idealized Default Matrix published in December 2007. This matrix reflects A.M. Best's long-term view of defaults of asset-backed securities and structured finance transactions. This view was formed by considering the defaults associated with operating insurance companies rated by A.M. Best, the notching process employed to derive the ratings associated with holding company debt obligations, and the need to make distinctions between rating categories.

3. Ratings a Measure of Relative Credit Risk. A.M. Best's credit ratings generally are intended to indicate the relative degree of credit risk of and obligor or debt instrument rather than reflect a measure of specific default probability.

4. Data Changes Periodically. The data in the table will change if A.M. Best modifies Best's Idealized Default Matrix. This matrix was published in December 2007 but may be revised based on more recent insurance company default data.

13. Information on the Sensitivity of the Credit Rating to Assumptions as required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

Topic	(1) Key Assumption Detail	(2) Potential Impact on the Rating
Data Accuracy and Reliability	While public information is considered as part of the rating process, AMB relies primarily on audited financial statements, third party actuarial reports, documents and assertions provided by management. The assumption is that the financial information provided is reliable and credible, although AMB does not undertake to verify the accuracy of this information.	A material misstatement of financial performance or capital position, whether through negligence or fraud, could negatively affect a company's rating. For example, inflated asset valuations or a faulty actuarial opinion of reserve adequacy could result in an incorrect assessment of the financial strength of a company.
Equity markets	Assumes reversion to mean historical returns.	Significant declines in global equity markets of > 30% would result in greater net amount at risk

Topic	(1) Key Assumption Detail	(2) Potential Impact on the Rating
		and need to set up additional reserves for equity linked products. Also results in lower product fees and risk adjusted capitalization which could negatively impact the rating.
Catastrophe Model Risk	Key assumption used in determining this rating takes into consideration information provided by third party catastrophe modelers. Best does not validate these models but assumes a degree of confidence in these models which Best uses as a benchmark to measure a company's exposure to modeled catastrophe risk. Best also uses this modeled output as a discussion point around enterprise risk management and risk mitigation. While this output can have a high degree of variability, Best believes these models are very useful tools which provides its users with the expertise, research and technical knowledge otherwise unavailable to them. Company specific data quality, data resolution and historical model reliability are also elements which lend itself to confidence in the modeled loss provided.	Catastrophe models are risk management tools that can vary widely due to the actual event (versus model event set) and model sensitivities including geocoding / data resolution, data quality (construction / ITV), reliability (missing information) and coverage. Therefore, if assumptions used in the model prove to be significantly different from actual performance, a company's capital position can be potentially exposed to a material negative impact due to a lack of reinsurance protection. Rating pressure may occur as a result.
Holding Company / Affiliates	Assumes no sudden change in holding company leverage, coverage and/or liquidity. Additional assumptions include no change in credit facilities to obtain letters of credit from a commercial bank, through the placement of assets in trust. If rating includes a level of rating enhancement based on a degree of implicit and explicit support provided by the parent company and/or affiliate, the assumption is that the level of support will remain prospectively.	Any sudden change in holding company leverage, coverage, and or liquidity could result in a rating change for both the holding company and its operating insurance subsidiaries. Any alteration in a parent (holding) company's ability to provide implicit and/or explicit parental support could alter Best's view of rating enhancement which could suddenly cause a rating downgrade. In addition, changes in enhancement provided to group-rated members, may have an impact on the rating(s). Best evaluates impact on capital via forecasted BCAR including planned dividends to Parent and by evaluating BCAR for the entire Enterprise based on tangible equity. The starting point for every rating is the stand-alone evaluation of the legal entity's balance sheet strength, operating performance and business profile.

14. Information on the Representations, Warranties, and Enforcement Mechanisms as required by Paragraph (a)(1)(ii)(N) of Rule 17g-7

The representations, warranties, and enforcement mechanisms available to investors which were disclosed in the prospectus, private placement memorandum, or other offering documents for the asset-backed security and that relate to an asset pool underlying the asset-backed security. This disclosure only applies to rating actions associated with asset-backed securities as defined by section 3(a)(79) of the Securities Exchange Act of 1934, as amended. Furthermore, the disclosure applies to asset-backed securities that were initially rated on or after September 26, 2011.

15. Attestation as required by Paragraph (a)(1)(iii) of Rule 17g-7

Attestation

Attached is a signed statement by a person within A.M. Best that has responsibility for the rating action and, to the best knowledge of the person: (A) No part of the credit rating was influenced by any other business activities; (B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated; and (C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.

As the person responsible for this rating action, which was determined through the rating committee process, to the best of my knowledge:

- No part of the rating was influenced by any other business activities;
- The Credit Rating was based solely upon the merits of the obligor or security being rated and
- The Credit Rating was an independent evaluation of the risks and merits of the obligor or security being rated.

Note: Best's Credit Ratings are a product/service of A.M. Best Inc. and not of any particular individual group or committee within A.M. Best.

Name, Title: **/s/ Moungmo Lee**, MD

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address any other risk, including but not limited to, liquidity risk, market value risk or price volatility of rated securities. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY AMB IN ANY FORM OR MANNER WHATSOEVER. Each credit rating or other opinion must be weighed solely as one factor in any investment or purchasing decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security or other financial obligation and of each issuer and guarantor of, and each provider of credit support for, each security or other financial obligation that it may consider purchasing, holding or selling.

GOVERNMENT OF GUAM
DEPARTMENT OF REVENUE AND TAXATION
OFFICE OF THE INSURANCE COMMISSIONER

CERTIFICATE OF AUTHORITY

RENEWAL 423

Know All Men By These Presents That:

Name SOMPO JAPAN NIPPONKOA INSURANCE INC.

Address 26-1, NISHI-SHINJUKU - 1-CHOME SHINJUKU-KU
TOKYO 160-8338 JAPAN

Classes of Insurance Authorized

ACCIDENT & HEALTH
FIDELITY & SURETY
FIRE
MARINE
MISCELLANEOUS
MOTOR VEHICLE
PROP. DAMAGE & LIABILITY
WORKMENS COMP
REINSURANCE P & C

Having complied with the Insurance Law of Guam, is hereby authorized to transact as an insurer, the above named Classes of Insurance in Guam from the 01 *day of* July *, 20* 16 *, to the* 01 *day of* July *, 20* 17 *, unless authority is revoked for failure to comply with the law.*

General Agent(s):

GUAHAN INSURANCE SERVICES, INC.

In Witness Whereof, I have hereunto subscribed my name officially and have hereon impressed my Seal of Office at the City of Hagatña, Guam on this 31 *day of* May *A.D. 20* 16.

Artemio B Ilagan

ARTEMIO B. ILAGAN
Insurance Commissioner

GOVERNMENT OF GUAM
DEPARTMENT OF REVENUE AND TAXATION
OFFICE OF THE INSURANCE COMMISSIONER

INSURANCE LICENSE

RENEWAL GA383

Know All Men By These Presents That:

Name GUAHAN INSURANCE SERVICES, INC.

Address 304 WEST O'BRIEN DRIVE
HAGATNA GU 96910

Classes of Insurance Authorized

ACCIDENT & HEALTH	MISCELLANEOUS
FIDELITY & SURETY	MOTOR VEHICLE
FIRE	PROP. DAMAGE & LIABILITY
MARINE	WORKMENS COMP

Having complied with the Insurance Law of Guam, is hereby authorized to transact as General Agent *, the above named Classes of Insurance in Guam from the* 01 *day of* July *, 20* 16 *, to the* 01 *day of* July *, 20* 17 *, unless authority is revoked for failure to comply with the law.*

Designated Representatives:
JUNG W SUK

Appointed By:
SOMPO JAPAN NIPPONKOA INSURANCE INC.

[SEAL]

Artemio B. Ilagan

ARTEMIO B. ILAGAN
Insurance Commissioner

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A M Insurance

Corporate Resume

Office Address:
J&G Commercial Business Center, Suite 113F
215A Chalan Santo Papa Street
P.O. Box 2797, Hagatna, Guam 96932
Phone: (671)477-2632/2642/2653/2656
Fax: (671)477-2602

Website Address:
www.amibrokers.com

Key Personnel:
Annmarie T. Muna – amuna@amibrokers.com
Cell No. (671) 687-6001
Tricia R. Granillo – tgranillo@amibrokers.com
Cell No. (671) 687-3575

Markets:

- Ropner Ins. Services (Lloyds of London & London Companies)
- Calvo's Insurance - Chartis
- Aon Insurance Micronesia – Century Insurance
- Great National Ins. Und., Inc. – Chung Kuo Ins. Co.
- Takagi & Associates, Inc. – AIOI Ins. Co., Ltd.
- Cassidy's Insurance – Pacific Indemnity
- Moylan's Insurance – Dongbu Ins. Co., Ltd. & First Net Ins. Co.
- Nanbo Insurance –Tokio Marine Pacific Ins. Ltd.
- Norick Risk Funding Concepts
- Servco Insurance
- Swett & Crawford
- TT Club

Licensed As:

- Insurance Broker
- Surplus Lines Insurance Broker

Directors & Officers:

- Annmarie T. Muna, President/General Mgr.
- Ikushi Harada, Vice President
- Ana Muna, Secretary
- Linette Muna Perez, Treasurer
- Donna Muna Quinata, Director

Average Number of Employees:
12

Date Established:
1994

Date Incorporated:
1996

Government Accounts Experience

GOVERNMENT AGENCY	LINES OF INSURANCE	PERIOD OF INSURANCE
COMMONWEALTH PORTS AUTH. POB 1055, Saipan, MP 96950 Contact: Ed De Leon Guerrero Tel: (670) 237-6507	Marine & Aviation Property, Marine & Aviation Liability, Auto, Crime, D&O	2008-Present 2003-2008
PORT AUTHORITY OF GUAM 1026 Cabras Hwy, Piti, GU 96925 Contact: Joann Conway Tel: (671)477-5931	Property, Liability, Marine Equipment, Auto & Excess Auto, D&O and Crime	2005-Present 2000-2005 1997-2000 1994-1997 1989-1994 1984-1989 1979-1984
PORT AUTHORITY OF GUAM	Workers Compensation	1996
GUAM INT'L AIRPORT AUTH. P.O. Box 8770, Tamuning, GU 96931 Contact: Jean M. Arriola Tel: 646-0300	Property, Aviation Liability, Auto, D&O, WC, Crime, Employment Practices Liability	2009-Present 2004-2009 1999-2004 1996-1999
UNIVERSITY OF GUAM UOG Station, Mangilao, GU 969 Contact: David O'Brien Tel: (671)735.2900	Property, General Liability, Umbrella, Auto, Crime, Educators Legal Liability (ELL), Limited Prof. Liability, Umbrella, Auto, Crime	2008-Present 2003-2008 1996-1999 1993-1996 1990-1993 1987-1990
GUAM POWER AUTHORITY P.O. Box 2977, Hagatna, GU 96932 Contact: Joaquin Flores Tel: (671)648-3054	Property, Liability, Boiler & Machinery, Auto, Pollution Liab., Trans & Distribution	2003-2008 1998-2003 1995-1998 1982-1988
GUAM POWER AUTHORITY	Property, Liab, Auto Crime,	2008-Present
GUAM WATERWORKS AUTHORITY	Property, Liability, WC, Auto, D&O and Crime	
GUAM HOUSING P.O. Box 3457, Hagatna, GU 96932 Contact: Carol Reyes Tel: 647-4143	Auto Property	2000-Present 2007-2008
GHURA 117 Bien Venida Ave, Sin., GU 96910 Contact: Bernard Lastimoza	Property, Liability Tel: (671)475-1356	2003-2008 1979-1982 2012-Present
GHURA	D&O, Liability	2008-Present
GUAM EDUCATION FINANCING FOUNDATION 3060 Peachtree Rd., Suite 1700 Atlanta, GA 30305 Contact: John Hand	Property, Liability, Fidelity	2007-2012
GUAM VISITORS BUREAU 401 Pale San Vitores Rd, Tum, GU 96913 Contact: Rose Cunliff Tel: (671)646-5927/8	Property, Liability, Auto, Crime	2008-Present

A. Qualifications and experience of all personnel to be assigned to this contract.

Thirty years of industry experience.....

Annmarie Muña, AMI's General Manager, brings to GWA over thirty (30) years of insurance knowledge and experience. She specializes in excess and surplus lines insurance.

Ms. Muña formed AM Insurance in January 1994, in response to a growing need for excess and surplus coverage for large local companies. She is a licensed independent broker and can access numerous international markets for her clients. Her knowledge and expertise of the local insurance industry together with her good standing relationship with international underwriters, has allowed her to build a solid portfolio, which surpasses most others. Her unique qualities and the phenomenal growth have afforded AM Insurance the reputation for being a leading broker on Guam.

She continues to keep herself abreast with the developments and growth of GWA in conjunction with the various programs it currently participates in.

Underwriting Knowledge & Expertise.....

Tricia R. Granillo joined AM Insurance in 1997. She started her insurance experience in the Underwriting Department handling all personal and commercial lines Insurance. Ms. Granillo headed the Underwriting Department and was responsible for all its underwriting functions.

Over the years with the company she gained valuable insight in marketing and sales by servicing commercial, government and personal accounts. Ms. Granillo now is responsible for the Personal, Commercial & Government Accounts. As the Insurance Services Manager, Granillo handles all government accounts and works closely with the General Manager to provide personalized and professional brokerage services. She has claims handling experience and is trained in both commercial and personal insurance lines.

Ms. Granillo is a licensed insurance broker under A M Insurance. She went through training in London learning in detail how Lloyd's of London brokers and underwriters process accounts and service claims.

Throughout her industry career, Ms. Granillo has taken advantage of numerous professional training enhancement programs, which have added valuable dimension to her knowledge of the insurance field. She has also attended insurance related seminars offered by the Claims Association of Guam and AIU, which emphasize insurance mechanics and loss prevention measures for various Business Interruption and Pollution Claims.

B. Qualifications and experience of all personnel to be assigned to this contract (Continued).

The size and complexity of GWA account requires daily service and coordination which will be handled by the following key persons. Service roles of all key players are well understood and any overlap or duplication of effort is minimal, if it exists at all.

Annmarie T. Muna will be the first point of contact and is in charge of the entire insurance program design, marketing and implementation.

Tricia R. Granillo will handle the day to day servicing, including gathering of underwriting information, processing endorsements and following up on daily insurance related activities.

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CLAIMS HANDLING PROCEDURES...

AM Insurance will develop a notification plan and a detailed claims handling procedure for GWA to implement in the event of a loss.

In summary, our loss notification plan requires the following procedure:

1. When loss occurs, call AMI (on call 24 hours).

2. AMI will notify carrier, Insurance/Risk Management Consultant & Legal Counsel, if necessary.

3. AMI will arrange for outside adjusting services when necessary.

4. When required, AMI will arrange for specialty services from aviation legal counsel, appraisers, salvage handlers, forensic accountants, etc. through its network of services.

5. AMI will follow up w/adjusters on status & liaise between all parties.

6. AMI will negotiate claim settlement on insured's behalf.

7. AMI will expedite final settlement of claim.

CLAIMS HANDLING PROCEDURES (Continued)...

CLAIMS MANAGEMENT CAPABILITIES

AMI has an in-house staff with experience in handling all types of claims including those from Government of Guam accounts. Our office will be able provide immediate assistance to GWA if and when a claims for damages arises. AMI staff will be dispatched immediately for preliminary assessment. We will liaise with underwriters and adjusters until claim is settled.

CLAIMS HANDLING PROCEDURES

The following are general claims procedures that are to be implemented in case of a loss.

I. Report of Loss:

1. Loss must be reported to AMI as soon as practicable, either verbally or in writing using a standard claim form. *(Must be within policy requirements.)*

2. Loss must be reported promptly to the proper Local Authorities as required by local Statutes, Regulations and/ or Code of Guam.

3. AMI, in turn, will immediately inform pertinent sub-brokers and underwriters.

II. Investigation of Loss:

1. As soon as loss is known, AMI staff will make the preliminary investigation including, but not limited to taking pictures of the damaged property and obtaining signed statements of witnesses, if any, etc. This report shall be forwarded to the insurer and AMI shall coordinate with the adjuster assigned.

2. The adjuster will then discuss with insured what needs to be done under the circumstances. AMI will provide the claims forms to the insured and will assist whenever necessary.

CLAIMS HANDLING PROCEDURES (Continued)...

III. Protection and Salvage of Damaged Property:

1. Reasonable efforts must be made by the insured to prevent further loss or damage to the property.

2. In the event that a salvage operation is needed to minimize loss, the insured must give full assistance and cooperation to the Adjusters.

IV. Substantiation of Loss:

Loss must be substantiated by documents whenever applicable, such as:

1. Commercial Invoice(s)
2. At least three estimates from a licensed or qualified individual or fir
3. Fully completed and signed Proof of Loss
4. Police Report / Fire Report
5. Financial Report or other forms of Accounting Records i.e. inventory, etc.
6. Signed statements of Insured's officers, employees and witnesses pertaining to the loss, if and when necessary
7. Blueprints of buildings or properties that suffered loss

V. Insured's Duties in the Event of Claim or Suit:

1. If a claim is made or suit is brought against the Insured, he shall immediately forward the company every demand, notice, summons or other process received by him or his representative.

2. The Insured shall cooperate with the company and, upon request, assist in making settlements, in the conduct of suits and enforcing any right of contribution or indemnity against any person or organization who may be liable to the Insured.

3. The Insured shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses.

4. The Insured shall not, except at his own cost, voluntarily make any payment.


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GUAM WATERWORKS AUTHORITY

BUSINESSOWNERS INSURANCE POLICY SPECIMEN

"Terms and Conditions contained therein will be provided to the Authority without change"

MOYLAN'S INSURANCE UNDERWRITERS, INC.
Home of the Good Guys and Gals
424 W OBrien Dr Ste 102
Hagatna GU 96910

BUSINESS OWNERS INSURANCE POLICY DECLARATION

Issued by Dongbu Insurance Company Ltd.

Policy Number:

Policy Period: **From** **to** **at 12:01 A.M. Standard Time**

Named Insured:

Address:

Policy Territory: **Guam**

Endorsements applicable to this Policy: Per Declaration Schedule attached

COVERAGES

Special Note: Insurance is provided with respect only to those coverages for which a premium is indicated

Section I - Buildings and Business Personal Property

Coverage	Limit of Insurance	Premium
Coverage A - Buildings [X] Replacement Cost Value [ ] Actual Cash Value basis	**Per attached schedule**	
Coverage B - Business Personal Property	**Per attached schedule**	

Premium Section I

Section II - Business Liability

Coverage	Limit of Insurance	Premium
Coverage C - Business Liability The Limit of Insurance with respect to the products and completed operations hazards combined are an aggregate limit for all occurrences during the policy Period.	Bodily Injury each occurrence aggregate	
	Property Damage each occurrence aggregate	
	Combined Single Limit each occurrence/ aggregate	
Coverage D - Medical Expenses	each Person each accident	

Premium Section II **$0.00**

2% Assessment Fee (Public Law 21-10)

Section III - Workmen's Compensation and Employers Liability

Coverage E - This Policy applies to the Workmen's Compensation Law and any Occupational Disease law of: **Guam**

Classification of Works	Code No.	Premium Basis	Rates	Estimated Annual Premium
Minimum Premium:		Total Estimated Annual Premium		

Coverage F - Employers Liability: Limit of Liability	Premium

Premium Section III **$0.00**

Other Coverages
In considering of the additional premium and subject to Endorsement(s) incorporated herein, this Policy is extended to cover the following:

Optional Coverage	Item	Limit of Insurance	Deductible	Premium

Premium **$0.00**

Total Premium **$**
Plus 2% Assessment Fee of G.L.

DONGBU INSURANCE COMPANY LTD.

By: _____
Authorized Signature
Moylan's Insurance Underwriters Inc.
Hagatna Branch
General Agent

Policy No.

Name of Insured:

DECLARATION SCHEDULE

Covered Causes of	**Per Attached Schedule of Covered Property**
Limit of Insurance:	**Per Attached Schedule of Covered Property**
Co-Insurance:	**Per Attached Schedule of Covered Property**
Deductible:	**Per Attached Schedule of Covered Property**

Subject to the following clauses/riders or endorsements marked "X" under the policy:

Section I - Building and Business Personal Property

Attached to and forming part of Part Two-Declarations Page

Effective Date of this Page: _____

Wherever a policy provision refers to the Declarations, such reference shall also apply to this Declaration

DONGBU INSURANCE COMPANY LTD.

By: _____

Authorized Signature

Moylan's Insurance Underwriters Inc.
Hagatna Branch
General Agent

CLT /COV /AGT /UND /REG

Named Insured:_____

SCHEDULE OF COVERED PROPERTY

DESCRIPTION	LIMITS
	$
Including:	
Sublimits	
	$
	$
	$
	$
	$
	$
Self-Insured Retentions	
	$
	$
TOTAL ANNUAL PREMIUM:	$

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the policy, exception as hereinafter set forth.

This endorsement is effective _____

Attached to and forming part of Policy No._____ of Dongbu Insurance Co., Ltd.

Date Issued: _____ By:_____

Moylan's Insurance Underwriters, Inc.
General Agent

ALL RISKS ENDORSEMENT

Except as hereinafter or hereinbefore excluded, this policy is hereby extended to insure against all risks of direct physical loss of or damage to the property covered from any external cause, and loss of income (if included in the Schedule) directly resulting from necessary interruption of the Insured's operations caused by such direct physical loss or damage.

Property Excluded

This policy does not insure against loss of or damage to:

a) aircraft, watercraft, vehicles licensed or designed for highway use;
b) animals, growing plants, standing timber, growing crops, trees, shrubs or lawns;
c) currency, money, notes, postage, stamps, securities, evidence of debt, letters of credit, railroad or other tickets;
d) jewelry, watches, pearls, precious and semi-precious stones, gold, silver, platinum, other precious metals or their alloys, bullion, furs and articles trimmed with fur except this exclusion shall not apply to industrial diamonds or precious metals or their alloys used for industrial purposes;
e) property sold by the insured under conditional sale, trust agreement, installment payment or other deferred payment plans, after delivery to customers;
f) architect fees, costs of excavations, grading and filling, underground flues, pipes, wiring (but not wiring in conduit), drains, brick or stone or concrete foundations, piers, or other supports below the undersurface of the lowest basement floor, land values;
g) property eligible for insurance coverage in Nuclear Energy Property Insurance Association or Mutual Atomic Energy Reinsurance Pool;
h) data processing equipment, and media (meaning all forms of converted data, program or instruction vehicles employed in the Insured's data processing operations).

Perils Excluded

This policy does not insure against loss or damage:

a) by any fraudulent or dishonest act or omission by any Insured(s) or by any authorized representative thereof, or by any employee thereof, while working or otherwise, and whether acting alone or in concert with others; this exclusion shall not apply to robbery, or to safe burglary committed by an employee of the Insured;
b) by explosion or rupture of steam pipes, steam turbines, steam engines, steam vessels or steam boilers, which are designed to be operated at pressures in excess of fifteen pounds per square inch, if owned by, leased by or operated under the control of the Insured;
c) by mechanical breakdown or malfunction, including rupture or bursting caused by centrifugal force;
d) for the cost of making good, faulty or defective workmanship or materials, errors in design, or latent defects, but this exclusion does not apply to loss or damage resulting such faulty or defective workmanship or materials, errors in design or latent defects;
e) caused by or resulting from delay, loss of market, loss of use;
f) by shrinkage, evaporation, loss of weight, contamination, change in flavor, color, texture or finish, change in temperature or humidity;
g) by deterioration, wear and tear, rust or corrosion, moth, vermin, termites or other insects or inherent vice;
h) to property while being actually worked upon and directly resulting therefrom, excepting ensuing loss from a peril not otherwise excluded by this policy;
i) by unexplained or mysterious disappearance, or shortage disclosed on taking inventory;
j) to electrical appliances or devices of any kind (including wiring) by artificially generated electrical current; however, this exclusion shall not apply to ensuing loss from a peril not otherwise excluded by this policy;

k) caused by or resulting from hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attach, by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or by military, naval or air forces; or by an agent of any such government, power, authority, or forces; any weapon of war employing atomic fission or radioactive force whether in time of peace or war; insurrection, rebellion, revolution, civil war, usurped power or action taken by governmental authority in hindering, combating or defending against such an occurrence; seizure or destruction under quarantine or customs regulations; confiscation by or destruction by order of any governmental or public authority; or risks of contraband or illegal trade;

l) by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, or due to any act or condition incident to any of the foregoing, and whether such loss be direct or indirect, proximate of remote, or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in this policy;

m) by wet or dry rot; smog; smoke, fumes or vapors from agricultural or industrial operations; settling, cracking, shrinkage or expansion of pavements, foundations, walls, floors, roofs or ceilings; rain, snow, sand or dust whether driven by wind or not, to personal property in the open;

n) by pilferage, burglary, larceny, theft or attempted theft if the described property had been vacant beyond a period of thirty (30) consecutive days immediately preceding the loss;

o) to fences, pavements, swimming pools and related equipment, retaining walls, bulkheads, piers, wharves or docks when loss is caused by water pressure, ice or impact of watercraft;

p) occasioned directly or indirectly by an ordinance or law regulation construction, repair or demolition of buildings or structures, equipment, machinery or any other real or personal property, or by the suspension, lapse, or cancellation of any lease, contract, or order, nor for any claim for recovery due to interference by strikers or other persons with rebuilding, repairing, or replacing property, or with the resumption or continuation of operations;

q) occasioned directly or indirectly by an ordinance, law, regulation, or order pertaining to the manufacture, packaging, labeling, sale or distribution of goods, wares, merchandise or other products by the Insured.

All other terms and conditions of the policy remain unaltered.

This endorsement is effective as of inception of the policy to which it is attached.

Attached to and forming part of Policy No. _____ issued to _____

_____.

DONGBU INSURANCE CO., LTD.

Date: _____ By: _____

EXCLUSION OF MOLD, FUNGUS, WET ROT, DRY ROT AND BACTERIA

We will not pay for loss or damage caused directly or indirectly by the presence, growth, proliferation, spread or any activity of mold, fungus, wet rot, dry rot and bacteria. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

We will not pay for loss or damage caused directly or resulting from continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 7 days and more.

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

DONGBU INSURANCE CO., LTD

Date issued:

By: _____

Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

SCHEDULES

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, the schedules of property included with these specifications represent, tot the best of the Insured's knowledge, a complete listing of the property it wishes to insure and the current replacement values thereof. The schedules are not to be used to establish sub-limits of coverage, nor are they to be considered as any for of valuation. The amount payable under this Policy shall not be limited by individual values shown on the schedule prepared for underwriters.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

WAIVER OF SUBROGATION - TENANTS

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, in event of loss, underwriters waive their rights of subrogation against any tenant occupying, renting or leasing property from the Insured.

Date Issued: _____

By:_____
Moylan's Insurance Underwrites, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

VALUATION

It is understood and agreed that, Recovery shall be made on the basis of one hundred percent (100%) of the property's current replacement value at the time and place of loss, subject to the limit of coverage provided by the Policy. The Insured shall not be required to rebuild damaged or destroyed structures on the same site nor with like kind and quality.

Date Issued: _____

By:_____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

MISREPRESENTATION & FRAUD

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, the insured shall not be prejudiced by an unintentional or inadvertent error, omission, incorrect valuation or incorrect description of the interest, risk or property; provided that notice is given to Underwriters as soon as practical after discovery of any such error or omission.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

CANCELLATION CLAUSE

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, if Underwriters desire to cancel this policy, other than for non-payment, they shall give not less than ninety (90) days prior written notice by email and Certified Mail to:

Greg P. Cruz, Chief Financial Officer
Guam Waterwroks Authority
P.O. Box 3010
Hagatna, Guam 96923
Email: gpcruz@guamwaterworks.org

Date Issued: _____

By:_____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

AUTOMATIC ACQUISITION

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, this policy is extended to cover additional property which may be acquired during the term of this policy. Values must be reported to underwriters during the policy period for determination of additional premium. The Insured may add property up to 5% of the total schedule without any additional premium.

Date Issued: _____

By:_____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

WAIVER OF COINSURANCE OR AVERAGE CLAUSE

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, in the event of loss, there shall be no application of a coinsurance or average clause in determining the recovery due the Insured.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

DEMOLITION COST

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, this policy also covers, within the sum insured, the cost of demolishing any undamaged portion of the building(s) covered under this policy including the cost of clearing the site resulting from enforcement of any state or municipal law or ordinance regulating the construction or repair of buildings and in force at the time of loss which necessitates such demolition

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

INCREASED COST OF CONSTRUCTION

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, the amount of insurance includes within the sum insured the actual amount of the increased costs of repair, rebuilding or construction resulting from the enforcement of any applicable law or ordinance regulating the construction or repair of buildings.

Date Issued: _____

By:_____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

DEMOLITION COST AND INCREASED TIME TO REBUILD

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, underwriters will be liable for loss to the interest insured by the Policy, caused by enforcement of any state or municipal law or ordinance regulating the construction or repair of buildings and in force at the time such loss occurs, which requires the demolition of any portion of the described building(s) not damaged by the peril(s) insured against. Underwriters will also be liable for loss due to the additional period of time required for repair or reconstruction, in conformity with the minimum standard of such law or ordinance.

Date Issued: _____

By:_____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

BUSINESS INTERRUPTION EXTENSION

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, coverage is extended to include the Actual Loss sustained by the Insured resulting directly from Interruption of Business for a period not to exceed twenty-four (24) calendar months.

Date Issued: _____

By:_____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

EXTRA EXPENSE EXTENSION

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, coverage is extended to include the necessary Extra Expense incurred by the Insured in order to continue as nearly as practicable the normal conduct of the insured's business following loss or damage to property insured by this policy.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

DENIAL OF ACCESS

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, this Policy is extended to cover the actual loss sustained when access to Insured's property is impaired or denied by order of civil authority, subject to a limitation of 4 weeks.

Date Issued: _____

By:_____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

JURISDICTION

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, this insurance shall be governed by and construed in accordance with the laws of Guam and the exclusive jurisdiction of the USA including Guam Courts. The seat of arbitration shall be Guam.

Date Issued: _____

By:_____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

PRESERVATION OF PROPERTY

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, the expenses incurred by the insured in taking reasonable and necessary actions for the temporary protection/preservation of property insured will be added to the total physical loss or damage subject to the applicable deductible and without increase in the limit contained in the policy.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

DAMAGE TO BUILDING EXTERIOR

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, any endorsement or clause that excludes coverage for loss or damage to paint; or waterproofing material applied to the exterior of a Buildings, or shingles of any material; applied to the exterior surface of Buildings shall be waived.

Date Issued: _____

By:_____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

DAMAGE TO BUILDING INTERIOR

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, any endorsement or clause that excludes coverage for damage to the inside of a building or property in the building caused by rain, sand, or dust unless the wind first damages the roof or wall and enters through the resulting opening shall be waived.

Date Issued: _____

By:_____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

EARTHQUAKE DAMAGE

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, any endorsement or clause that limits coverage to damage that weakens the structural frame or therefore the stability of the life of the building or structure shall be waived.

Any endorsement or clause that excludes loss for plaster cracks between masonry and gypsum board and any other deterioration of cement or plaster, as well as any damage caused by shrinkage, settling, deterioration and/or wear and tear shall be waived.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Name Insured:_____

Policy No. _____

MULTI-YEAR POLICY ENDORSEMENT

In consideration of the 10% Term Discount given the Insured for the ____( ) years term of this policy, it is hereby understood and agreed that:

(A) In the event the insured elects to have policy cancelled before the expiry of the ____year term, the insured shall refund to the company the equivalent of the 10% discount on the premium earned; such earned premium to be computed short rate on the gross annual premium, when cancellation is effected other than on the annual anniversary date of the policy.

(B) In the event the company cancels the policy before the expiry of the _____ year term, the insured shall not be obligated to refund any part of the 10% term discount. Any earned premium shall be computed on pro rata basis.

All other policy terms and conditions remain unaltered.

DONGBU INSURANCE CO., LTD.

Effective Date: _____

By:_____
Moylan's Insurance Underwriters , Inc.
General Agent

Payment Schedule Agreement

Insured's Name: _____

Installment No.	Amount Due	Due Date	Due Date	Due Date	Due Date	Due Date
Beginning Balance	$					
1						
2						
3						
4						
5						
6						

By acknowledging this Payment Schedule Agreement ("Agreement"), the Insured understands and agrees that failure to make payments according to the Agreement shall cause the entire unpaid balance to become due.

In the event it becomes necessary to retain the services of an attorney in our collection efforts, the Insured agrees to pay any and all attorney's fees equivalent to 15% of the unpaid balance.

Any unpaid balance shall be assessed interest at the rate of 12% per annum.

The Insured further understands and agrees that if a Total Loss claim is filed against the policy, the premium balance will be deducted from the loss proceeds. For Partial Losses, the payment schedule will remain the same. Where the payment schedule has not been followed and a claim has been filed, the Insured agrees that premium payments must be paid in FULL prior to settlement.

Nothing contained in this Agreement shall be construed to vary, alter, waive or change any of the terms, limits or conditions of the policy except as set forth herein.

This Agreement is effective _____

This Agreement shall be attached to and shall form part of Policy No._____ issued by Dongbu Insurance Company

Dongbu Insurance Co. Ltd.
By: Moylan's Insurance Underwriters, Inc.
General Agent

_____
Authorized Signature
Date:

Insured:

_____
Signature of Insured
Date:

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This insurance does not apply to TERRORISM, including injury or damage arising, directly or indirectly, out of a "certified act of terrorism".

"Certified act of terrorism" means an act that is certified by the Secretary of Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism and Risk Insurance Act of 2002. The criteria contained in that Act for a "certified act of terrorism" includes the following:

1. The act resulted in aggregate 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 on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

This endorsement fulfills the requirements of the U.S. Terrorism Risk Insurance Act of 2002.

Effective _____

All other terms and conditions remain

Attached to and forming part of Policy No. _____

issued to _____

effectiv _____

Dongbu Insurance Company Ltd.

Date: _____

By:

Authorized Representative
Moylan's Insurance Underwriters, Inc.
General Agent

RESOLUTION NO. 23-FY2017

EXHIBIT C (3 of 4)

BUSINESS OWNERS POLICY

Moylan's Insurance Underwriters, Inc.
SUITE 102 JULALE SHOPPING CENTER
424 WEST O'BRIEN DRIVE, HAGÅTÑA, GUAM 96910
TEL: (671) 477-8613, 7500, 8150
E-mail: agana@moylans.net • FAX: (671) 477-1837

General Agent for:

Dongbu Insurance Co., Ltd.
Seoul, Korea

PLEASE READ YOUR POLICY. If incorrect return for immediate correction.
Carefully note condition requiring immediate notice of every occurrence, claim or suit.
Loss, if any, please notify: Equitable Adjusting & Service at 477-8495

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PLEASE READ YOUR POLICY

If incorrect return for immediate correction. Carefully note conditions requiring immediate notice of every occurrence, claim or suit.

☒ Coverage

☐ No Coverage

BUSINESSOWNERS POLICY - SECTION I
BUILDINGS, BUSINESS PERSONAL PROPERTY COVERAGES

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this 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.

Other words and phrases that appear in quotation marks have special meaning. Refer to H—PROPERTY DEFINITIONS.

A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this policy, means the following types of property for which a Limit of Insurance is shown in the Declarations:

a. **Buildings**, meaning the buildings and structures at the premises described in the Declarations, including:

(1) Completed additions;

(2) Permanently installed fixtures, machinery and equipment;

(3) Your personal property in apartments or rooms furnished by you as landlord;

(4) Outdoor fixtures;

(5) Personal property owned by you that is used to maintain or service the buildings or structures or the premises, including:

(a) Fire extinguishing equipment;

(b) Outdoor furniture;

(c) Floor coverings; and

(d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

(6) If not covered by other insurance:

(a) Additions under construction, alterations and repairs to the buildings or structures;

(b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the buildings or structures.

b. **Business Personal Property** located in or on the buildings at the described premises or in the open (or in a vehicle) within 100 feet of the described premises, including:

(1) Property you own that is used in your business;

(2) Property of others that is in your care, custody or control; but this property is not covered for more than the amount for which you are legally liable, plus the cost of labor, materials or services furnished or arranged by you on personal property of others; and

(3) Tenant's improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:

(a) Made a part of the building or structure you occupy but do not own; and

(b) You acquired or made at your expense but cannot legally remove.

2. Property Not Covered

Covered Property does not include:

a. Aircraft, automobiles, motortrucks and other vehicles subject to motor vehicle registration;

b. Bullion, money or securities;

c. Contraband, or property in the course of illegal transportation or trade;

d. Land (including land on which the property is located), water, growing crops or lawns;

e. Outdoor fences, radio or television antennas, including their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants, all except as provided

in the:

(1) Outdoor Property Coverage Extension; or

(2) Outdoor Signs Optional Coverage;

f. Watercraft (including motors, equipment and accessories) while afloat.

3. Covered Causes of Loss

☐ **a. Fire.**

☐ **b. Lightning.**

☐ **c. Explosion**, including the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass. This cause of loss does not include loss or damage by:

(1) Rupture, bursting or operation of pressure relief devices; or

(2) Rupture bursting due to expansion or swelling of the contents of any building or structure, caused by or resulting from water.

☐ **d. Smoke** causing sudden and accidental loss or damage. This cause of loss does not include smoke from agricultural smudging or industrial operations.

☐ **e. Aircraft or Vehicles**, meaning only physical contact of an aircraft, a spacecraft, a self propelled missile, a vehicle or an object thrown up by a vehicle with the Covered Property or with the building or structure containing the Covered Property. This cause of loss includes loss or damage by objects falling from aircraft.

We will not pay for loss or damage caused by or resulting from vehicles you own or operate.

☐ **f. Windstorm or Hail, but not including:**

(1) Frost or cold weather;

(2) Ice (other than hail), snow or sleet whether driven by wind or not;

(3) Loss of or damage to awnings or canopies of fabric or slat construction, including their supports, outside of buildings; or

(4) Loss of or damage to the interior of any building or structure, or the property inside the building or structure, caused by rain, snow, sand or dust, whether driven by wind or not, unless the building or structure first sustains wind or hail damage to its roof or walls through which the rain, snow, sand or dust enters.

☐ **g. Riot or Civil Commotion, including:**

(1) Acts of striking employees while occupying the described premises; and

(2) Looting occurring at the time and place of a riot or civil commotion.

☐ **h. Vandalism**, meaning willful and malicious damage to, or destruction of, Covered Property.

We will not pay for loss or damage:

(1) To glass (other than glass building blocks) that is part of a building, structure, or an outdoor sign; but we will pay for loss of or damage to other property caused by or resulting from breakage of glass by vandals.

(2) Caused by or resulting from theft, except for building damage caused by the breaking in or exiting of burglars.

☐ **i. Sprinkler Leakage**, meaning leakage or discharge of any substance from an Automatic Sprinkler System, including collapse of a tank that is part of the system.

If the building or structure containing the Automatic Sprinkler System is Covered Property, we will also pay the cost to:

(1) Repair or replace damaged parts of the Automatic Sprinkler System if the damage:

(a) Results in sprinkler leakage; or

(b) Is directly caused by freezing.

(2) Tear out and replace any part of the building or structure to repair damage to the Automatic Sprinkler System that has resulted in sprinkler leakage.

Automatic Sprinkler System means:

(a) Any automatic fire protective or extinguishing system, including connected:

(i) Sprinklers and discharge nozzles;

(ii) Ducts, pipes, valves and fittings;

(iii) Tanks, their component parts and supports; and

(iv) Pumps and private fire protection mains.

(b) When supplied from an automatic fire protective system:

(i) Non-automatic fire protective systems; and

(ii) Hydrants, standpipes and outlets.

☐ j. **Sinkhole Collapse,** meaning loss or damage caused by the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or similar rock formations. This cause of loss does not include the cost of filling sinkholes.

☐ k. **Volcanic Action,** meaning direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

(1) Airborne volcanic blast or airborne shock waves;

(2) Ash, dust or particulate matter; or

(3) Lava flow.

All volcanic eruptions that occur within any 72-hour period will constitute a single occurrence. This cause of loss does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss of or damage to Covered Property.

☐ l. **Transportation**, meaning loss or damage caused by:

(1) Collision, derailment or overturn of a vehicle;

(2) Stranding or sinking of vessels; and

(3) Collapse of bridges, culverts, piers, wharves or docks.

This cause of loss applies only to Covered Property in course of transit.

4. Additional Coverages

☐ **a. Debris Removal**

(1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the earlier of:

(a) The date of direct physical loss or damage; or

(b) The end of the policy period.

(2) The most we will pay under this Additional Coverage is 25% of:

(a) The amount we pay for the direct loss or damage; plus

(b) The deductible in this policy applicable to that loss or damage. But this limitation does not apply to any additional debris removal limit provided in paragraph (4) below.

(3) This Additional Coverage does not apply to costs to:

(a) Extract "pollutants" from land or water: or

(b) Remove, restore or replace polluted land or water.

(4) If:

(a) The sum of loss or damage and debris removal expense exceeds the Limit of Insurance; or

(b) The debris removal expense exceeds the amount payable under the 25% Debris Removal coverage limitation in paragraph (2) above:

We will pay up to an additional $5,000 for each location in any one occurrence under the Debris Removal Additional Coverage.

☐ **b. Preservation of Property**

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss of or damage to that property:

(1) While it is being moved or while temporarily stored at another location; and

(2) Only if the loss or damage occurs within 10 days after the property is first moved.

☐ **c. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to $1,000 for your liability for fire department service charges:

(1) Assumed by contract or agreement prior to loss; or

(2) Required by local ordinance.

☐ **d. Business Income**

We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to property at the described premises, including personal property in the open (or in a vehicle) within 100 feet, caused by or resulting from any Covered Cause of Loss.

We will only pay for loss of Business Income that occurs within 12 consecutive months after the date of direct physical loss or damage. This Additional Coverage is not subject to the Limits of Insurance.

Business Income means the:

(1) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

(2) Continuing normal operating expenses incurred, including payroll.

☐ **e. Extra Expense**

We will pay necessary Extra Expense you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property at the described premises, including personal property in the open (or in a vehicle) within 100 feet, caused by or resulting from a Covered Cause of Loss.

Extra Expense means expense incurred:

(1) To avoid or minimize the suspension of business and to continue "operations":

(a) At the described premises; or

(b) At replacement premises or at temporary locations, including:

(i) Relocation expenses; and

(ii) Costs to equip and operate the replacement or temporary locations.

(2) To minimize the suspension of business if you cannot continue "operations".

(3) (a) To repair or replace any property; or

(b) To research, replace or restore the lost information on damaged valuable papers and records;
to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage or Additional Coverage d., Business Income.

We will only pay for Extra Expense that occurs within 12 consecutive months after the date of direct physical loss or damage. This Additional Coverage is not subject to the Limits of Insurance.

☐ **f. Pollutant Clean Up and Removal**

We will pay your expense to extract "pollutants" from land or water at the described premises if the release, discharge or dispersal of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the earlier of:

(1) The date of direct physical loss or damage; or

(2) The end of the Policy period.

The most we will pay for each location under this Additional Coverage is $10,000 for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

5. Coverage Extensions

In addition to the Limits of Insurance, you may

extend the insurance provided by this policy as follows:

☐ **a. Personal Property at Newly Acquired Premises**

(1) You may extend the insurance that applies to Business Personal Property to apply to that property at any premises you acquire.

The most we will pay for loss or damage under this Extension is $10,000 at each premises.

(2) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires.

(b) 30 days expire after you acquire or begin construction at the new premises; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the premises.

☐ **b. Personal Property Off Premises**

You may extend the insurance that applies to Business Personal Property to apply to covered Business Personal Property, other than money and securities, while it is in course of transit or temporarily at a premises you do not own, lease or operate. The most we will pay for loss or damage under this Extension is $1,000.

☐ **c. Outdoor Property**

You may extend the insurance provided by this policy to apply to your outdoor fences, radio and television antennas, signs (other than signs attached to buildings) trees, shrubs and plants, including debris removal expense, caused by or resulting from any of the following causes of loss:

(1) Fire;

(2) Lightning;

(3) Explosion;

(4) Riot or Civil Commotion; or

(5) Aircraft.

The most we will pay for loss or damage under this Extension is $1,000, but not more than $250 for any one tree, shrub or plant.

☐ **d. Valuable Papers and Records Cost of Research**

You may extend the insurance that applies to Business Personal Property to apply to your costs to research, replace or restore the lost information on lost or damaged valuable papers and records, including those which exist on electronic or magnetic media, for which duplicates do not exist. The most we will pay under this Extension is $1,000 at each described premises.

B. EXCLUSIONS

1. 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 other cause or event that contributes concurrently or in any sequence to the loss.

a. Building Ordinance

The enforcement of any ordinance or law:

(1) Regulating the construction, use or repair of any property; or

(2) Requiring the tearing down of any property, including the cost of removing its debris.

b. Earth Movement

(1) Any earth movement (other than sink hole collapse), such as an earthquake, landslide or earth sinking, rising or shifting. But if loss or damage by fire or explosion results, we will pay for that resulting loss or damage.

(2) Volcanic eruption, explosion or effusion. But if loss or damage by fire or volcanic action results, we will pay for that resulting loss or damage.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire

would be covered under this policy.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if loss or damage by fire results, we will pay for that resulting loss or damage.

e. Power Failure

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises.

But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

f. War and Military Action

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

(1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;

(2) Mudslide or mudflow;

(3) Water that backs up from a sewer or drain; or

(4) Water under the ground surface pressing on, or flowing or seeping through:

(a) Foundations, walls, floors or paved surfaces;

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings.

But if loss or damage by fire, explosion or sprinkler leakage results, we will pay for that resulting loss or damage.

2. We will not pay for loss or damage caused by or resulting from:

a. Electrical Apparatus: Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires.

But if loss or damage by fire results, we will pay for that resulting loss or damage.

b. Burst Piping: Rupture or bursting of water pipes (other than Automatic Sprinkler Systems) unless caused by a Covered Cause of Loss.

c. Water Discharge: Leakage or discharge of water or steam resulting from the breaking or cracking of any part of a system or appliance containing water or steam (other than an Automatic Sprinkler System), unless the system or appliance is damaged by a Covered Cause of Loss.

d. Steam Apparatus: Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control.

But if loss or damage by fire or combustion explosion results, we will pay for that resulting loss or damage.

e. Mechanical Breakdown: Mechanical breakdown, including rupture or bursting caused by centrifugal force.

But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

3. **Business Income and Extra Expense Exclusions.** We will not pay for:

a. Any Extra Expense, or increase of Business Income loss, caused by or resulting from:

(1) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

(2) Suspension, lapse or cancellation of

any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations", we will cover such loss that affects your Business Income during the "period of restoration".

b. Any other consequential loss.

C. LIMITS OF INSURANCE

1. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

2. The most we will pay for loss of or damage to outdoor signs attached to buildings is $1,000 per sign in any one occurrence.

3. The limits applicable to the Coverage Extensions and the Fire Department Service Charge and Pollutant Clean Up and Removal Additional Coverages are in addition to the Limits of Insurance.

4. Building Limit - Automatic Increase

   a. The Limit of Insurance for Buildings will automatically increase by the annual percentage shown in the Declarations.

   b. The amount of increase will be:

      (1) The Building limit that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Building limit, times

      (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times

      (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Building limit, divided by 365.

   Example:

   If: The applicable Building limit is $100,000. The annual percentage increase is 8%. The number of days since the beginning of the policy year (or last policy change) is 146.

   The amount of increase is $100,000 x .08 x 146 ÷ 365 = $3,200.

5. Business Personal Property Limit - Seasonal Increase

   a. The Limit of Insurance for Business Personal Property will automatically increase by 25% to provide for seasonal variations.

   b. This increase will apply only if the Limit of Insurance shown for Business Personal Property in the Declarations is at least 100% of your average monthly values during the lesser of:

      (1) The 12 months immediately preceding the date the loss or damage occurs; or

      (2) The period of time you have been in business as of the date the loss or damage occurs.

D. DEDUCTIBLES

1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Insurance.

2. Regardless of the amount of the Deductible, the most we will deduct from any loss or damage under all of the following Optional Coverages in any one occurrence is $250:

   a. Burglary and Robbery;

   b. Employee Dishonesty;

   c. Exterior Grade Floor Glass; and

   d. Outdoor Signs.

   But this $250 deductible will not increase the deductible shown in the Declarations. This deductible will be used to satisfy the requirements of the deductible in the Declarations.

3. No deductible applies to the following Additional Coverages:

   a. Fire Department Service Charge;

   b. Business Income; and

   c. Extra Expense.

E. PROPERTY LOSS CONDITIONS

1. **Abandonment**

   There can be no abandonment of any property to us.

2. **Appraisal**

   If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having Jurisdiction. The appraisers will state separately the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

   a. Pay its chosen appraiser; and

   b. Bear the other expenses of the appraisal and umpire equally.

   If, we submit to an appraisal, we will still retain our right to deny the claim.

3. **Duties In The Event Of Loss Or Damage**

   You must see that the following are done in the event of loss or damage to Covered Property:

   a. Notify the police if a law may have been broken.

   b. Give us prompt notice of the loss or damage. Include a description of the property involved.

   c. As soon as possible, give us a description of how, when and where the loss or damage occurred.

   d. Take all reasonable steps to protect the Covered Property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs for consideration in the settlement of the claim. This will not increase the limit of insurance.

   e. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

   f. Permit us to inspect the property and records proving the loss or damage.

   g. If requested, permit us to question you under oath at such times as may be reasonably required about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed.

   h. Send us a signed, sworn statement of loss containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

   i. Cooperate with us in the investigation or settlement of the claim.

   j. Resume all or part of your "operations" as quickly as possible.

4. **Legal Action Against Us**

   No one may bring a legal action against us under this insurance unless:

   a. There has been full compliance with all of the terms of this insurance; and

   b. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

5. **Limitation - Electronic Media and Records**

   We will not pay for any loss of Business Income caused by direct physical loss of or damage to Electronic Media and Records after the longer of:

   a. 60 consecutive days from the date of direct physical loss or damage; or

   b. The period, beginning with the date of direct physical loss or damage, necessary to repair, rebuild or replace with reasonable speed and similar quality, other property at the described premises due to loss or damage caused by the same occurrence.

   Electronic Media and Records are:

   (1) Electronic data processing, recording or storage media such as films, tapes, discs, drums or cells;

   (2) Data stored on such media; or

(3) Programming records used for electronic data processing or electronically controlled equipment.

Example No. 1:

A Covered Cause of Loss damages a computer on June 1. It takes until September 1 to replace the computer, and until October 1 to restore the data that was lost when the damage occurred. We will only pay for the Business Income loss sustained during the period June 1-September 1. Loss during the period September 2-October 1 is not covered.

Example No. 2:

A Covered Cause of Loss results in the loss of data processing programming records on August 1. The records are replaced on October 15. We will only pay for the Business Income loss sustained during the period August 1 - September 29 (60 consecutive days). Loss during the period September 30-October 15 is not covered.

6. Loss Payment

In the event of loss or damage covered by this policy:

a. We will not pay you more than your financial interest in the Covered Property.

b. We will either:

(1) Pay the value of lost or damaged property, as described in paragraph d. below;

(2) Pay the cost of repairing or replacing the lost or damaged property, plus any reduction in value of repaired items;

(3) Take all or any part of the property at an agreed or appraised value; or

(4) Repair, rebuild or replace the property with other property of like kind and quality.

c. We will give notice of our intentions within 30 days after we receive the sworn statement of loss.

d. We will determine the value of Covered Property as follows:

(1) At replacement cost (without deduction for depreciation), except as provided in (2) through (7) below.

(a) You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.

(b) We will not pay on a replacement cost basis for any loss or damage:

(i) Until the loss or damaged property is actually repaired or replaced; and

(ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

(c) We will not pay more for loss or damage on a replacement cost basis than the least of:

(i) The cost to replace, on the same premises, the lost or damaged property with other property:

I. Of comparable material and quality; and

ii. Used for the same purpose; or

(ii) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

(2) If the "Actual Cash Value-Buildings" option applies, as shown in the Declarations, paragraph (1) above does not apply to Buildings. Instead, we will determine the value of Buildings at actual cash value.

(3) The following property at actual cash value:

(a) Used or second-hand merchandise held in storage or for sale;

(b) Property of others;

(c) Household contents, except personal property in apartments or rooms furnished by you as landlord;

(d) Manuscripts;

(e) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac.

(4) Glass at the cost of replacement with safety glazing material if required by law.

(5) Tenants' Improvements and Betterments at:

(a) Replacement cost if you make repairs promptly.

(b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:

(i) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and

(ii) Divide the amount determined in (i) above by the number of days from the installation of improvements to the expiration of the lease. If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

(c) Nothing if others pay for repairs or replacement.

(6) Valuable Papers and Records, including those which exist on electronic or magnetic media (other than prepackaged software programs), at the cost of:

(a) Blank materials for reproducing the records; and

(b) Labor to transcribe or copy the records.

(7) Applicable only to the Optional Coverages:

(a) Money at its face value; and

(b) Securities at their value at the close of business on the day the loss is discovered.

The value of United States Government Internal Revenue taxes and custom duties and refundable state and local taxes paid or fully determined on the following property held for sale will not be considered in determining the value of Covered Property:

(a) Distilled spirits;

(b) Wines;

(c) Rectified products; or

(d) Beer.

e. Our payment for loss of or damage to personal property of others will only be for the account of the owners of the property. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

g. We will pay for covered loss or damage within 30 days after we receive the sworn statement of loss, if:

(1) You have complied with all of the terms of this policy; and

(2) (a) We have reached agreement with you on the amount of loss; or

(b) An appraisal award has been made.

7. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, you may retain the property. But then you must return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

8. Resumption of Operations

We will reduce the amount of your:

a. Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

b. Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

9. Vacancy

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage, we will:

a. Not pay for any loss or damage caused by:

(1) Vandalism; or

(2) Sprinkler leakage unless you have protected the system against freezing.

b. Reduce the amount we would otherwise pay for the loss or damage by 15%.

Buildings under construction are not considered vacant.

F. PROPERTY GENERAL CONDITIONS

1. Control of Property

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

If you violate a condition of this policy, we will not pay for loss or damage at the involved location. But your coverage will continue for other locations at which the violation does not apply.

2. Mortgage Holders

a. The term "mortgage holder" includes trustee.

b. We will pay for covered loss of or damage to buildings or structures to each mortgage holder shown in the Declarations in their order of precedence, as interests may appear.

c. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the building or structure.

d. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the mortgage holder will still have the right to receive loss payment if the mortgage holder:

(1) Pays any premium due under this policy at our request if you have failed to do so;

(2) Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so; and

(3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgage holder.

All of the terms of this policy will then apply directly to the mortgage holder.

e. If we pay the mortgage holder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:

(1) The mortgage holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

(2) The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At our option, we may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

f. If we cancel this policy, we will give written notice to the mortgage holder at least:

(1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

(2) 30 days before the effective date of cancellation if we cancel for any other reason.

g. If we do not renew this policy, we will give written notice to the mortgage holder at least 10 days before the expiration date of this policy.

3. No Benefit to Bailee

No person or organization, other than you having custody of Covered Property will benefit from this insurance.

4. Policy Period, Coverage Territory

Under this form:

a. We cover loss or damage commencing:

(1) During the policy period shown in the Declarations; and

(2) Within the coverage territory or, with respect to property in transit, while it is between points in the coverage territory.

b. The coverage territory is:

(1) The United States of America (including its territories and possessions);

(2) Puerto Rico; and

(3) Canada.

G. OPTIONAL COVERAGES

If shown as applicable in the Declarations, the following Optional Coverages also apply. These coverages are subject to the terms and conditions applicable to property coverage in this policy, except as provided below.

☐ **1. Outdoor Signs**

a. We will pay for direct physical loss of or damage to all outdoor signs at the described premises:

(1) Owned by you; or

(2) Owned by others but in your care, custody or control.

b. Paragraph A.3., Covered Causes of Loss, and Section B., Exclusions, do not apply to this Optional Coverage, except for:

(1) Paragraph B.1.c., Governmental Action;

(2) Paragraph B.1.d., Nuclear Hazard; and

(3) Paragraph B.1.f., War and Military Action.

c. We will not pay for loss or damage caused by or resulting from:

(1) Wear and tear;

(2) Hidden or latent defect;

(3) Rust;

(4) Corrosion; or

(5) Mechanical breakdown.

d. The most we will pay for loss of or damage in any one occurrence is the Limit of Insurance for Outdoor Signs shown in the Declarations.

e. The provisions of this Optional Coverage supersede all other references to outdoor signs in this policy.

☐ **2. Exterior Grade Floor Glass**

a. We will pay for direct physical loss of or damage to all exterior grade floor and basement glass, including all lettering and ornamentation, located at the described premises and:

(1) Owned by you; or

(2) Owned by others but in your care, custody or control.

b. We will also pay for necessary:

(1) Expenses incurred to put up temporary plates or board up openings;

(2) Repair or replacement of encasing frames; and

(3) Expenses incurred to remove or replace obstructions.

c. Paragraph A.3., Covered Causes of Loss, and Section B., Exclusions, do not apply to this Optional Coverage, except for:

(1) Paragraph B.1.c., Governmental Action;

(2) Paragraph B.1.d., Nuclear Hazard; and

(3) Paragraph B.1.f., War and Military Action.

d. We will not pay for loss or damage caused by or resulting from:

(1) Wear and tear;

(2) Hidden or latent defect;

(3) Corrosion; or

(4) Rust.

☐ **3. Burglary and Robbery**

a. We will pay for direct physical loss of or damage to Business Personal Property, including money and securities, at the described premises resulting directly from actual or attempted:

(1) Burglary, meaning the taking of property from

inside the described premises by a person unlawfully entering or leaving the premises as evidenced by marks of forcible entry or exit; or

(2) Robbery, meaning the taking of property from the care and custody of a person by one who has:

(a) Caused or threatened to cause that person bodily harm; or

(b) Committed an obviously unlawful act witnessed by the person from whom the property was taken.

b. Coverage for money and securities extends to that property while at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee having care and custody of the property, at the described premises, or in transit between any of these places.

c. We will not pay for loss or damage:

(1) To household and personal effects in living quarters occupied by you, your partner, officer, director or stockholder or any relative of any of these.

(2) To accounts, deeds, evidences of debt and manuscripts.

(3) Of property that is missing when there is no physical evidence to show what happened to it, such as shortage disclosed on taking inventory.

(4) Resulting from any dishonest or criminal act:

(a) That you or any of your partners commit whether acting alone or in collusion with other persons; or

(b) Committed by any of your employees, directors, trustees or authorized representatives:

(i) Acting alone or in collusion with other persons; or

(ii) While performing services for you or otherwise.

(5) Resulting from voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

(6) Of property that has been transferred to a person or place outside the described premises on the basis of unauthorized instructions.

(7) Resulting from delay, loss of use or loss of market.

(8) Occurring during a fire at the described premises.

d. The most we will pay for loss or damage in any one occurrence is:

(1) The limit shown in the Declarations for Inside the Premises for money and securities while:

(a) In or on the described premises; or

(b) Within a bank or savings institution:

(2) The limit shown in the Declarations for Outside the Premises for money and securities while any where else; and

(3) 25% of the Business Personal Property Limit of Insurance for all other property. But each of the following types of property are covered only up to $2,500:

(a) Furs, fur garments and garments trimmed with fur;

(b) Jewelry, watches, watch movements, jewels, precious and semi-precious stones, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth $100 or less per item; and

(c) Patterns, dies, molds and forms.

e. All loss or damage:

(1) Caused by one or more persons; or

(2) Involving a single act or series of related acts;
is considered one occurrence.

☐ **4. Employee Dishonesty**

a. We will pay for direct loss of or damage to Business Personal Property, including money and securities, resulting from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:

(1) Cause you to sustain loss or damage; and also

(2) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:

(a) Any employee: or

(b) Any other person or organization.

b. We will not pay for loss or damage:

(1) Resulting from any dishonest or criminal act that you or any of your partners commit whether acting alone or in collusion with other persons.

(2) The only proof of which as to its existence or amount is:

(a) An inventory computation; or

(b) A profit and loss computation.

c. The most we will pay for loss or damage in any one occurrence is the Limit of Insurance for Employee Dishonesty shown in the Declarations.

d. All loss or damage:

(1) Caused by one or more persons; or

(2) Involving a single act or series of related acts;
is considered one occurrence.

e. We will pay only for loss or damage you sustain through acts committed or event occurring during the Policy Period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

f. This Optional Coverage does not apply to any employee immediately upon discovery by:

(1) You; or

(2) Any of your partners, officers or directors not in collusion with the employee; of any dishonest act committed by that employee before or after being hired by you.

g. We will pay only for covered loss or damage discovered no later than one year from the end of the Policy Period.

h. If you (or any predecessor in interest) sustained loss or damage during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Optional Coverage, provided:

(1) This Optional Coverage became effective at the time of cancellation or termination of the prior insurance; and

(2) The loss or damage would have been covered by this Optional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.

i. The insurance under paragraph h. above is part of, not in addition to, the Limit of Insurance applying to this Optional Coverage and is limited to the lesser of the amount recoverable under:

(1) This Optional Coverage as of its effective date; or

(2) The prior insurance it had remained in effect.

☐ **5. Mechanical Breakdown**

a. We will pay for direct damage to Covered Property caused by an Accident to an Object. The Object must be:

(1) Owned by you or in your care, custody or control; and

(2) At the described premises.

b. Accident means a sudden and accidental breakdown of the Object or a part of the Object. At the time the breakdown occurs, it must manifest itself by physical damage to the Object that necessitates repair or replacement.

c. None of the following is an Accident:

(1) Depletion, deterioration, corrosion or erosion;

(2) Wear and tear;

(3) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;

(4) Breakdown of any vacuum tube, gas tube or brush;

(5) Breakdown of any electronic computer or electronic data processing equipment;

(6) Breakdown of any structure or foundation supporting the Object or any of its parts;

(7) The functioning of any safety or protective device; or

(8) The explosion of gases or fuel within the furnace of any Object or within the flues or passages through which the gases of combustion pass.

d. Object means any of the following equipment:

(1) Boiler and Pressure Vessels:

(a) Steam heating boilers and condensate return tanks used with them;

(b) Hot water heating boilers and expansion tanks used with them;

(c) Hot water supply boilers;

(d) Other fired or unfired vessels used for maintenance or service of the described premises but not used for processing or manufacturing;

(e) Steam boiler piping, valves, fittings, traps and separators, but only if they:

(i) Are on your premises or between parts of your premises;

(ii) Contain steam or condensate of steam; and

(iii) Are not part of any other vessel or apparatus;

(f) Feed water piping between any steam boiler and a feed pump or injector.

(2) Air Conditioning Units - Any air conditioning unit that has a capacity of 60,000 BTU or more, including:

(a) Inductors, converters and coils that make use of a refrigerant and form part of a cooling, humidity control or space heating system;

(b) Interconnecting piping, valves and fittings containing only a refrigerant, water, brine or other solution;

(c) Vessels heated directly or indirectly that:

(i) Form part of an absorption type system; and

(ii) Function as a generator, refrigerator or concentrator;

(d) Compressors, pumps, fans and blowers used solely with the system together with their driving electric motors; and

(e) Control equipment used solely with the system.

e. Object does not mean:

(1) As Boiler and Pressure Vessels:

(a) Equipment that is not under internal vacuum or internal pressure other than weight of contents;

(b) Boiler settings;

(c) Insulating or refractory material; or

(d) Electrical, reciprocating or rotating apparatus within or forming a part of the boiler or vessel.

(2) As Air Conditioning Units, any:

(a) Vessel, cooling tower, reservoir or other source of cooling water for a condenser or compressor, or any water piping leading to or from that source; or

(b) Wiring or piping leading to or from the unit.

f. We will not pay for an Accident to any Object while being tested.

g. Suspension

Whenever an Object is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an Accident to that Object. This can be done by delivering or mailing a written notice of suspension to:

(1) Your last known address; or

(2) The address where the Object is located.

If we suspend your insurance, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

H. PROPERTY DEFINITIONS

1. **"Operations"** means your business activities occurring at the described premises.

2. **"Period of Restoration"** means the period of time that:

   a. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

   b. Ends on the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality.

   "Period of restoration" does not include any increased period required due to the enforcement of any law that:

   (1) Regulates the construction, use or repair, or requires the tearing down of any property; or

   (2) Regulates the prevention, control, repair, clean-up or restoration of environmental damage.

   The expiration date of this policy will not cut short the "Period of restoration".

3. **"Pollutants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, re conditioned or reclaimed.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
SECTION I - BUSINESS OWNERS FIRE POLICY PROVISIONS

The endorsement modifies insurance provided under the following:

BUSINESSOWNERS POLICY

The provisions of the Standard Fire Policy are stated below. State law still requires that they be attached to all policies. If any conditions of this form are construed to be more liberal than any other policy conditions relating to the perils of fire, lightning or removal, the conditions of this form will apply.

IN CONSIDERATION OF THE PROVISIONS AND STIPULATIONS HEREIN OR ADDED HERETO, AND OF THE PREMIUM SPECIFIED in the Declarations or in endorsements made a part hereof, this Company, for the term of *years* specified in the Declarations from inception date shown in the Declarations at 12.00 noon (Standard Time) to expiration date shown in the Declarations at 12.00 noon (Standard Time) at location of property involved, to an amount not exceeding the limit of liability specified in the Declarations, does insure the Insured named in the Declarations and legal representatives, to the extent of the actual cash value of the property at the time of loss, but not exceeding the amount which it would cost to repair or replace the property with material of like kind and quality within a reasonable time after such loss, without allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair, and without compensation for loss resulting from interruption of business or manufacture, nor in any event for more than the interest of the insured, against all DIRECT LOSS BY FIRE, LIGHTNING AND OTHER PERILS INSURED AGAINST IN THIS POLICY INCLUDING REMOVAL FROM PREMISES ENDANGERED BY THE PERILS INSURED AGAINST IN THIS POLICY, EXCEPT AS HEREINAFTER PROVIDED, to the property described in the Declarations while located or contained as described in this policy, or pro rata for five days at each proper place to which any of the property shall necessarily be removed for preservation from the perils insured against this policy, but not elsewhere.

Assignment of this policy shall not be valid except with the written consent of this Company.

This policy is made and accepted subject to the foregoing

provisions and stipulations and those hereinafter stated, which are hereby made a part of this policy, together with such other provisions, stipulations and agreements as may be added hereto, as provided in this policy.

Concealment, fraud. This entire policy shall be void if, whether before or after a loss, the insured has willfully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof or the interest of the insured therein, or in case of any fraud or false swearing by the insured relating thereto.

Uninsurable and excepted property. This policy shall not cover accounts, bills, currency, deeds, evidences of debt, money or securities; nor, unless specifically named hereon in writing, bullion or manuscripts.

Perils not included. This Company shall not be liable for loss by fire or other perils insured against in this policy caused, directly or indirectly, by (a) enemy attack by armed forces, including action taken by military naval or air forces in resisting an actual or an immediately impending enemy attack, (b) invasion, (c) insurrection, (d) rebellion, (e) revolution, (f) civil war, (g) usurped power, (h) order of any civil authority except acts of destruction at the time of and for the purpose of preventing the spread of fire, provided that such fire did not originate from any of the perils excluded by this policy, (i) neglect of the insured to use all reasonable means to save and preserve the property at and after a loss, or when the property is endangered by fire in neighboring premises, (j) nor shall this Company be liable for loss by theft.

Other insurance. Other insurance may be prohibited or the amount of insurance may be limited by endorsement attached hereto.

Conditions suspending or restricting insurance. Unless otherwise provided in writing added hereto this Company shall not be liable for loss occurring

(a) while the hazard is increased by any means within the control or knowledge of the insured, or

(b) while a described building, whether intended for occupancy owner or tenant, is vacant or unoccupied beyond a period of sixty consecutive days; or

(c) as a result of explosion or riot, unless fire ensue, and in that event for loss of fire only.

Other perils or subjects. Any other peril to be insured against or subject of insurance to be covered in this policy shall be by endorsement in writing hereon or added hereto.

Added provisions. The extent of the application of insurance under this policy and of the contribution to be made by this Company in case of loss, and any other provision or agreement not inconsistent with the provisions of this policy, may be provided for in writing added hereto, but no provision may be waived except such as by the terms of this policy is subject to change.

Waiver provisions. No permission affecting this insurance shall exist, or waiver of any provision be valid, unless granted herein or expressed in writing added hereto. No provision, stipulation or forfeiture shall be held to be waived by any requirement or proceeding on the part of this Company relating to appraisal or to any examination provided for herein.

Cancellation of policy. This policy shall be canceled at any time at the request of the insured, in which case this Company shall, upon demand and surrender of this policy, refund the excess of paid premium above the customary short rates for the expired time. This policy may be canceled at any time by this Company by giving to the insured a five days' written notice of cancellation with or without tender of the excess of paid premium above the pro rata premium for the expired time, which excess, if not tendered, shall be refunded on demand. Notice of cancellation shall state that excess premium (if not tendered) will be refunded on demand.

Mortgagee interests and obligations. If loss hereunder is made payable, in whole or in part, to a designated mortgagee not named herein as the insured, such interest in this policy may be canceled by giving to such mortgagee a ten days' written notice of cancellation.

If the insured fails to render proof of loss such mortgagee, upon notice, shall render proof of loss in the form herein specified within sixty (60) days thereafter and shall be subject to the provisions hereof relating to appraisal and time of payment and of bringing suit. If this Company shall claim that no liability existed as to the mortgagor or owner, it shall, to the extent of payment of loss to the mortgagee, be subrogated to all the mortgagee's rights of recovery, but without impairing mortgagee's right to sue; or it may pay off the mortgage debt and require an assignment thereof and of the mortgage. Other provisions relating to the interests and obligations of such mortgagee may be added hereto by agreement in writing.

Pro rata liability. This Company shall not be liable for a greater proportion of any loss than the amount hereby insured shall bear to the whole insurance covering the property against the peril involved, whether collectible or not.

Requirement in case loss occurs. The insured shall give immediate written notice to this Company of any loss, protect the property from further damage, forthwith separate the damaged and undamaged personal property, put it in the best possible order, furnish a complete inventory of the destroyed, damaged and undamaged property, showing in

detail quantities, costs, actual cash value and amount of loss claimed; and within sixty days after the loss, unless such time is extended in writing by this Company, the insured shall render to this Company a proof of loss, signed and sworn to by the insured, stating the knowledge and belief of the insured as to the following; the time and origin of the loss, the interest of the insured and of all others in the property, the actual cash value of each item thereof and the amount of loss thereto, all encumbrances thereon, all other contracts of insurance, whether valid or not, covering any of said property, any changes in the title, use, occupation, location, possession or exposures of said property since the issuing of this policy, by whom and for what purpose any building herein described and the several parts thereof were occupied at the time of loss and whether or not it then stood on leased ground, and shall furnish a copy of all the descriptions and schedules in all policies and, if required verified plans and specifications of any building, fixtures or machinery destroyed or damaged. The insured, as often as may be reasonably required, shall exhibit to any person designated by the Company all that remains of any property herein described, and submit to examinations under oath by any person named by this Company, and subscribe the same; and, as often as may be reasonably required, shall produce for examination all books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by this Company or its representative, and shall permit extracts and copies thereof to the made.

Appraisal. In case the insured and this Company shall fail to agree as to the actual cash value or the amount of loss, then, on the written demand of either, each shall select a competent and disinterested appraiser and notify the other of the appraiser selected within twenty days of such demand. The appraisers shall first select a competent and disinterested umpire; and failing for fifteen days to agree upon such umpire, then, on request of the insured or this Company, such umpire shall be selected a judge of a court of record in the state in which the property covered is located. The appraisers shall then appraise the loss, stating separately actual cash value and loss to each item; and failing to agree, shall submit their differences, only, to the umpire. An award in writing, so itemized, of any two when filed with this Company shall determine the amount of actual cash value and loss. Each appraiser shall be paid by the party selecting him and the expenses of appraisal and umpire shall be paid by the parties equally.

Company's options. It shall be optional with this Company to take all, or any part, of the property at the agreed or appraised value, and also to repair, rebuild or replace the property destroyed or damaged with other of like kind and quality within a reasonable time, on giving notice of its intention so to do within thirty days after the receipt of the proof of loss herein required.

Abandonment. There can be no abandonment to this Company of any property.

When loss payable. The amount of loss for which this Company may be liable shall be payable sixty days after proof of loss, as herein provided, is received by this Company and ascertainment of the loss is made either by agreement between the insured and this Company expressed in writing or by the filing with this Company of an award as herein provided.

Suit. No suit or action on this policy for the recovery of any claim shall be sustainable in any court of law or equity unless all the requirements of this policy shall have been complied with, and unless commenced within twelve months next after inception of the loss.

Subrogation. This Company may require from the insured an assignment of all right of recovery against any part for loss to the extend that payment therefor is made by this Company.

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

☐ **Endorsement No. 1**
BUILDING LIMITATION CLAUSE

Nothwithstanding anything contained herein to the contrary, it is hereby mutually understood and agreed that the insurance provided by the Insurance Company on the building described under this Policy excludes the following structure which is attached thereto to read as follows:

> **Any structure or any portion of any structure including any property contained herein, which is not of the same Construction Type as that indicated under the Declarations whether or not such structure be attached to or in contact with the dwelling, building, including but not limited to fences, carports, patios or outdoor kitchens.**

It is further understood and agreed that the structure described above in the event of loss is not covered under any perils provided under this Policy.

☐ **Endorsement No. 2**
COINSURANCE CLAUSE

Important, this policy contains a coinsurance clause. If the amount of insurance purchased is not equal to ___※___% of the actual cash value or replacement cost of your insured property, then the settlement you receive arising from the future losses will not be sufficient to replace the loss you have suffered. It is your responsibility as the insured to make certain the insured value, as stated below, is equal to the actual cash value or full replacement cost of your insured property if you desire full protection.

This company shall not be liable for a greater proportion of any loss or damage to the property described herein than the sum hereby insured bears to ____※____ percent (%) of the actual cash value of said property at the time such loss shall happen, not for more than the proportion which this policy bears to the total insurance thereon.

If the insurance under this policy be divided into two or more items, the foregoing shall apply to each item separately.

※ **See Schedule Attached**

☐ **Endorsement No. 3**
Agreed Value Clause

It is hereby understood and agreed that with respect to the insurance of a building or buildings this policy in the event of total loss shall be considered a Valued Policy in accordance with the terms of Section 43356 of the Government Code of Guam. In the event of partial loss, the condition of the attached Coinsurance Clause shall apply.

☐ **Endorsement No. 4**
COINSURANCE CLAUSE

Important, this policy contains a coinsurance clause. If the amount of the insurance purchased is not equal to ___※___% of the actual cash value or replacement cost of your insured property, then the settlement you receive arising from future losses will not be sufficient to replace the loss you have suffered. It is your responsibility as the insured to make certain the insured value, as stated below, is equal to the actual cash value or full replacement cost of your insured property if you desire full protection.

It is a condition of this cover that in the event of loss, this Company shall not be liable for a greater proportion of any loss, less the amount of the deductible, if any, from typhoon and/or windstorm than the amount hereby insured bears to ____※____ Percent (%) of the actual cash value of the property described in this Policy at the time such loss shall happen.

※ **See Schedule Attached**

☐ **Endorsement No. 5**
LENDER'S LOSS PAYABLE CLAUSE

Loss, if any, under this policy shall be payable to **See Declaration Schedule** as lender, mortgagee, or trustee, as interest may appear.

It is understood that the lender, mortgagee or trustee now has or will acquire from time to time an insurable interest in certain property insured under this policy as established by warehouse receipts, bills of lading documentary or other written evidence.

This insurance, solely as to the interest therein of the lender, mortgagee or trustee, shall not be impaired or invalidated by any act or neglect of the borrower, mortgagor or owner of the within described property except as provided in the last paragraph hereof, nor by any change in the title of ownership of the property, nor by the occupation of the premises wherein such property is located for purposes more hazardous than are permitted by this policy; provided that in case of the borrower, mortgagor or owner shall neglect

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

to pay any premium due under this policy the lender, mortgagee or trustee shall, on demand, pay the same.

Provided, also, that the lender, mortgagee or trustee shall notify this Company of any change of ownership or occupancy or increase of hazard which shall come to the knowledge of said lender, mortgagee or trustee, and unless permitted by this policy. It shall noted thereon and the lender, mortgagee or trustee shall, on demand, pay the premium for such increased hazard for the term of the use thereof; otherwise this policy shall be pull and void.

This company reserves the right to cancel this policy at any time as provided by its terms, but in such case this policy shall continue in force for the benefit only of the lender, mortgagee or trustee for ten days after notice to the lender, mortgagee or trustee of such cancellation and shall then cease, and this Company shall have the right, on like notice to cancel this agreement.

Wherever this Company shall pay the lender, mortgagee or trustee any sum for loss or damage under this policy and shall claim that as to the borrower, mortgagor or owner, no liability therefore existed, this company shall, to the extent of such payment be thereupon legally subrogated to all the rights of the party to whom such payment shall be made, under all securities held as collateral to the debt, or may at its option, pay the lender, mortgagee or trustee, the whole principal due or to grow due on the debt with interest, and shall thereupon received a full assignment and transfer of the debt and of the mortgage and of all such other securities as evidence the interest of the lender, mortgagee or trustee in the within described property; but no subrogation shall impair the right of the lender, mortgagee or trustee to recover the full amount of its claim against the borrower, mortgagor or owner.

All the other terms and conditions of the policy to which this Endorsement is attached and of which it is a part, remain unchanged, which other terms and conditions include the limit(s) of liability named in the policy and the conditions of any Value Reporting, Full Reporting, Total Insurance, Coinsurance, Reduced Rate Contribution or Average Clauses incorporated therein or attached thereto.

☐ **Endorsement No. 6**
EARTHQUAKE

This endorsement modifies insurance provided under the following:

a. The following are added to COVERED CAUSES OF LOSS in Paragraph A.3 in the Bussinesowners Property Coverage Form:

(1) Earthquake

(2) Volcanic Eruption, meaning the eruption, explosion or effusion of a volcano.

b. All Earthquake shocks or Volcanic Eruption that occur within any 168-hour period will constitute a single Earthquake or Volcanic Eruption. The expiration of this policy will not reduce the 168-hour period.

c. We will not pay for loss or damage caused by or resulting from :

(1) Fire, explosion (other than volcanic explosion), landslide, mine subsidence, tidal wave, flood, mudslide or mudflow, even if attributable to an Earthquake or Volcanic Eruption.

(2) Any Earthquake or Volcanic Eruption that begins before inception of this insurance. But if this policy replaces earthquake insurance that includes loss or damage that occurs after the expiration of the policy, we will pay for loss or damage by Earthquake or Volcanic Eruption that occurs on or after the inception of insurance, if the series of Earthquake Shocks or Volcanic Eruptions began within 168 hours prior to the inception of this insurance.

d. The EARTH MOVEMENT EXCLUSION does not apply.

e. The DEDUCTIBLES Paragraph is replaced by the following for Earthquake and Volcanic Eruption:

(1) We will subtract a sum from the amount of loss or damage in any one occurrence.

i) The sum we subtract from each separate item will be the amount as shown in the Declarations.

ii) This Deductible applies separately to the following:

1) Each building or structure;

2) The contents of each building or structure; and

3) Personal property in the open.

(2) No Deductible applies to the following Additional

Coverages:

i) Business Income; and

ii) Extra Expense.

f. The following is added to the LIMITS OF INSURANCE SECTION:

The limit of Insurance that applies to coverage under this endorsement also applies to the Business Income and Extra Expense Additional Coverages.

BUSINESSOWNERS POLICY - SECTION II
BUSINESS LIABILITY COVERAGE

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this 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 C - WHO IS AN INSURED.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION F - LIABILITY AND MEDICAL EXPENSES DEFINITIONS.

A. COVERAGES

1. **Business Liability.** We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury", "property damage", "personal injury" or "advertising injury" to which this insurance applies. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under COVERAGE EXTENSION-SUPPLEMENTARY PAYMENTS.

   a. This insurance applies only:

      (1) To "bodily injury" or "property damage":

         (a) That occurs during the policy period; and

         (b) That is caused by an "occurrence". The "occurrence" must take place in the "coverage territory".

      (2) To "personal injury" caused by an offense:

         (a) Committed in the "coverage territory" during the policy period; and

         (b) Arising out of the conduct of your business, excluding advertising, publishing, broadcasting or telecasting done by or for you.

      (3) To "advertising injury" caused by an offense committed:

         (a) In the "coverage territory" during the policy period; and

         (b) In the course of advertising your goods, products or services.

   b. We will have the right and duty to defend any "suit" seeking those damages. But:

      (1) The amount we will pay for damages is limited as described in Section D - Limits of Insurance;

      (2) We may investigate and settle any claim or "suit" at our discretion; and

      (3) Our right and duty to defend and when we have used up the applicable limit of insurance in the payment of judgments or settlements or medical expenses.

   c. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

   d. "Property damage" that is loss of use of tangible property that is not physically injured will be deemed to occur at the time of the "occurrence" that caused it.

   e. Coverage Extension - Supplementary Payments

      In addition to the Limit of Insurance, we will pay, with respect to any claim or "suit" we defend:

      (1) All expenses we incur.

      (2) Up to $250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for "bodily injury" applies. We do not have to furnish these bonds.

(3) The cost of bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to furnish these bonds.

(4) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit" including actual loss of earnings up to $100 a day because of time off from work.

(5) All costs taxed against the insured in the "suit" .

(6) Prejudgement interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgement interest based on that period of time after the offer.

(7) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance

☐ **2. Medical Expenses**

a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

(1) On premises you own or rent;

(2) On ways next to premises you own or rent; or

(3) Because of your operations; provided that:

(a) The accident takes place in the "coverage territory" and during the policy period;

(b) The expenses are incurred and reported to us within one year of the date of the accident; and

(c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

b. We will make these payments regardless of fault. These payments will not exceed the Limit of Insurance. We will pay reasonable expenses for:

(l) First aid at the time of an accident;

(2) Necessary medical, surgical, x-ray and dental services including prosthetic devices; and

(3) Necessary ambulance, hospital, professional nursing and funeral services.

B. EXCLUSIONS

1. Applicable to Business Liability Coverage. This insurance does not apply to:

a. "Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. "Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

(1) Assumed in a contract or agreement that is an "insured contract"; or

(2) That the insured would have in the absence of the contract or agreement.

c. "Bodily injury" or "property damage" for which any insured may be held liable by reason of:

(1) Causing or contributing to the intoxication of any person;

(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

(3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

d. Any obligation of the insured under a workers compensation, disability benefits or unemployment compensation law or any similar law.

e. "Bodily injury" to:

(1) An employee of the insured arising out of and in the course of employment by the insured; or

(2) The spouse, child, parent, brother or sister of that employee as a consequence of (1) above.

This exclusion applies:

(a) Whether the insured may be liable as an employer or in any other capacity; and

(b) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

f. (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, release or escape of pollutants:

(a) At or from premises you own, rent or occupy;

(b) At or from any site or location used by or for you or others for the handling, storage, disposal, processing or treatment of waste;

(c) That are at any time transported, handled, stored, treated, disposed of or processed as waste by or for you or any person or organization for whom you may be legally responsible; or

(d) At or from any site or location on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations:

(i) If the pollutants are brought on or to the site or location in connection with such operations; or

(ii) If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the pollutants.

(2) Any loss, cost or expense arising out of any governmental direction or request that you test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

Subparagraphs (a) and (d)(i) of paragraph (1) of this exclusion do not apply to "bodily injury" or "property damage" caused by heat, smoke or fumes from a hostile fire. As used in this exclusion, a hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be.

g. "Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion does not apply to:

(1) A watercraft while ashore on premises you own or rent;

(2) A watercraft you do not own that is:

(a) Less than 26 feet long; and

(b) Not being used to carry persons or property for a charge;

(3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;

(4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of the operation of any of the following equipment:

(a) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

(b) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

h. "Bodily injury" or "property damage" arising out of:

(1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or

(2) The use of "mobile equipment" in, or while in practice or preparation for, a prearranged racing, speed or demolition contest or in

any stunting activity.

i. "Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. "Bodily injury" or "property damage" due to rendering or failure to render any professional service. This includes but is not limited to:

(1) Legal, accounting or advertising services;

(2) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;

(3) Supervisory, inspection or engineering services;

(4) Medical, surgical, dental, x-ray or nursing services or treatment;

(5) Any health service or treatment;

(6) Any cosmetic or tonsorial service or treatment;

(7) Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;

(8) Ear piercing services; and

(9) Services in the practice of pharmacy; but this exclusion does not apply to an insured whose operations include those of a retail druggist or drugstore.

k. "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 your care, custody or control;

(5) That particular part of real property on which you or any contractor or subcontractor working directly or indirectly on your behalf is performing operations, if the "property damage" arises out of those operations; or

(6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

l. "Property damage" to "your product" arising out of it or any part of it.

m. "Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard."

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

n. "Property damage" to "impaired property" or property that has not been physically injured, arising out of:

(1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or

(2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

o. Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

(1) "Your product";

(2) "Your work"; or

(3) "Impaired property";

if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

p. "Personal injury" or "advertising injury:"

(1) Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;

(2) Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;

(3) Arising out of the willful violation of a penal statute or ordinance committed by or with the consent of the insured; or

(4) For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

q. "Advertising injury" arising out of:

(1) Breach of contract, other than misappropriation of advertising ideas under an implied contract;

(2) The failure of goods, products or services to conform with advertised quality or performance;

(3) The wrong description of the price of goods, products or services; or

(4) An offense committed by an insured whose business is advertising, broadcasting, publishing or telecasting.

Exclusions c.,d.,e.,f.,g.,h.,i.,k.,l.,m.,n. and o. do not apply to damage by fire or explosion to premises rented to you. A separate Limit of Insurance applies to this coverage as described in Section D., Limits of Insurance.

2. **Applicable to Medical Expenses Coverage** - We will not pay expenses for "bodily injury":

a. To any insured.

b. To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. To a person injured on that part of premises you own or rent that the person normally occupies.

d. To a person, whether or not an employee of any insured, if benefits for the "bodily injury" are pay able or must be provided under a workers compensation or disability benefits law or a similar law.

e. To a person injured while taking part in athletics.

f. Included within the "products-completed operations hazard".

g. Excluded under Business Liability Coverage.

h. Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

3. **Applicable to both Business Liability Coverage and Medical Expenses Coverage - Nuclear Energy Liability Exclusion.**

This insurance does not apply:

a. Under Business Liability Coverage, to "bodily injury" or "property damage":

(1) With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which:

(a) Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or

(b) The insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America or any agency thereof, with any person or organization.

b. Under Medical Expenses Coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization .

c. Under Business Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of the "nuclear material"; if

(1) The "nuclear material":

(a) Is at any "nuclear facility" owned by, or operated by or on behalf of, an insured; or

(b) Has been discharged or dispersed therefrom;

(2) 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 an insured; or

(3) 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"; but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

As used in this exclusion:

"byproduct material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"hazardous properties" include radioactive, toxic or explosive properties;

"nuclear facility" means:

(a) Any "nuclear reactor";

(b) Any equipment or device designed or used for:

(1) Separating the isotopes of uranium or plutonium;

(2) Processing or utilizing "spent fuel"; or

(3) Handling, processing or packaging "waste";

(c) Any equipment or device used for the processing, fabricating 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;

(d) 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;

"nuclear material" means "source material", "special nuclear material" or "byproduct material";

"nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

"property damage" includes all forms of radioactive contamination of property;

"source material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"special nuclear material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";

"waste" means any waste material:

(a) Containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content; and

(b) Resulting from the operation by any person or organization of any "nuclear facility" included under paragraphs (a) and (b) of the definition of "nuclear facility".

C. WHO IS AN INSURED

1. If you are designated in the Declarations as:

   a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.

   b. A partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds, but only with respect to the conduct of your business.

   c. An organization other than a partnership or joint venture you are an insured. Your executive officers and directors are insureds but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

2. Each of the following is also an insured:

   a. Your employees, other than your executive officers, but only for acts within the scope of their employment by you. However, none of these employees is an insured for:

      (1) "Bodily injury" or "personal injury" to you or to a co-employee while in the course of his or her employment;

      (2) "Bodily injury" or "personal injury" arising out of his or her providing or failing to provide professional health care services; or

      (3) "Property damage" to property owned or occupied by or rented or loaned to that employee, any of your other employees, or any of your partners or members (if you are a partnership or joint venture).

   b. Any person (other than your employee), or any organization while acting as your real estate manager.

   c. Any person or organization having proper temporary custody of your property if you die, but only:

      (1) With respect to liability arising out of the maintenance or use of that property; and

      (2) Until your legal representative has been appointed.

   d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this policy.

3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:

   a. "Bodily injury" to a co-employee of the person driving the equipment; or

   b "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.

   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.

D. LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

   a. Insureds;

   b. Claims made or "suits" brought; or

   c. Persons or organizations making claims or bringing "suits".

2. The most we will pay for the sum of all damages because of all:

   a. "Bodily injury", "property damage" and "medical expenses" arising out of any one "occurrence"; and

   b. "Personal injury" and "advertising injury" sustained by any one person or organization; is the Liability and Medical Expenses limit shown in the Declarations. But the most we will pay for all medical expenses because of "bodily injury" sustained by any one person is the Medical Expenses limit shown in the Declarations.

3. The most we will pay under Business Liability

Coverage for damages because of "property damage" to premises rented to you arising out of any one fire or explosion is the Fire Legal Liability limit shown in the Declarations.

4. Aggregate Limits

The most we will pay for:

a. Injury or damage under the "products completed operations hazard" arising from all "occurrences" during the policy period is the Liability and Medical Expenses limit; and

b. All other injury or damage, including medical expenses, arising from all "occurrences" during the policy period is twice the Liability and Medical Expenses limit. This limitation does not apply to "property damage" to premises rented to you arising out of fire or explosion.

The limits of this policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

E. LIABILITY AND MEDICAL EXPENSES GENERAL CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this policy.

2. Duties In The Event Of Occurrence, Claim Or Suit

a. You must see to it that we are notified promptly of an "occurrence" that may result in a claim. Notice should include:

(1) How, when and where the "occurrence" took place; and

(2) The names and addresses of any injured persons and witnesses.

b. If a claim is made or "suit" is brought against any insured, you must see to it that we receive prompt written notice of the claim or "suit".

c. You and any other involved insured must:

(1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";

(2) Authorize us to obtain records and other information;

(3) Cooperate with us in the investigation, settlement or defense of the claim or "suit"; and

(4) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Financial Responsibility Laws

a. When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, the insurance provided by the policy for "bodily injury" liability and "property damage" liability will comply with the provisions of the law to the extent of the coverage and limits of insurance required by that law.

b. With respect to "mobile equipment" to which this insurance applies. We will provide any liability, uninsured motorists, under insured motorists. No-fault or other coverage required by any motor vehicle law. We will provide the required limits for those coverages.

4. Legal Action Against Us

No person or organization has a right under this policy:

a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or

b. To sue us on this policy unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed

by us, the Insured and the claimant or the claimant's legal representative.

5. **Separation Of Insureds**

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

a. As if each Named Insured were the only Named Insured; and

b. Separately to each Insured against whom claim is made or "suit" is brought.

F. LIABILITY AND MEDICAL EXPENSES DEFINITIONS

1. **"Advertising Injury"** means injury arising out of one or more of the following offenses:

a. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods. products or services;

b. Oral or written publication of material that violates a person's right of privacy;

c. Misappropriation of advertising ideas or style of doing business; or

d. Infringement of copyright, title or slogan.

2. **"Auto"** means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".

3. **"Bodily Injury"'** means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

4. **"Coverage Territory"** means:

a. The United States of America (including its territories and possessions), Puerto Rico and Canada;

b. International waters or air space, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above; or

c. All parts of the world if:

(1) The injury or damage arises out of:

(a) Goods or products made or sold by you in the territory described in a. above; or

(b) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; and

(2) The Insured's responsibility to pay damages is determined in a "suit" on the merits in the territory described in a. above or in a settlement we agree to.

5. **"Impaired Property"** means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:

a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or

b. You have failed to fulfil the terms of a contract or agreement;

if such property can be restored to use by:

(1) The repair, replacement, adjustment or removal of "your product" or "your work"; or

(2) Your fulfilling the terms of the contract or agreement.

6. **"Insured Contract"** means:

a. A lease of premises;

b. A sidetrack agreement;

c. An easement or license agreement in connection with vehicle or pedestrian private railroad crossings at grade;

d. Any other easement agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;

e. An indemnification of a municipality as required by ordinance, except in connection with work for a municipality;

f. An elevator maintenance agreement; or

g. That part of any other contract or agreement pertaining to your business under which you assume the tort liability of another to pay damages because of "bodily injury" or "property damage" to a third person or organization, if the contract or agreement is made prior to the '"bodily injury" or "property damage" . Tort liability means

a liability that would be imposed by law in the absence of any contract or agreement.

An "insured contract" does not include that part of any contract or agreement:

(a) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:

(1) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or

(2) Giving directions or instructions, or failing to give them, if that is the primary cause of injury or damage;

(b) Under which the insured, if an architect, engineer or surveyor, assumes liability for injury or damage arising out of the insured's rendering or failing to render professional services, including those listed in (a) above and supervisory, inspection or engineering services; or

(c) That indemnifies any person or organization for damage by fire or explosion to premises rented or loaned to you.

7. **"Loading or Unloading"** means the handling of property:

a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";

b. While it is in or on an aircraft watercraft or "auto"; or

c. 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".

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

a. Buildozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;

b. Vehicles maintained for use solely on or next to premises you own or rent;

c. Vehicles that travel on crawler treads;

d. Vehicles, whether self-propelled or not, on which are permanently mounted:

(1) Power cranes, shovels, loaders, diggers or drills; or

(2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

e. Vehicles not described in a., b., c or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

(1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

(2) Cherry pickers and similar devices used to raise or lower workers;

f. Vehicles not described in a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

(1) Equipment designed primarily for:

(a) Snow removal;

(b) Road maintenance, but not construction or resurfacing;

(c) Street cleaning;

(2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

(3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

9. **"Occurrence"** means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

10. **"Personal Injury"** means injury, other than "bodily injury", arising out of one or more of the following offenses:

    a. False arrest, detention or imprisonment;

    b. Malicious prosecution;

    c. Wrongful entry into, or eviction of a person from, a room, dwelling or premises that the person occupies;

    d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or

    e. Oral or written publication of material that violates a person's right of privacy.

11. a. **"Products Completed Operations Hazard"** includes all "bodily injury" and "property damage" arising out of "your product" or "your work" except:

        (1) Products that are still in your physical possession; or

        (2) Work that has not yet been completed or abandoned.

        The "bodily injury" or "property damage" must occur away from premises you own or rent, unless your business include the selling, handling or distribution of "your product" for consumption on premises you own or rent.

    b. **"Your work"** will be deemed completed at the earliest of the following times:

        (1) When all of the work called for in your contract has been completed.

        (2) When all of the work to be done at the site has been completed if your contract calls for work at more than one site.

        (3) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

        Work that may need service, maintenance, correction, repair or replacement but which is otherwise complete, will be treated as completed.

    c. This hazard does not include "bodily injury" or "property damage" arising out of:

        (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle created by the "loading or unloading" of it; or

        (2) The existence of tools, uninstalled equipment or abandoned or unused materials.

12. **"Property Damage"** means:

    a. Physical injury to tangible property, including all resulting loss of use of that property; or

    b. Loss of use of tangible property that is not physically injured.

13. **"Suit"** means a civil proceeding in which damages because of "bodily injury", "property damage", "personal injury" or "advertising injury" to which this insurance applies are alleged. "Suit" includes an arbitration proceeding alleging such damages to which you must submit or submit with our consent.

14. **"Your Product"** means:

    a. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

        (1) You;

        (2) Others trading under your name; or

        (3) A person or organization whose business or assets you have acquired; and

    b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

    "Your product" includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in a. and b. above.

    "Your product" does not include vending for the use of others but not sold.

15. **"Your Work"** means:

    a. Work or operations performed by you or on your behalf; and

b. Materials, parts or equipment furnished in connection with such work or operations.

"Your work" includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in a. or b. above.

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

☐ **Endorsement No. 01**
ASBESTOS EXCLUSION CLAUSE

It is hereby understood and agreed that such insurance as is afforded by this policy for personal injury liability and property damage liability is subject to the following exclusion;

This insurance does not apply to any liability for property damage, bodily injury, sickness, disease, occupational disease, disability, shock, death, mental anguish and mental injury at any time arising out of the manufacture of or mining of, or use, or exposure to asbestos products, asbestos fibers or asbestos dust, or to any obligation of the insured to indemnity any party because of damages arising out of such property damage, bodily injury, sickness, disease, occupational disease, disability, shock, death, mental anguish or mental injury at any time as a result of the manufacture of, use of or exposure to asbestos products, asbestos fibers or asbestos dust.

It is further understood and agreed that the Company shall not be obligated to defend any suit or claim against the Insured alleging personal injury or property damage seeking damages, if such suit or claim arises from personal injury or property damage resulting from or contributed to, by any, and all manufacture or, use of, or exposure to asbestos products, asbestos fibers or asbestos dust.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the policy, except as hereinabove set forth.

☐ **Endorsement No. 02**
COMMUNICABLE DISEASE EXCLUSION CLAUSE

It is hereby understood and agreed that no coverage applies to bodily injury or property damage which arises out of the transmission of a communicable disease by a covered person.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the policy, except as hereinabove set forth.

☐ **Endorsement No. 03**
PUNITIVE DAMAGES EXCLUSION ENDORSEMENT

It is hereby understood and agreed that this Policy excludes all fines, penalties, punitive or exemplary damages.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the Policy except as herein above set forth.

☐ **Endoresement No. 04**
Y2K EXCLUSION CLAUSE

This insurance does not apply to "bodily injury", "property damage", " personal injury" or "advertising injury" arising or "products/completed operations" liability 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
(i) Computer hardware, including microprocessors;
(ii) Computer application software;
(iii) Computer operating systems and related software;
(iv) Computer networks;
(v) Microprocessors (computer chips) not part of any computer system; or
(vi) Any other computerized or electronic equipment or components; or

(2) Any other products, and any services, data or function that directly or indirectly use or rely on, in any manner, on 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 device, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by or for the Named Insured to determine, rectify or test for, any potential or actual problems described in Paragraph a. of this endorsement.

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

☐ **Endorsement No. 05**
AMENDMENT - LIMIT OF LIABILITY
(SINGLE LIMIT)

This endorsement modifies such insurance as is afforded by the provision of the policy relating to the following:

It is agreed that the provisions of the policy captioned "LIMITS OF LIABILITY" relating to Bodily Injury and Property Damage Liability are amended to read as follows:

LIMITS OF LIABILITY

Regardless of the number of (1) insured under this policy, (2) persons or organizations who sustain bodily injury or property damage (4) units of mobile equipment to which this policy applies, the Company's liability is limited as follows:

BODILY INJURY AND PROPERTY DAMAGE LIABILITY

(a) The limit of liability stated in the Schedule of this Endorsement is applicable to "each occurrence" is the total limit of the company's liability for all damages because of bodily injury and property damage as a result of one occurrence.

(b) Subject to the above provisions respecting "each occurrence", the total liability of the company for all damages because of all bodily injury and property damages which occur during each annual period while this policy is in force commencing from its effective date shall not exceed the limit of liability stated in the Schedule of this endorsement as "aggregate".

Nothing herein contained shall be held to vary, alter, waived or extent any of the Agreements, Conditions, Declarations, Exclusions Limitations or Terms of the Policy or any Coverage parts thereof other than as stated above.

BUSINESSOWNERS POLICY CONDITIONS

All coverages of Section I and II are subject to the following conditions.

A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.

2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

   a. 5 days before the effective date of cancellation if any one of the following conditions exists at any building that is Covered Property in this policy.

      (1) The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:

         (a) Seasonal unoccupancy; or

         (b) Buildings in the course of construction, renovation or addition.

         Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.

      (2) After damage by a covered cause of loss, permanent repairs to the building:

         (a) Have not started, and

         (b) Have not been contracted for, within 30 days of initial payment of loss.

      (3) The building has:

         (a) An outstanding order to vacate;

         (b) An outstanding demolition order; or

         (c) Been declared unsafe by governmental authority.

      (4) Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.

      (5) Failure to:

         (a) Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or

         (b) Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.

   b. 10 days before the effective date of cancellation if we cancel for nonpayment of premium.

   c. 30 days before the effective date of cancellation if we cancel for any other reason.

3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.

4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

5. If this policy is canceled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata The cancellation will be effective even if we have not made or offered a refund.

6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. CONCEALMENT, MISREPRESENTATION OR FRAUD

This policy is void in any case of fraud by you at any time as it relates to this policy. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This policy;

2 The Covered Property;

3. Your interest in the Covered Property; or

4. A claim under this policy.

D. 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.

E. INSPECTIONS AND SURVEYS

We have the right but are not obligated to:

1. Make inspections 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 recommendations.

F. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

G. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this policy without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.

H. OTHER INSURANCE

1. If there is other insurance covering the same loss or damage, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

2. Business Liability Coverage is excess over any other insurance that insures for direct physical loss or damage.

3. When this insurance is excess, we will have no duty under Business Liability Coverage to defend any claim or "suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

I. PREMIUMS

1. The first Named Insured shown in the Declarations:

   a. Is responsible for the payment of all premiums; and
   b. Will be the payee for any return premiums we pay.

2. The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued.

   On each renewal, continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

3. With our consent, you may continue this policy in force by paying a continuation premium for each successive one-year period. The premium must be:

   a. Paid to us prior to the anniversary date; and

   b. Determined in accordance with paragraph 2. above.

   Our forms then in effect will apply. If you do not pay the continuation premium, this policy will expire on the first anniversary date that we have not received the premium.

4. Undeclared exposures or change in your business operation, acquisition or use of locations may occur during the policy period that are not shown in the Declarations. If so, we may require an additional premium. That premium will be determined in accordance with our rates and rules then in effect.

J. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHER TO US

1. Applicable to Businessowners Property coverage:

   If any person or organization to or for whom we make payment under this policy has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

   a. Prior to a loss to your Covered Property.

   b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:

      (1) Someone insured by this insurance,

      (2) A business firm:

         (a) Owned or controlled by you; or

         (b) That owns or controls you; or

      (3) Your tenant.

   You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers. This will not restrict your insurance.

2. Applicable to Businessowners Liability coverage:

   If the insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them. This condition does not apply to Medical Expenses Coverage.

K. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

BUSINESSOWNERS POLICY - SECTION III
WORKMEN'S COMPENSATION AND EMPLOYERS' LIABILITY

Agrees with the insured, named in the declarations made a part hereof, in consideration of the payment of the premium and in reliance upon the statements in the declaration and subject to the limits of liability, exclusions, conditions and other terms of this policy section:

INSURING AGREEMENTS

A. COVERAGE E - WORKMEN'S COMPENSATION

To pay promptly when due all compensation and other benefits required of the insured by the Workmen's Compensation Law.

B. COVERAGE F - EMPLOYERS' LIABILITY

To pay on behalf of the insured all sums which the insured shall become legally obligated to pay as damages because of bodily injury by accident or disease, including death at any time resulting therefrom.

(a) Sustained in the Territory of Guam by any employee of the insured arising out of and in the course of his employment by the insured either in operations in a territory designated in the declarations or in operations necessary or incidental thereto; or

(b) Sustained while temporarily outside the territory of Guam by any employee of the insured who is a citizen or resident of the territory of Guam arising out of and in the course of his employment by the insured in connection with operations in a territory designated in the declarations; but this insurance does not apply to any suit brought in or any judgment rendered by any court outside the territory of Guam or to an action on such judgment wherever brought.

DEFENSE, SETTLEMENT, SUPPLEMENTARY PAYMENTS

As respects the insurance afforded by the other terms of this policy the company shall:

(a) Defend any proceeding against the insured seeking such benefits and any suit against the insured alleging such injury and seeking damages on account thereof, even if such proceeding or suit is groundless, false or fraudulent; but the company may make such investigation, negotiation and settlement of any claim or suit as it deems expedient;

(b) Pay all premiums on bonds to release attachments for an amount not in excess of the applicable limit of liability of this policy all premiums on appeal bonds required in any such defended proceeding or suits but without any obligation to apply for or furnish any such bonds;

(c) Pay all expenses incurred by the company, all costs taxed against the insured in any such proceeding or suit and all interest accruing after entry of judgment until the company has paid or tendered or deposited in court such part of such judgment as does not exceed the limit of the company's liability thereon;

(d) Reimburse the insured for all reasonable expenses, other than loss of earnings, incurred at the company's request.

The amounts incurred under this insuring agreement, except settlements of claims and suits, are payable by the company in addition to the amounts payable under Coverage E or the applicable limit of liability under Coverage F.

APPLICATION OF POLICY

This policy applies only to injury:

(1) By accident occurring during the policy period, or

(2) By disease caused or aggravated by exposure of which the last day of the last exposure, in the employment of the insured, to conditions causing the disease occurs during the policy period.

EXCLUSIONS

This policy does not apply:

(a) Under coverages E and F, to operations conducted at or from any workplace not described in the declarations if the insured has, under the Workmen's Compensation Law, other insurance for such operations or is a qualified self-insurer therefor;

(b) Under coverages E and F, unless required by law or described in the declarations, to domestic employment or to farm or agricultural employment;

(c) Under coverage F, to liability assumed by the insured under any contract or agreement, but this exclusion does not apply to a warranty that work performed by or on behalf of the insured will be done in a workmanlike manner;

(d) Under coverage F;

(1) To punitive or exemplary damages on account of bodily injury to or death of any employee employed in violation of law, or

(2) With respect to any employee employed in violation of law with the knowledge or acquiescence of the insured or any executive officer thereof;

(e) Under coverage F, to bodily injury by disease unless prior to thirty-six months after the end of the policy period written claim is made or suit is brought against the insured for damages because of such injury or death resulting therefrom;

(f) Under coverage F, to any obligation for which the insured or any carrier as his insurer may be held liable under the workmen's compensation or occupational disease law of a territory designated in the declarations any other Workmen's Compensation or Occupational Disease Law, any unemployment compensation or disability benefits law, or under any similar law.

CONDITIONS

1. PREMIUM

The premium bases and rates for the classifications of operations described in the declarations are as stated therein and for classifications not so described are those applicable in accordance with the manuals in use by the company. This policy is issued by the company and accepted by the insured with the agreement that if any change in classifications, rates or rating plans is or be comes applicable to this policy under any law regulating this insurance or because of any amendments affecting the benefits provided by the Workmen's Compensation Law, such change with the effective date thereof shall be stated in an endorsement issued to form a part of this policy;

When used as a premium basis, "remuneration" means the entire remuneration, computed in accordance with the manuals in use by the company, earned during the policy period by (a) all executive officers and other employees of the insured engaged in operations covered by this policy, and (b) any other person performing work which may render the company liable under this policy for injury to or death of such person in accordance with the Workmen's Compensation Law. "Remuneration" shall not include the remuneration of any person within division (b) of the foregoing if the insured maintains evidence satisfactory to the company that the payment of compensation and other benefits under such law to such person is secured by other valid and collectible insurance or by any other undertaking approved by the governmental agency having jurisdiction thereof.

If the declarations provide for adjustment of premium on other than an annual basis, the insured shall pay the deposit premium to the company upon the inception of this policy and thereafter interim premiums shall be computed in accordance with the manuals in use by the company and paid by the insured promptly after the end of each interval specified in the declarations. The deposit premium shall be retained by the company until termination of this policy and credited to the final premium adjustment.

The insured shall maintain records of the information necessary for premium computation on the bases stated in the declarations, and shall send copies of such records to the company at the end of the policy period and at such times during the policy period as the company may direct. If the insured does not furnish records of the remuneration of persons within division (b) of the definition of remuneration foregoing the remuneration of such persons shall be computed in accordance with the manuals in use by the company.

The premium stated in the declarations is an estimated premium only. Upon termination of this policy, the earned premium shall be computed in accordance with the rules, rates, rating plans, premiums and minimum premiums applicable to this insurance in accordance with the manuals in use by the company. If the earned premium thus computed exceeds the premium previously paid, the insured shall pay the excess to the company; if less, the company shall return to the insured the unearned portion paid by the insured. All premiums shall be fully earned whether any workmen's compensation law, or any part thereof, is or shall be declared invalid or unconstitutional.

2. LONG TERM POLICY

If this policy is written for a period longer than one year, all the provisions of this policy shall apply separately to each consecutive twelve months period, or, if the first or last consecutive period is less than twelve months, to such period of less than twelve months, in the same manner as if a separate policy had been written for each consecutive period. The earned premium for each such period shall be computed as provided by Condition 1 of this policy subject, except as otherwise provided in the manuals in use by the company with respect to classifications of operations for which this policy provides a per capita premium basis, to the following provisions:

(a) The premium rates for the first consecutive period shall be those stated in the declarations and those applicable for such period in accordance with the manuals in use by the company;

(b) The premium bases, classifications of operations, rates, rating plans, premiums and minimum premiums for each such subsequent period shall be those applicable for such period in accordance with the manuals in use by the company.

3. PARTNERSHIP OR JOINT VENTURE AS INSURED

If the insured is a partnership or joint venture, such insurance as is afforded by this policy applies to each partner or member thereof as an insured only while he is acting within the scope of his duties as such partner or member.

4. INSPECTION AND AUDIT

The company and any rating authority having jurisdiction by law shall each be permitted but not obligated to inspect at any reasonable time the workplaces, operations, machinery and equipment covered by this policy. Neither the 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 insured or others, to determine or warrant that such workplaces, operations, machinery or equipment are safe or healthful, or are in compliance with any law, rule or regulation.

The company and any rating authority having jurisdiction by law shall each be permitted to examine and audit the insured's payroll records, general ledger, disbursements, vouchers, contracts, tax reports and all other books, documents and records of any and every kind at any reasonable time during the policy period and any extension thereof and within three years after termination of this policy, as far as they show or tend to show or verify the amount of remuneration or other premium basis, or relate to the subject matter of this insurance.

5. NOTICE OF INJURY

When an injury occurs written notice shall be given by or on behalf of the insured to the company or any of its authorized agents as soon as practicable. Such notice shall contain particulars sufficient to identify the insured and also reasonably obtainable information respecting the time, place and circumstances of the injury, the names and addresses of the injured and of available witnesses.

6. NOTICE OF CLAIM OR SUIT

If claim is made or suit or other proceeding is brought against the insured, the insured shall immediately forward to the company every demand, notice, s ummons or other process received by him or his repre sentative.

7. ASSISTANCE AND COOPERATION OF THE INSURED

The insured shall cooperate with the company and, upon the company's request, shall attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits or proceedings.

The insured shall not, except at his own cost, voluntarily make any payment, assume any obligation or incur any expense other than for such immediate medical and other services at the time of injury as are required by the Workmen's Compensation Law.

8. STATUTORY PROVISIONS - Coverage E

The company shall be directly and primarily liable to any person entitled to the benefit of the Workmen's Compensation Law under this policy. The obligations of the company may be enforced by such person, or for his benefit by any agency authorized by law, whether against the company alone or jointly with the insured. Bankruptcy or insolvency of the insured or of the insured's estate, or any default of the insured, shall not relieve the company of any of its obligations under coverage E.

As between the employee and the company, notice or knowledge of the injury on the part of the insured shall be notice or knowledge as the case may be, on the part of the company; the jurisdiction of the insured, for the purposes of the Workmen's Compensation Law, shall be jurisdiction of the company and the company shall in all things be bound by and subject to the findings, judgments, awards, decrees, orders or decisions rendered against the insured in the form and manner provided by such law and within the terms, limitations and provisions of this policy not inconsistent with such law.

All of the provisions of the Workmen's Compensation Law shall be and remain a part of this policy as fully and completely as if written herein, so far as they apply to compensation and other benefits provided by this policy and to special taxes, payments into security or other special funds, and assessments required of or levied against compensation insurance carriers under such law.

The insured shall reimburse the company for any payments required of the company under the Workmen's Compensation Law, in excess of the benefits regularly provided by such law, solely because of injury to (a) any employee by reason of the serious and willful misconduct of the insured, or (b) any employee employed by the insured in violation of law with the knowledge or acquiescence of the insured or any executive officer thereof.

Nothing herein shall relieve the insured of the obligations imposed upon the insured by the other terms of this policy.

9. LIMITS OF LIABILITY - Coverage F

The words "damages because of bodily injury by accident or disease, including death at any time resulting therefrom", in Coverage F include damages for care and loss of services and damages for which the insured is liable by reason of suits or claims brought against the insured by others to recover the damages obtained from such others because of such bodily injury sustained by employees of the insured arising out of and in the course of their employment. The limit of liability stated in the declarations for Coverage F is the total limit of the company's liability for all damages because of bodily injury by accident, including death at any time resulting therefrom, sustained by one or more employees of the insured in operations in any territory designated in the declarations or in operations necessary or incidental thereto.

The inclusion herein of more than one insured shall not operate to increase the limits of the company's liability.

10. ACTION AGAINST COMPANY - Coverage F

No action shall lie against the company unless, as a condition precedent thereto, the insured shall have fully complied with all the terms of this policy, nor until the amount of the insured's obligation to pay shall have been finally determined either by judgment against the insured after actual trial or by written agreement of the insured, the claimant and the company.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. Nothing contained in this policy shall give any person or organization any right to join the company as a co-defendant in any action against the insured to determine the insured's liability.

Bankruptcy or insolvency of the insured or of the insured's estate shall not relieve the company of any of its obligations under coverage F.

11. OTHER INSURANCE

If the insured has other insurance against a loss covered by this policy, the company shall not be liable to the insured hereunder for a greater proportion of such loss than the amount which would have been payable under this policy, had no such other insurance existed, bears to the sum of said amount and the amounts which would have been payable under each other policy applicable to such loss, had each such policy been the only policy so applicable.

12. SUBROGATION

In the event of any payment under this policy, the company shall be subrogated to all rights of recovery therefor of the insured and any person entitled to the benefits of this policy against any person or organization, and the insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The insured shall do nothing after loss to prejudice such rights.

13. CHANGES

Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy or stop the company from asserting any right under the terms of this policy; nor shall the terms of this policy be waived or changed, except by endorsement issued to form a part of this policy, signed by a duly authorized representative of the company.

14. ASSIGNMENT

Assignment of interest under this policy shall not bind the company until its consent is endorsed hereon. If, however, during the policy period the insured shall die and written notice is given to the company within thirty days after the date of such death this policy shall cover the insured's legal representative as insured; provided that notice of cancellation addressed to the insured named in the declarations and mailed or delivered, after such death to the address shown in this policy shall be sufficient notice to effect cancellation of this policy.

15. CANCELLATION

This policy may be canceled by the insured by surrender thereof to the company or any of its authorized agents or by mailing to the company written notice stating when thereafter the cancellation shall be effective. This policy may be canceled by the company by mailing to the insured at the address shown in this policy written notice stating when not less than ten days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of the surrender or the effective date and hour of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the insured or by the company shall be equivalent to mailing.

If the insured cancels, unless the manuals in use by the company otherwise provide, earned premium shall be

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

(1) computed in accordance with the customary short rate table and procedure and (2) not less than the minimum premium stated in the declarations. If the company cancels, earned premium shall be computed pro rata. Premium adjustment may be made at the time cancellation is effected and, if not then made, shall be made as soon as practicable after cancellation becomes effective. The company's check or the check of its representative mailed or delivered as aforesaid shall be a sufficient tender of any refund of premium due to the insured.

When the insurance under the Workmen's Compensation Law may not be canceled except in accordance with such law, this condition so far as it applies to the insurance under this policy with respect to such law, is amended to conform to such law.

16. TERMS OF POLICY CONFORMED TO STATUTE - Coverage E

Terms of this policy which are in conflict with the provisions of the Workmen's Compensation Law are hereby amended to conform to such law.

17 . DECLARATIONS

By acceptance of this policy the insured agrees that the statements in the declarations 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 its agents relating to this insurance.

DEFINITIONS

(a) WORKMEN'S COMPENSATION LAW. The unqualified term "workmen's compensation law" means the workmen's compensation law and any occupational dis ease law of the territory designated in Section III of the declarations, but does not include those provisions of any such law which provide non-occupational disability benefits.

(b) TERRITORY. The word "territory" means the Territory of Guam.

(c) BODILY INJURY BY ACCIDENT; BODILY INJURY BY DISEASE. The contraction of disease is not an accident within the meaning of the word "accident" in the terms "bodily injury by accident and only such disease as results directly from a bodily injury by accident is included within the term "bodily injury by accident". The term "bodily injury by disease" includes only such disease as is not included within the term "bodily injury by accident."

(d) ASSAULT AND BATTERY. Under Coverage F, assault and battery shall be deemed an accident unless ommitted by or at the direction of the insured.

☐ **Endorsement No. 01**
WORKMEN'S COMPENSATION UNDER TITLE 33 GOVERNMENT CODE OF GUAM

The obligations of Paragraph One (Coverage A) of the Policy include Title 33, Government Code of Guam, otherwise known as Public Law 80, First Guam Legislature (Workmen's Compensation Law of Guam), and all laws amendatory thereof or supplementary thereto which may be or become effective while this Policy is in force.

The Company shall carry out the provisions of Section 37035, Title 33, Government Code of Guam, and shall comply with Section 37036 ot Title 33, Government Code of Guam. Insolvency or bankruptcy of the employer or discharge therein, or both, shall not relieve the Carrier from payment of compensation for disability or death sustained by an employee during the life of the Policy.

The Company agrees to abide by all the provisions of the Title 33, Government Code of Guam and all lawful rules, regulations, orders and decisions of the Workmen's Compensation Commission and Commissioner of Guam unless and until set aside, modified or reversed by a court having jurisdiction of the parties and the subject matter.

If the Employer is a contractor the subject of whose contract includes operations covered by this policy and he shall sub-contract all or any part of such contract to one or more sub-contractors, the remuneration of all the direct employees of all such sub-contractors shall be included in the return of remuneration under the provisions of this Policy upon which premium is computed. Such remuneration so reported shall be considered the remuneration of employees of this Employer and shall in all instances be governed by the same terms, conditions, requirements and obligations of the Policy as the remuneration of the direct Employees of the Employer. The requirements of this paragraph shall not apply as respects any such sub-contractor who has secured compensation for his direct employees as required by Title 33, Government Code of Guam, but this Employer shall not claim the benefit of this exemption unless and until he shall satisfy the Corporation by certifi-

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

cate or otherwise that any such subcontractor has legally secured the payment of compensation to his own direct employees and then only respecting any sub-contractor who has furnished such proof.

This Policy and Endorsement shall not be cancelled prior to the date specified in this policy or Endorsement for its expiration until at least thirty (30) days have elpased after a notice of cancellation has been sent to the Commissioner and the Employer in accordance with the provisions of subsection (c) of Section 37012,Title 33, Government Code of Guam.

All terms, conditions, requirements and obligations expressed in this Policy or in any other endorsement attached thereto which are not inconsistent with or inapplicable to the provisions of this endorsement are hereby made a part of this endorsement as fully and completely as if wholly written herein.

References to the law of any state in Conditions 2 and 4 of this Policy are hereby declared to include for the purpose of this endorsement only, the provisions of Title 33,Government Code of Guam.

☐ **Endorsement No. 02**
EXECUTIVE OFFICERS ENDORSEMENT

Notwithstanding anything to the contrary contained in this policy or any other endorsements hereto, it is hereby noted and agreed that coverage hereunder is extended to apply in respect of Executive Officers of the Employer.

☐ **Endorsement No. 03**
AMENDATORY ENDORSEMENT

It is hereby agreed that:

Condition 4-Inspection and Audit of the policy is amended to read as follows:

"The Company and any rating authority having jurisdiction by law shall each be permitted but not obligated to inspect at any reasonable time the workplaces, operations, machinery and equipment covered by this policy. Neither the 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 insured or others, to determine or warrant that such workplaces, operations, machinery or equipment are safe or healthful, or are in compliance with any law, rule or regulation."

"The company and any rating authority having jurisdiction by law shall each be permitted to examine and audit the insured's payroll records, general ledger, disbursements, vouchers, contracts, tax reports and all other books, documents and records of any and every kind at any reasonable time during the policy period and any extension thereof and within three years after termination of this policy, as far as they show or tend to show or verify the amount of remuneration or other premium basis, or relate to the subject matter of this insurance."

IN WITNESS WHEREOF. the company has caused this policy to be signed by its president and manager, but this policy shall not be valid unless completed by the attachment hereto of a Declarations page designated as part Two and countersigned on the aforesaid Declarations page by a duly authorized agent of the Company.

YONJO CHOI
MANAGER

Jeongnam Kim
JEONG-NAM KIM
PRESIDENT

MACHINERY AND PLANT BREAKDOWN

Underwriters agree (subject to the terms and conditions of the Policy to which this extension forms part) to insure against MACHINERY AND PLANT BREAKDOWN and resultant Business Interruption.

The words "MACHINERY AND PLANT" in capital letters shall mean all integral parts of any boiler or any item of machinery or plant of any kind and description the property of the Insured or in which the Insured has insurable interest.

The word "BREAKDOWN" in capital letters shall mean the actual failure breaking distortion explosion or burning out of any part of the MACHINERY AND PLANT whilst in use or connected ready for use causing its sudden stoppage and necessitating its immediate repair or replacement before it can resume normal work and arising out of

1) mechanical or electrical defects in the item
2) failure or fluctuation of electricity supply.

Unless damage results from a peril insured by the policy of which this extension forms a part this insurance does not cover direct or indirect damage caused by any failure of a system resulting in damage (whether direct or indirect) to any such system or to any other property insured.

This extension does not cover the amounts of the Self Insured Retention stated in the Schedule in respect of each and every loss as ascertained after the application of all other terms and conditions of the policy including any condition of Average (Underinsurance)

This extension does not insure against:

1. Damage resulting from experiments or overload or similar tests requiring the imposition of abnormal conditions.

2. Damage due to faults or defects which were in existence when the insurance was arranged and known to the Insured (or his representative) but not disclosed to the Underwriters.

3. Wastage of material or the like or wearing out of any part of a machine caused by or naturally resulting from ordinary usage or working or other gradual deterioration rust oxidation corrosion or erosion.

4. Damage to exchangeable parts and detachable tools and appliances such as moulds engraved cylinders bits drills cutters or other cutting edges saw blades dies pattern rollers pulverising and crushing hammers refractory lining screens sieves chains belts ropes elevator and conveyor bands batteries tyres connecting wires trailing cables flexible pipes and hoses attachments working below ground level jointing and packing material and parts not made of metal unless damage results from a peril insured by the policy of which this extension forms a part.

5. Loss or damage for which a supplier contractor or repairer is responsible either by law or under contract.

Underwriters shall not be liable for the costs

1. of normal upkeep normal making good maintenance
2. arising from false of unauthorised programming punching labelling or inserting inadvertent cancelling of information or discarding of data media and from loss of information caused by magnetic fields.

Provisions applying to BREAKDOWN only

Basis of Settlement

a. Reinstatement Basis

In the event of BREAKDOWN to MACHINERY AND PLANT which at the time of BREAKDOWN is less than 3 years old for which indemnity is provided by this extension Underwriters will pay the cost of reinstatement meaning

1. where the MACHINERY AND PLANT is lost or destroyed to the extent that it cannot be economically repaired the cost of replacement by similar MACHINERY AND PLANT

2. where the MACHINERY AND PLANT is damaged the cost of repairing or restoring the damage portions to a condition substantially the same as but not better or more extensive than its condition when new.

b Indemnity Basis

In the event of BREAKDOWN other than as described above Underwriters will pay the amount of loss meaning

1. where the MACHINERY AND PLANT is lost or destroyed the value of the MACHINERY AND PLANT prior to its loss or destruction.

2. where the MACHINERY AND PLANT is damaged the cost of repairing or restoring the damaged portions to a condition substantially the same as but not better or more extensive than its condition prior to the occurrence of the damage

c) Special Provisions

The following provisions will apply

1. Where BREAKDOWN occurs to only part of the MACHINERY AND PLANT the liability of Underwriters shall not exceed the amount which Underwriters would have been liable to pay had the MACHINERY AND PLANT been wholly destroyed

2. The work of reinstatement must be commenced and carried out without unreasonable delay and in any case must be completed within twelve months after the BREAKDOWN or within such further time as Underwriters may allow during the said twelve months and may be carried out wholly or partially upon another site and in any manner suitable to the requirements of the Insured provided that it does not increase the liability of Underwriters

3. Underwriters' liability for the cost of reinstatement shall be limited to the value of the MACHINERY AND PLANT prior to the occurrence of BREAKDOWN until the cost of reinstatement shall have actually been incurred

SAMPLE

SERVICE OF SUIT CLAUSE (U.S.A.)

This Service of Suit Clause will not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in any Arbitration provision within this Policy. This Clause is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to such Arbitration provision for resolving disputes arising out of this contract of insurance (or reinsurance).

It is agreed that in the event of the failure of the Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Insured (or Reinsured), will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' 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 AM Insurance, Suite 113F Ada's Commercial Center, 215-A Chalan Santo Papa, Agana, Guam that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured (or Reinsured) to give a written undertaking to the Insured (or Reinsured) that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their 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 Reinsured) or any beneficiary hereunder arising out of this contract of insurance (or reinsurance), and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

14/09/2005

LMA5020

Form approved by Lloyd's Market Association

U.S.A. & CANADA

LAND, WATER AND AIR EXCLUSION

Notwithstanding any provision to the contrary within the Policy of which this Endorsement forms part (or within any other Endorsement which forms part of this Policy), this Policy does not insure land (including but not limited to land on which the insured property is located), water or air, howsoever and wherever occurring, or any interest or right therein.

SEEPAGE AND/OR POLLUTION AND/OR CONTAMINATION EXCLUSION

Notwithstanding any provision to the contrary within the Policy of which this Endorsement forms part (or within any other Endorsement which forms part of this Policy), this Policy does not insure:

(a) any loss, damage, cost or expense, or

(b) any increase in insured loss, damage, cost or expense, or

(c) any loss, damage, cost, expense, fine or penalty, which is incurred, sustained or imposed by order, direction, instruction or request of, or by any agreement with, any court, government agency or any public, civil or military authority, or threat thereof, (and whether or not as a result of public or private litigation),

which arises from any kind of seepage or any kind of pollution and/or contamination, or threat thereof, whether or not caused by or resulting from a peril insured, or from steps or measures taken in connection with the avoidance, prevention, abatement, mitigation, remediation, clean-up or removal of such seepage or pollution and/or contamination or threat thereof.

The term "any kind of seepage or any kind of pollution and/or contamination" as used in this Endorsement includes (but is not limited to):

(a) seepage of, or pollution and/or contamination by, anything, including but not limited to, any material designated as a "hazardous substance" by the United States Environmental Protection Agency or as a "hazardous material" by the United States Department of Transportation, or defined as a "toxic substance" by the Canadian Environmental Protection Act for the purposes of Part II of that Act, or any substance designated or defined as toxic, dangerous, hazardous or deleterious to persons or the environment under any other Federal, State, Provincial, Municipal or other law, ordinance or regulation; and

(b) the presence, existence, or release of anything which endangers or threatens to endanger the health, safety or welfare of persons or the environment.

DEBRIS REMOVAL ENDORSEMENT

THIS ENDORSEMENT CONTAINS PROVISIONS WHICH MAY LIMIT OR PREVENT RECOVERY UNDER THIS POLICY FOR LOSS WHERE COSTS OR EXPENSES FOR DEBRIS REMOVAL ARE INCURRED.

Nothing contained in this Endorsement shall override any Seepage and/or Pollution and/or Contamination Exclusion or any Radioactive Contamination Exclusion or any other Exclusion applicable to this Policy.

Any provision within this Policy (or within any other Endorsement which forms part of this Policy) which insures debris removal is cancelled and replaced by the following:

1. In the event of direct physical damage to or destruction of property, for which Underwriters hereon agree to pay, or which but for the application of a deductible or underlying amount they would agree to pay (hereinafter referred to as "Damage or Destruction"), this Policy also insures, within the Sum Insured, subject to the limitations and method of calculation below, and to all the other terms and conditions of the Policy, costs or expenses;

(a) which are reasonably and necessarily incurred by the Assured in the removal, from the premises of the Assured at which the Damage or Destruction occurred, of debris which results from the Damage or Destruction; and

(b) of which the Assured becomes aware and advises the amount thereof to Underwriters hereon within one year of the commencement of such Damage or Destruction.

2. In calculating the amount, if any, payable under this Policy for loss where costs or expenses for removal of debris are incurred by the Assured (subject to the limitations in paragraph 1 above):

(a) the maximum amount of such costs or expenses that can be included in the method of calculation set out in (b) below shall be the greater of US$25,000 (twenty-five thousand dollars) or 10% (ten percent) of the amount of the Damage or Destruction from which such costs or expenses result; and

(b) the amount of such costs or expenses as limited in (a) above shall be added to:

(i) the amount of the Damage or Destruction; and

(ii) all other amounts of loss, which arise as a result of the same occurrence, and for which Underwriters hereon also agree to pay, or which but for the application of a deductible or underlying amount they would agree to pay; and

the resulting sum shall be the amount to which any deductible or underlying amount to which this Policy is subject and the limit (or applicable sub-limit) of this Policy, shall be applied.

24/11/88
NMA2340

RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE - PHYSICAL DAMAGE - DIRECT (U.S.A.)

This Policy does not cover any loss or damage arising directly or indirectly from nuclear reaction nuclear radiation or radioactive contamination however such nuclear reaction nuclear radiation or radioactive contamination may have been caused * NEVERTHELESS if Fire is an insured peril and a Fire arises directly or indirectly from nuclear reaction nuclear radiation or radioactive contamination any loss or damage arising directly from that Fire shall (subject to the provisions of this Policy) be covered EXCLUDING however all loss or damage caused by nuclear reaction nuclear radiation or radioactive contamination arising directly or indirectly from that Fire.

* NOTE. - If Fire is not an insured peril under this Policy the words "NEVERTHELESS" to the end of the clause do not apply and should be disregarded.

7/5/59
NMA1191

ELECTRONIC DATE RECOGNITION EXCLUSION (EDRE)

This Policy does not cover any loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

(a) the calculation, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, programme or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not; or

(b) any change, alteration, or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, programme or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not.

This clause applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

17/12/97
NMA2802

ELECTRONIC DATA ENDORSEMENT B

1. Electronic Data Exclusion

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

(a) This Policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA from any cause whatsoever (including but not limited to COMPUTER VIRUS) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorised instructions or code including a set of maliciously introduced unauthorised instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

(b) However, in the event that a peril listed below results from any of the matters described in paragraph (a) above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage occurring during the Policy period to property insured by this Policy directly caused by such listed peril.

Listed Perils

Fire

Explosion

2. Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost of the blank media plus the costs of copying the ELECTRONIC DATA from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling such ELECTRONIC DATA. If the media is not repaired, replaced or

restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Assured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

25/01/01

NMA2915

WAR AND TERRORISM EXCLUSION ENDORSEMENT

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

1. war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or

2. any act of terrorism.

   For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to 1 and/or 2 above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Assured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

08/10/01

NMA2918

BIOLOGICAL OR CHEMICAL MATERIALS EXCLUSION

It is agreed that this Insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.

06/02/03
NMA 2962

U.S. TERRORISM RISK INSURANCE ACT OF 2002 AS AMENDED
NOT PURCHASED CLAUSE

This Clause is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as amended as summarized in the disclosure notice.

It is hereby noted that the Underwriters have made available coverage for "insured losses" directly resulting from an "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002", as amended ("TRIA") and the Insured has declined or not confirmed to purchase this coverage.

This Insurance therefore affords no coverage for losses directly resulting from any "act of terrorism" as defined in TRIA except to the extent, if any, otherwise provided by this policy.

All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

LMA5219
12 January 2015

ASBESTOS ENDORSEMENT

A. This Insurance only insures asbestos physically incorporated in an insured building or structure, and then only provides indemnity in respect of that part of the asbestos which has been physically damaged during the period of insurance by one of these Listed Perils:

Fire, Lightning, Explosion, Aircraft, Riot or Civil Commotion, Earthquake, Subterranean Fire, Storm or Flood, Escape of Water, Impact, Sprinkler Leakage, Subsidence.

This coverage is subject to all limitations in the policy to which this endorsement is attached and in addition to each of the following specific limitations:

1. The said building or structure must be insured under this Insurance for damage by a Listed Peril.

2. The Listed Peril must be the immediate sole cause of the damage to the asbestos.

3. The Assured must report to the Underwriters the existence and cost of the damage as soon as practicable after the Listed Peril first damaged the asbestos. However this Insurance does not insure any such damage first reported to the Underwriters more than 12 (twelve) months after the expiration, or termination, of the period of insurance.

4. This Insurance shall provide no cover (whether for physical damage, business interruption, delay of repair or other consequential loss) in respect of:

   (i) wear and tear or inherent defect, quality or vice in or of any asbestos;

   (ii) any compliance with or breach of any legal or other duty or obligation (including without limitation any duty arising from any contract or statute, or any instruction, request or order of any court or governmental or regulatory authority) of any person in connection with the design, manufacture, installation, use, retention, treatment, management, repair, replacement or removal of any asbestos (damaged or otherwise); or

   (iii) any asbestos which the Listed Peril has not physically damaged.

B. Except as set forth in the foregoing Part A of this endorsement, this Insurance does not insure asbestos or any interest relating thereto.

LMA5011 22/11/04

Form approved by Lloyd's Market Association

MICROORGANISM EXCLUSION (ABSOLUTE)

This Policy does not insure any loss, damage, claim, cost, expense or other sum directly or indirectly arising out of or relating to:

> mold, mildew, fungus, spores or other microorganism of any type, nature, or description, including but not limited to any substance whose presence poses an actual or potential threat to human health.

This Exclusion applies regardless whether there is (i) any physical loss or damage to insured property; (ii) any insured peril or cause, whether or not contributing concurrently or in any sequence; (iii) any loss of use, occupancy, or functionality; or (iv) any action required, including but not limited to repair, replacement, removal, cleanup, abatement, disposal, relocation, or steps taken to address medical or legal concerns.

This Exclusion replaces and supersedes any provision in the Policy that provides insurance, in whole or in part, for these matters.

14/09/2005

LMA5018

Form approved by Lloyd's Market Association

FRAUDULENT CLAIM CLAUSE

If the (re)insured shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this contract shall become void and all claim hereunder shall be forfeited.

LMA5062

04/06/2006

Form approved by Lloyd's Market Association

SANCTION LIMITATION AND EXCLUSION CLAUSE

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

15/09/10

LMA3100

SAMPLE

ENDORSEMENTS attaching to and forming part of this policy

1. The Insuring Clause of the Policy is amended to read as follows:
SUBJECT TO THE EXCLUSION, CONDITIONS AND LIMITATIONS CONTAINED HEREIN, this Policy insured (1) the Property of the Insured which has been declared to and agreed by Underwriters and (2) Property of others in which the Insured has insurable interest, as more fully defined in the Schedule, against RISKS OF DIRECT PHYSICAL LOSS OR DAMAGE occurring during the period of this Policy

2. The schedules of property provided to Underwriters represent, to the best of the Insured's knowledge, a complete listing of all its owned and leased real and personal property and the current replacement values thereof. The schedules are not to be used to establish sub-limits of coverage, nor are they to be considered as any form of valuation. The amount payable under this Policy shall not be limited by individual values shown on the schedules prepared for Underwriters

3. Ingress/Egress: This Policy is extended to cover the actual loss sustained during the period of time when, as a result of a direct physical loss or damage caused by a peril insured against, access to real or personal property of the Insured is impaired or denied by order of civil authority or otherwise in whole or in part (4 week limitation)

4. Preservation of Property: In the case of actual or imminent physical loss or damage of the type insured against by this Policy, the expenses incurred by the Insured in taking reasonable and necessary actions for the temporary protection and preservation of property insured hereunder shall be added to the total physical loss or damage, if any, otherwise recoverable under this Policy and be subject to the applicable Deductible and without increase in the Limit provisions contained in this Policy

5. Condition 5 (Valuation) of the Policy is amended to read as follows:
In the event of loss recovery shall be made on the basis of 100% of the property's current replacement value at the time and place of loss. The Insured shall not be required to rebuild damaged or destroyed property on the same site nor with like kind and quality

6. Condition 16 (Cancellation) of the Policy is amended to read as follows:
This Policy may be cancelled by the Insured at any time by written notice or by surrender of this Policy. If Underwriters desire to cancel this Policy they shall give 90 days' prior written notice by email and Certified Mail to: Greg P. Cruz, Chief Financial Officer, Guam Waterworks Authority, P.O. Box 3010, Hagatna, Guam 96932, e-mail address: gpcruz@guamwaterworks.org.

If this Insurance shall be cancelled by the Insured the Underwriters shall retain the customary short rate proportion of the premium hereon, except that if this Insurance is on an adjustable basis the Underwriters shall receive the earned premium hereon or the short rate proportion of any minimum or deposit premium stipulated herein whichever is the greater.

If this insurance shall be cancelled by or on behalf of the Underwriters, the Underwriters shall retain the pro rata proportion of the premium hereon except that if this Insurance is on an adjustable basis the Underwriters shall receive the earned premium hereon or the pro rata proportion of any minimum premium stipulated herein whichever is the greater.

Payment or tender of any unearned premium by the Underwriters shall not be a condition precedent to the effectiveness of Cancellation but such payment shall be made as soon as practicable.

If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

7. The Professional Fees clause in the Policy is amended to read as follows: "The sums insured herein are deemed to include architects', surveyors' and consultants' fees necessarily incurred by the Insured in the reinstatement of the property following upon its destruction or damage by any peril insured against including fees for the preparation of a claim or an estimate of loss subject to the scales of professional charges prevailing at the time of the destruction or damage."

8. Underwriters waive their rights of subrogation against any tenant occupying, renting or leasing property from the Insured

9. This insurance includes losses resulting from interruption or interference with the Business in consequence of damage to or loss of use of:

   1. property at the Guam Waterworks Authority, including equipment anywhere on Guam.
   2. property of electricity, steam, water, gas, refrigeration, telephone or signal communication, power or other similar type of utility services

SAMPLE

ANNUAL REVIEW CLAUSE

Policy Number:

Inception Date:

Expiry Date:

In consideration of the granting of this Policy for a period in excess of 12 months, it is agreed by both Underwriters and the Insured that on each 12 month Anniversary Date the Underwriters will be required to continue insurance coverage under this Policy for a further period of 12 months at the same premium and subject to the same terms and conditions, except if any of the following factors apply as at that Anniversary Date (in which case the Underwriters are entitled to review the insurance coverage and amend its terms and conditions, including the premium and the deductible or excess, or, at the sole option of the Underwriters, to issue notice of cancellation in accordance with the conditions set out under the Policy):

1. There has been a Material Change in the Risk.

2. There has been an increase of more than 10% in the Insured's estimated turnover for the forthcoming 12 months period in comparison to that given for the preceding 12 months period.

3. There has been a change in law which has the effect of increasing the Underwriters' exposure.

4. The Incurred Claims exceed 50% of the Net Premium in respect of the prior 12 months' period of insurance to which this clause relates.

5. There has been significant adverse development in the historical loss record in any of the prior 5 years whereby Incurred Claims exceed 50% of the Net Premium.

6. There has been a change in legal regulations relating to insurance contracts which oblige the Underwriters to alter any terms or conditions of the Policy, or

7. There has been a change in Underwriters' reinsurance arrangements - having the effect that reinsurance protection is no longer available to the Underwriters on substantially the same terms and conditions as previously.

The term "Material Change in the Risk" shall mean any change relating to or affecting the Insured's business activities which, if disclosed, might influence the Underwriters to either decline to continue the insurance or to stipulate a higher premium including, but not limited to, the following:

(a) Any change in the business activities of the Insured of a partial or additional nature

(b) Any change, either through expansion or contraction, in the territories or countries in which the Insured transacts their business either in terms of domicile, operations therein or exports thereto

(c) Any change in production methods or the adoption of new technology in the business of the Insured

(d) Any change in approach to the training of the Insured's employees or a change in the minimum required competencies of such employees

(e) Any change in approach to the risk management procedures adopted by the Insured

(f) In respect of any information previously supplied to Underwriters, any change in that information

The term "Incurred Claims" means the total cost of claims including actual claim payments (including medical, legal and other costs and expenses) and reserves set by the Underwriters on outstanding claims (also including such costs and expenses).

The term "Net Premium" means the premium received by the Underwriters net of tax and any commissions or other deductions.

Nothing in this Clause shall prejudice any rights the Underwriters may have to cancel this policy in accordance with (i) any cancellation condition, or the like, which may be contained in the Policy or (ii) in accordance with any general principle of contract law (including but not limited to misrepresentation).

The terms of this Clause apply only to this Policy and not to any subsequent policy issued in renewal of this policy nor to any Excess Liability Policy which may be issued to operate in excess of this Policy (unless specifically stated to the contrary herein).

SAMPLE

Dongbu Insurance Co., Ltd.

Seoul, Korea

General Liability Policy

Part Two. This Declarations Page and Coverage Part(s) with "policy provision Part One" completes the below numbered

Item	DECLARATIONS	POLICY NUMBER:			
1.	*Named Insured* Address:				
2	POLICY PERIOD: 12:01 AM STANDARD TIME AT THE ADDRESS OF THE NAMED INSURED AS STATES HEREIN	FROM:	TO:		
	Insurance hereunder is provided in the insurance company named below. (hereinafter called the Company) **Dongbu Insurance Co., Ltd.**				
3.	The Insurance afforded is only with respect to such of the following parts designated by an "X" in [ ] and Coverages therein as are indicated by specific premium charge or charges. The limit of Company's Liability against each such Coverage shall be as stated herein, subject to all the terms of this policy having reference thereto.				
	Comprehensive General Liability Insurance..... [ ] Owners' Landlords' and Tenants' Liability Insurance..... [ ] Manufacturers' and Contractors' Liability Insurance..... [ ] Contractual Liability Insurance..... [ ] Products and Completed Operations Liability Insurance..... [ ] Owners' and contractors protection liability..... [ ]	LIMITS OF LIABILITY			ADVANCE PREMIUM
		EACH OCCURRENCE	EACH AGGREGATE		
	Bodily Injury Liability	$	$		$
	Property Damage Liability	$	$		$
		EACH PERSON	EACH ACCIDENT		
	Premises Medical Payments..... [ ]	$	$		$
		AGGREGATE			
	Personal Injury Liability Insurance..... [ ]				$
			EACH CLAIMS	AGGREGATE	
		INDIVIDUAL PARTNERSHIP	$ XXX	XXX	
	Comprehensive Automobile Liability Insurance..... [ ]	EACH PERSON	EACH OCCURRENCE		
	Bodily Injury Liability	$	$		$
	Property Damage Liability	XXX	$		$
		EACH PERSON	EACH ACCIDENT		
	Automobile Medical Payments Insurance..... [ ]	$	XXX		$
	Garage Insurance..... [ ]	See Coverage Part for Limits of Liability			$
	Automobile Physical Damage Insurance (Non-Fleet)..... [ ]	See Coverage Part for Limits of Liability			$
	Automobile Physical Damage Insurance (Fleet Automatic)..... [ ]				$
	Schedule Automobile Liability Insurance..... [ ]	See Coverage Part for Limits of Liability			$
	Endorsement and Additional Coverage Parts # (IDENTIFY BY FORM NUMBERS) **See Schedule of Endorsement attached.**				
	If Policy Period more than one year and the premium is to be paid In installments, premium is payable: on effective date of policy $ 1st Anniversary $ 2nd Anniversary			**Total Advanced Premium**	$ $
	Audit Period: Annual, unless otherwise stated				$
4	The named Insured is: Individual [ ] Partnership [ ] Corporation [ ] Joint Venture [ ] Other [X] Hospital Authority				
	Business of the named insured is:				
5	Policy Territory: Island of Guam, The United States and in United States territories or possessions.				

Form No. KGL - 0301

CLT /COV /AGT /UND /HFC

Signed By: _____

Authorized Representative
Moylan's Insurance Underwriters, Inc.
General Agent

Named Insured: _____

SCHEDULE OF ENDORSEMENT

Subject to the following clauses/riders or endorsements marker "X" under the policy:

Subject to the following clauses/riders or endorsements attached to and forming part of this policy:

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits of conditions of the Policy except as herein above set forth.

This endorsement is effective as of inception of the policy of which this form is made a part.

Attached to and forming part of Policy No. _____ of the **Dongbu Insurance Co., Ltd.**

Date issued:

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Named Insured: _____

GUAM WATERWORKS AUTHORITY

GENERAL LIABILITY POLICY SPECIMEN

"Terms and Conditions contained therein will be provided to the Corporation without change"



MOYLAN'S INSURANCE UNDERWRITERS, INC.
Home of the Good Guys and Gals
424 W OBrien Dr Ste 102
Hagatna GU 96910

RISK DETAILS

TYPE	Commercial General Liability reinsurance
ORIGINAL INSURED	The Guam Waterworks Authority, any director, officer, elected or appointed official, contract employee, servant, employee or volunteer worker acting for or on behalf of the Authority
ADDRESS	Lot 2512, Municipality of Mangilao 688 Route 15 Fadian Mangilao GUAM 96923
REINSURED	Dongbu Insurance Company Ltd, Guam
PERIOD	36 months from 1st May 2017 to 1st May 2020 both days at 12:01am local standard time at the address of the Original Insured. Or 60 months from 1st May 2017 to 1st May 2022 both days at 12:01am local standard time at the address of the Original Insured. Period hereon: 1st May 2017 to 1st May 2018 both days at 12:01am local standard time at the address of the Original Insured.
BUSINESS	Ownership, operation and maintenance of fresh and waste water facilities
LIMIT OF INDEMNITY	Section A - Public Liability: USD 50,000,000 any one occurrence Section B - Pollution Liability: USD 15,000,000 any one occurrence and in the aggregate Section C - Products Liability: USD 50,000,000 any one occurrence and in the aggregate
TERRITORIAL LIMITS	Guam but worldwide in respect of Products.
CONDITIONS	Underwriters agree to waive sight of retention Subject to the express terms of this Reinsurance, Reinsurers are liable under this Reinsurance to the extent that the Reassured is liable under the contract protected hereunder. Claims Control Clause as attached NMA1998 Service of Suit Clause as attached LMA3100 Sanction Limitation and Exclusion Clause This reinsurance is subject to notice of cancellation at the anniversary date. Notice of cancellation with effect from 1st May 2018 is hereby given Annual Review Clause as attached Original Conditions Wording: NVA07 Intl CGL plus Personal Injury Extension as attached

	Excess USD 300,000 each and every loss Employees, officials and directors of the Insured are covered whilst attending meetings worldwide subject to the policy terms, conditions and limitations
	If Underwriters desire to cancel this policy other than for non-payment of premium, they shall give not less than ninety (90) days' prior written notice by e-mail and Certified Mail to: Greg P Cruz, Chief Financial Officer PO Box 3010 Hagatna Guam 96923 e-mail gpcruz@guamwaterworks.org
	Additional Insureds, waivers of subrogation, indemnities and contractual agreements, hold harmless agreements and cross liability clauses shall be held covered subject to notification to Insurers as soon as is practicable
	Including the Insured's liability arising out of any events held throughout the year on the Insured's premises
	Including the liability of the Insured for bodily injury and/or property damage caused by an occurrence arising out of the giving or serving of alcoholic beverages by the Insured at functions incidental to the Insured's business, subject to a policy limit of USD 1,000,000 any one occurrence. Such limit is included within and not in addition to the limit of liability shown in the policy
	In the event of a claim under this policy, Insurers waive the right to invoke the legal defence of sovereign immunity
EXPRESS WARRANTIES	None *(Other than those that may be expressly contained within the policy conditions, wordings, clauses and in addition to any implied warranties under the law to which this insurance is subject – failure to comply with a warranty will, in normal circumstances, void this insurance policy).*
CONDITIONS PRECEDENT	None *(Other than those that may be expressly contained within the policy conditions, wordings, clauses and in addition to any implied warranties under the law to which this insurance is subject – failure to comply with any such Condition Precedent may result in the cancellation of or denial of coverage under this policy).*
SUBJECTIVITIES	None *(Other than those that may be expressly contained within the policy conditions, wordings, clauses to which this insurance is subject – failure to comply with any such Subjectivities may result in the cancellation of this policy and the issuance of a policy premium refund on a pro rata basis).*
CHOICE OF LAW & JURISDICTION	This insurance shall be governed by and construed in accordance with the laws of Guam and the exclusive jurisdiction of the Guam courts. The seat of arbitration shall be Tamuning

PREMIUM PAYMENT TERMS

It is a condition of this contract of reinsurance that the premiums due must be paid to and received by Reinsurer on or before midnight on the dates specified

If this condition is not complied with this policy shall terminate from midnight on the due date of the first breach with the Reinsured hereby agreeing to pay premium calculated at not less than pro rata temporis

1) 1st July 2017 - 50%
2) 1st October 2017 - 50%

The second instalment is to be paid as an Additional Premium and not as deferred

TAXES PAYABLE BY REINSURED WHICH ARE ADMINISTERED BY REINSURERS	None
RECORDING, TRANSMITTING & STORING INFORMATION	Where the Broker maintains risk and claim data/information/documents the Broker may hold data/information/documents electronically
INSURER CONTRACT DOCUMENTATION	This document details the contract terms entered into by the reinsurer(s), and constitutes the contract document

INFORMATION

The following information was provided to insurer(s) to support the assessment of the risk at the time of underwriting.

2012 turnover - USD 67,315,207
2013 turnover - USD 67,111,723
2014 turnover - USD 81,000,000
2015 turnover - USD 94,000,000
2016 turnover - USD 104,987,000

Invitation for Competitive Sealed Bids IFB 2017-12

PREMISES

The Authority occupies an approximate 15,000ft administration building at 578 North Marine Corps Drive, Tamuning, Guam. It also has the following facilities located throughout Guam:

Fresh water system

1 treatment plant
21 reservoirs
33 booster pump stations
35 pressure relief valve vaults
120 water well sites
19 owned water storage tanks
394 miles of pipe

Waste water system

7 treatment plants
164 booster pump stations
72 pumping stations
6,776 manholes
224 miles of pipe

Operations consist principally of administration, routine maintenance and repair work. 333 employees

In addition to the Insured's fresh water sources, the US Navy supplies water from its system to the Insured for sale to non-military customers

No data is currently available as to contractual obligations incurred by the Authority

CLAIMS

No claims exceeding the deductible in the last 5 years

SECURITY DETAILS

INSURER'S LIABILITY **LMA3333**

(Re)insurer's liability several not joint

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning 'signing' below. In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite under this contract. The business address of each member is Lloyd's, One Lime Street, London, EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportions may be obtained by writing to Market Services, Lloyd's, at the above address.

Proportion of liability

Unless there is 'signing' (see below) the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its 'written line'. Where this contract permits, written lines, or certain written lines, may be adjusted ('signed'). In that case, a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a 'signed line'. The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred. Although reference is made at various points in this clause to 'this contract' in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

ORDER HEREON 100% of 100%

BASIS OF WRITTEN LINES

Percentage of whole

SIGNING PROVISIONS

In the event that the written lines hereon exceed 100% of the order, any lines written "to stand" will be allocated in full and all other lines will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order without further agreement of any of the insurers.

However:

a) in the event that the placement of the order is not completed by the commencement date of the period of insurance then all lines written by that date will be signed in full;

b)the signed lines resulting from the application of the above provisions can be varied, before or after the commencement date of the period of insurance, by the documented agreement of the insured and all insurers whose lines are to be varied. The variation to the contracts will take effect only when all such insurers have agreed, with the resulting variation in signed lines commencing from the date set out in that agreement.

PUBLIC & PRODUCTS LIABILITY INSURANCE

1. OPERATIVE CLAUSE

The Underwriters will indemnify the Insured against their liability to pay damages (including claimants' costs, fees and expenses) in accordance with the law of any country but not in respect of any judgement, award, payment or settlement made within countries which operate under the laws of the United States of America or Canada (or to any order made anywhere in the world to enforce such judgement, award, payment or settlement either in whole or in part) unless the Insured has requested that there shall be no such limitation and has accepted the terms offered by Underwriters in granting such cover, which offer and acceptance must be signified by specific endorsement to this Policy.

This indemnity applies only to such liability as defined by each insured Section of this Policy arising out of the Business specified in the Schedule, subject always to the terms, Conditions and Exclusions of such Section and of the Policy as a whole.

For the purpose of determining the indemnity granted

1.1. "Injury" means death, bodily injury, illness or disease of or to any person;

1.2 "Damage" means loss of possession or control of or actual damage to tangible property;

1.3 "Pollution" means pollution or contamination of the atmosphere or of any water, land or other tangible property;

1.4 "Product" means any property after it has left the custody or control of the Insured which has been designed, specified, formulated, manufactured, constructed, installed, sold, supplied, distributed, treated, serviced, altered or repaired by or on behalf of the Insured, but shall not include food or drink supplied by or on behalf of the Insured primarily to the Insured's employees as a staff benefit.

5 "Terrorism" means an act, including but not limited to the use of force or violence and/or threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or governments(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

6 "Occurrence" means an event, including continuous or repeated exposures to substantially the same general conditions, which result in Injury and/or Damage neither expected nor intended from the standpoint of the Insured. All events of a series consequent upon or attributable to one source or original cause shall be deemed one Occurrence

2. INDEMNITY TO OTHERS

The indemnity granted extends to

2.1 at the request of the Insured, any party who enters into an agreement with the Insured for any purpose of the Business, but only to the extent required by such agreement to grant such indemnity and subjects always to Clauses 7.3.3, and 12.3;

2.2. officials of the Insured in their business capacity for their liability arising out of the performance of the Business and/or in their private capacity arising out of their temporary engagement of the Insured's employees;

2.3 at the request of the Insured any person or firm for their liability arising out of the performance of a contract to provide labour only services to the Insured;

2.4 the officers, committee and members of the Insured's canteen, social, sports, medical, fire fighting and welfare organisations in their respective capacity as such;

2.5 the personal representatives of the estate of any person indemnified by reason of this Clause 2 in respect of liability incurred by such persons;

provided always that all such persons or parties shall observe, fulfil and be subject to the terms, Conditions and Exclusions of this Policy as though they were the Insured.

3. CROSS LIABILITIES

Each person or party specified as the Insured in the Schedule is separately indemnified in respect of claims made against any of them by any other, subject to Underwriters' total liability not exceeding the stated Indemnity Limits.

4. DEFENCE COSTS

The Underwriters will pay all costs, fees and expenses incurred by the Insured with the Underwriters prior written consent in the investigation defence or settlement of any claim made against the Insured under this Policy (hereinafter called "Defence Costs") other than in respect of any actions in the United States of America or Canada.

Defence Costs extend to include the costs of representation at any inquest inquiry or other proceedings in respect of matters which have a direct relevance to any claim made or which might be made against the Insured provided such claim or claims arise from an Occurrence which is the subject of indemnity by this Policy

5. INDEMNITY LIMITS

Underwriters' liability to pay damages (including claimants' costs, fees and expenses) shall not exceed the sum stated in the Schedule against each Section in respect of any one Occurrence or series of Occurrences arising from one originating cause, but under Section B and Section C the Indemnity Limits represent Underwriters' total liability in respect of all Occurrences.

Defence Costs will be payable in addition to the Indemnity Limits unless this Policy is endorsed to the contrary.

Should liability arising from the same originating cause form the subject of indemnity by more than one Section of this Policy, each Section shall be subject to its own Indemnity Limit, provided always

that the total amount of Underwriters' liability shall not exceed the greatest Indemnity Limit available under any one of the Sections providing indemnity.

SECTION A - PUBLIC LIABILITY

6. SECTION A - INDEMNITY

The Insured is indemnified by this Section in accordance with the Operative Clause for and/or arising out of Injury and/or Damage occurring during the Period of Insurance but not against liability arising out of

6.1 Pollution;

6.2 or in connection with any Product.

7. SECTION A - EXCLUSIONS

This section does not cover liability

7.1 arising out of the ownership, possession or use of any motor vehicle or trailer by or on behalf of the Insured, other than claims

7.1.1 caused by the use of any tool or plant forming part of or attached to or used in connection with any motor vehicle or trailer;

7.1.2 arising beyond the limits of any carriageway or thoroughfare and caused by the loading or unloading of any motor vehicle or trailer;

7.1.3 for damage to any bridge, weighbridge, road or anything beneath caused by the weight of any motor vehicle or trailer or the load thereon;

7.1.4 arising out of any motor vehicle or trailer temporarily in the Insured's custody or control for the purpose of parking;

provided always that no indemnity is granted against liability compulsorily insurable by legislation or for which the government or other authority has accepted responsibility;

7.2 arising out of the ownership, possession or use by or on behalf of the Insured of any aircraft, watercraft or hovercraft (other than watercraft not exceeding five metres in length and then only whilst on inland waterways);

7.3 for and/or arising out of Damage to property owned, leased or hired by or under hire purchase or on loan to the Insured or otherwise in the Insured's care, custody or control other than

7.3.1 premises (or the contents thereof) temporarily occupied by the Insured for work therein, and/or other property temporarily in the Insured's possession for work thereon (but no indemnity is granted for Damage to that part of the property on which the Insured is working and which arises out of such work);

7.3.2 clothing and personal effects belonging to employees and visitors of the Insured;

7.3.3 premises tenanted by the Insured to the extent that the Insured would be held liable in the absence of any specific agreement.

SECTION B - POLLUTION LIABILITY

8. SECTION B - INDEMNITY

The Insured is indemnified by this Section in accordance with the Operative Clause for and/or arising out of Injury and/or Damage occurring during the Period of Insurance and arising out of Pollution, but only to the extent that the Insured can demonstrate that such Pollution

8.1 was the direct result of a sudden, specific and identifiable event occurring during the Period of Insurance;

8.2 was not the direct result of the Insured failing to take reasonable precautions to prevent such Pollution.

9. SECTION B - EXCLUSIONS

This Section is subject to the Exclusions of Sections A7 and C11, and also does not cover liability for and/or arising out of

9.1 Damage to premises which is presently or was at any time previously owned, leased or tenanted by the Insured;

9.2 Damage to land or water within or below the boundaries of any land or premises which is presently or was at any time previously owned, leased or tenanted by the Insured or otherwise in the Insured's care, custody or control.

SECTION C - PRODUCTS LIABILITY

10. SECTION C - INDEMNITY

The Insured is indemnified by this Section in accordance with the Operative Clause for and/or arising out of Injury and/or Damage occurring during the Period of Insurance but only against liability arising out of or in connection with any Product and not against liability arising out of Pollution.

11. SECTION C - EXCLUSIONS

This Section does not cover liability

11.1 for and/or arising out of Damage to any Product or part thereof;

11.2 for costs incurred in the repair, reconditioning, modification or replacement of any Product or part thereof and/or financial loss consequent upon the necessity for such repair, reconditioning, modification or replacement;

11.3 arising out of the recall of any Product or part thereof;

11.4 arising out of any Product or part thereof which with the Insured's knowledge is intended to be incorporated into the structure, machinery or controls of any aircraft.

12. GENERAL EXCLUSIONS APPLICABLE TO ALL SECTIONS OF THE POLICY

This Policy does not cover liability

12.1 arising out of the deliberate, conscious or intentional disregard by the Insured's technical or administrative management of the need to take all reasonable steps to prevent Injury or Damage;

12.2 for and/or arising out of Injury to any person under a contract of employment or apprenticeship with or the provision of labour only services to the Insured where such Injury arises out of the execution of such contract;

12.3 arising out of liquidated damages clauses, penalty clauses or performance warranties unless proven that liability would have attached in the absence of such clauses or warranties;

12.4 directly or indirectly occasioned by, happening through or in consequence of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military or usurped power;

12.5 directly or indirectly caused by or contributed to by or arising from

12.5.1 ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel;

12.5.2 the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;

12.6 for Injury and/or Damage directly or indirectly caused by, resulting from or in connection with any act of Terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

This exclusion also excludes Injury and/or Damage directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of Terrorism.

If the Underwriters allege that by reason of this exclusion, any Injury and/or Damage is not covered by this Policy the burden of proving the contrary shall be upon the Insured.

In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

12.7 directly or indirectly caused by or alleged to be caused by or contributed to in whole or in part or arising from the existence of or exposure to asbestos and /or any asbestos containing materials

12.8 for the Excess as stated in the Schedule in respect of the first amount of each claim or series of claims arising out of one originating cause

(if any product from one prepared or acquired batch causes Damage to property of or Injury to more than one person, the Damage to property of all persons and all Injury resulting from that batch shall be considered as arising out of one originating cause);

12.9 which forms the subject of insurance by any other policy and this Policy shall not be drawn into contribution with such other insurance;

12.10 for awards or damages of a punitive or exemplary nature whether in the form of fines, penalties, multiplication of compensation awards or damages or aggravated damages or in any other form whatsoever.

13. GENERAL CONDITIONS

(Conditions 13.1 to 13.4 are precedent to Underwriters' liability to provide indemnity under this Policy).

13.1 The Insured shall give written notice to the Underwriters as soon as reasonably practicable of any Occurrence that may give rise to a claim under this Policy and shall give all such additional information as the Underwriters may require. Every claim, writ, summons or process and all documents relating thereto shall be forwarded to the Underwriters immediately they are received by the Insured.

13.2 No admission, offer, promise or payment shall be made or given by or on behalf of the Insured without the prior written consent of the Underwriters who shall be entitled to take over and conduct in the name of the Insured the defence or settlement of any claim or to prosecute in the name of the Insured to their own benefit any claim for indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings and in the settlement of any claim and the Insured shall give all such information and assistance as the Underwriters may reasonably require.

13.3 The Insured shall give notice as soon as reasonably practicable of any fact or event which materially changes the information supplied to Underwriters at the time when this Policy was effected and Underwriters may amend the terms of this Policy according to the materiality of the change.

13.4 Where the premium is provisionally based on the Insured's estimates, the Insured shall keep accurate records and after expiry of the Period of Insurance declare as soon as possible such details as Underwriters require. The premium shall then be adjusted and any difference paid by or allowed to the Insured as the case may be subject to any minimum premium that may apply.

13.5 The Underwriters may at any time pay to the Insured in connection with any claim or series of claims under this Policy to which an Indemnity Limit applies the amount of such Limit (after deduction of any sums already paid) or any lesser amount for which such claims can be settled and upon such payment being made the Underwriters shall relinquish the conduct and control of and be under no further liability in connection with such claims except for the payment of Defence Costs incurred prior to the date of such payment (unless the Indemnity Limit is stated to be inclusive of Defence Costs).

Provided that if Underwriters exercise the above option and the amount required to dispose of any claim or series of claims exceeds the Indemnity Limit and such excess amount is insured either in whole or in part, with Defence Costs payable in addition to the Indemnity Limit under this Policy then the Underwriters will also contribute their proportion of subsequent Defence Costs incurred with their prior consent.

13.6 Any dispute concerning the interpretation of this Policy and/or Schedule will be determined in accordance with the Law of Guam.

The Insured and Underwriters submit to the exclusive jurisdiction of any court of competent jurisdiction within Guam and agree to comply with all requirements necessary to give such court jurisdiction. All matters arising hereunder shall be determined in accordance with the law and practice of such court.

13.7 Any phrase or word in this Policy will be interpreted in accordance with the law of Guam. The Policy and the Schedule shall be read together as one contract and any word or

expression to which a specific meaning has been attached in any part of this Policy or the Schedule shall bear such specific meaning wherever it may appear.

13.8 The Underwriters may cancel this Policy by giving sixty days' notice in writing of such cancellation to the Insured's last known address.

13.9 If any claim under this Policy is in any respect fraudulent all benefit under the Policy shall be forfeited.

CLAIMS CONTROL CLAUSE

The following clause applies to all circumstances that may give rise to a claim under the Original Policy. Adherence by the Reinsured to the conditions set out herein is a condition precedent to Reinsurer's liability

(1) The Reinsured shall inform Reinsurers of any circumstance that may give rise to a claim on the Original Policy. In addition, the Reinsured shall provide Reinsurers with all available supporting information and documentation relating to the circumstance as soon as reasonably practicable but in any event within 14 days of the Reinsured becoming aware of such circumstance.

(2) Reinsurers shall have the right but not the obligation to assume control of the investigation of the circumstance and the defence and/or settlement of any resultant claim. Where Reinsurers assume control, the Reinsured shall act according to Reinsurers' direction.

(3) No settlement shall be made by the Reinsured without prior written approval of Reinsurers.

Subject otherwise to the Terms Conditions Limitations and Exclusions of the Policy

SERVICE OF SUIT CLAUSE (USA)

It is agreed that in the event of the failure of Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Insured (or Reinsured), will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' 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 to 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

AM Insurance
Suite 113F
Ada's Commercial Center
Agana
Guam

and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured (or Reinsured) to give a written undertaking to the Insured (or Reinsured) that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their 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 Reinsured) or any beneficiary hereunder arising out of this contract of insurance (or reinsurance), and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

NMA1998

24/04/1986

PERSONAL INJURY EXTENSION

The insurance provided by this Policy extends to include the Insured's legal liability for damages sustained by any person arising out of one or more of the following offences committed during the Policy period:-

1. False arrest, restraint, detention or imprisonment.
2. Malicious prosecution.
3. Wrongful entry, eviction or other invasion of the right of private occupancy.
4. The publication or utterance of a libel or slander or of other defamatory or disparaging material in violation of an individual's right of privacy except publication or utterance in the course of or related to advertising, broadcasting or telecasting activities conducted by or on behalf of the Named Insured.
5. Incidental medical malpractice error or mistake by a physician, surgeon, nurse, medical technician or other person performing medical services but only for or on behalf of the Insured in the provision of emergency medical relief.

The following additional exclusions shall apply to the Insurance provided by this extension:-

(a) liability assumed by the Named Insured under any contract or agreement

(b) personal injury arising out of the wilful violation of penal statute or ordinance committed by or with the knowledge or consent of the Named Insured

(c) personal injury arising out of offence 4 above

(i) if the first injurious publication or utterance of the same or similar material was made prior to the effective date of this insurance

(ii) if such publication or utterance was made by or at the direction of the Insured with the knowledge of the false nature thereof

(d) liability for personal injury sustained by any person directly or indirectly related to the past, present or potential employment of such person by the Insured.

The limit of liability applicable to Personal Injury claims shall be USD 10,000,000 any one offence and in the aggregate during the Policy period

MEMORANDUM OF UNDERSTANDING

Annual Review Clause

Policy Number: 17N1598

Inception Date: 1st May 2017

Expiry Date: 1st May 2020/1st May 2022

In consideration of the granting of this Policy for a period in excess of 12 months, it is agreed by both Underwriters and the Reinsured that on each 12 month Anniversary Date the Underwriters will be required to continue insurance coverage under this Policy for a further period of 12 months at the same premium and subject to the same terms and conditions, except if any of the following factors apply as at that Anniversary Date (in which case the Underwriters are entitled to review the insurance coverage and amend its terms and conditions, including the premium and the deductible or excess, or, at the sole option of the Underwriters, to issue notice of cancellation in accordance with the conditions set out under the Policy):

1. There has been a Material Change in the Risk.

2. There has been an increase of more than 10% in the Insured's estimated turnover for the forthcoming 12 months period in comparison to that given for the preceding 12 months period.

3. There has been a change in law which has the effect of increasing the Underwriters' exposure.

4. The Incurred Claims exceed 50% of the Net Premium in respect of the prior 12 months' period of insurance to which this clause relates.

5. There has been significant adverse development in the historical loss record in any of the prior 5 years whereby Incurred Claims exceed 50% of the Net Premium.

6. There has been a change in legal regulations relating to insurance contracts which oblige the Underwriters to alter any terms or conditions of the Policy, or

7. There has been a change in Underwriters' reinsurance arrangements - having the effect that reinsurance protection is no longer available to the Underwriters on substantially the same terms and conditions as previously.

The term "Material Change in the Risk" shall mean any change relating to or affecting the Insured's business activities which, if disclosed, might influence the Underwriters to either decline to continue the insurance or to stipulate a higher premium including, but not limited to, the following:

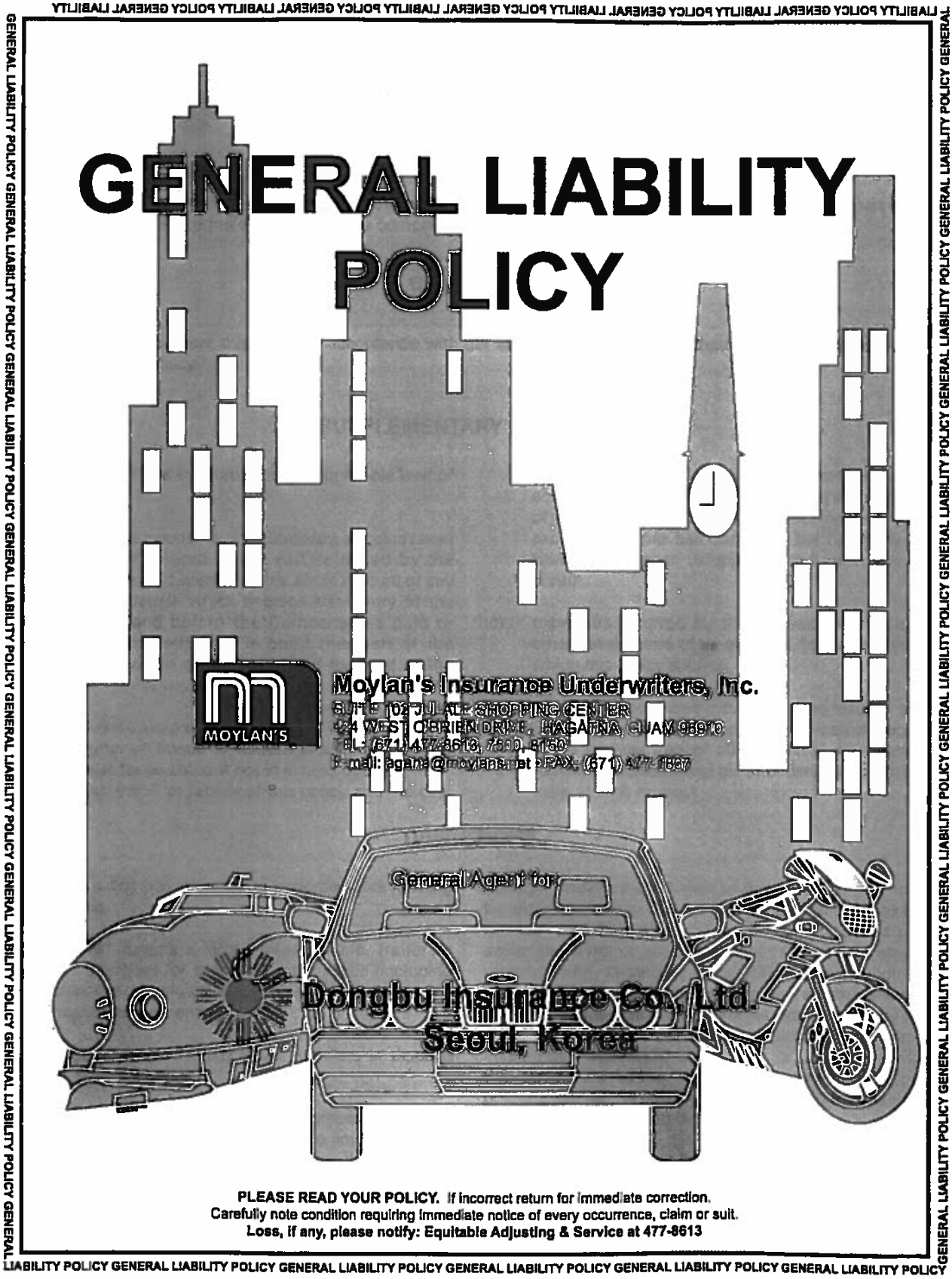
(a) Any change in the business activities of the Insured of a partial or additional nature
(b) Any change, either through expansion or contraction, in the territories or countries in which the Insured transacts their business either in terms of domicile, operations therein or exports thereto
(c) Any change in production methods or the adoption of new technology in the business of the Insured
(d) Any change in approach to the training of the Insured's employees or a change in the minimum required competencies of such employees
(e) Any change in approach to the risk management procedures adopted by the Insured
(f) In respect of any information previously supplied to Underwriters, any change in that information

The term "Incurred Claims" means the total cost of claims including actual claim payments (including medical, legal and other costs and expenses) and reserves set by the Underwriters on outstanding claims (also including such costs and expenses).

The term "Net Premium" means the premium received by the Underwriters net of tax and any commissions or other deductions.

Nothing in this Clause shall prejudice any rights the Underwriters may have to cancel this policy in accordance with (i) any cancellation condition, or the like, which may be contained in the Policy or (ii) in accordance with any general principle of contract law (including but not limited to misrepresentation).

The terms of this Clause apply only to this Policy and not to any subsequent policy issued in renewal of this policy nor to any Excess Liability Policy which may be issued to operate in excess of this Policy (unless specifically stated to the contrary herein).


GENERAL LIABILITY POLICY
MOYLAN'S
Moylan's Insurance Underwriters, Inc.
SUITE 102 JULALE SHOPPING CENTER
424 WEST O'BRIEN DRIVE, HAGATNA, GUAM 96910
TEL: (671) 477-8613, 7500, 8150
E-mail: agana@moylans.net FAX: (671) 477-1837
General Agent for
Dongbu Insurance Co., Ltd.
Seoul, Korea
PLEASE READ YOUR POLICY. If incorrect return for immediate correction.
Carefully note condition requiring immediate notice of every occurrence, claim or suit.
Loss, if any, please notify: Equitable Adjusting & Service at 477-8613

Dongbu Insurance Co., Ltd.

(Herein called the Company)

In consideration of the payment of the premium, in reliance upon the statements in the declarations made a part hereof and subject to all of the terms of this policy, the company hereby agrees with the Named Insured as follows:

COVERAGE

Coverage is afforded under this policy in accordance with the specific Coverage Parts identified in the Declarations as being a part of this policy.

SUPPLEMENTARY PAYMENTS

The Company will pay, in addition to the applicable limit of liability:

(a) all expenses incurred by the Company, all costs taxed against the Insured in any suit defended by the Company and all interest on the entire amount of any judgment therein which accrues after entry of the judgment and before the Company has paid or tendered or deposited in court that part of the judgment which does not exceed the limit of the Company's liability thereon;

(b) premiums on appeal bonds required in any such suit, premiums on bonds to release attachments in any such suit for an amount not in excess of the applicable limit of liability of this policy, and the cost of bail bonds required of the Insured because of accident or traffic law violation arising out of the use of any vehicle to which this policy applies, not to exceed $250 per bail bond, but the Company shall have no obligation to apply for or furnish any such bonds;

(c) expenses incurred by the Insured for first aid to others at the time of an accident, for bodily injury to which this policy applies;

(d) reasonable expenses incurred by the Insured at the Company's request, including actual loss of wages or salary (but not loss of other income) not to exceed $25 per day because of his attendance at hearings or trials at such request.

DEFINITIONS

When used in this policy (including endorsements forming a part hereof):

"automobile" means a land motor vehicle, trailer or semitrailer designed for travel on public roads (including any machinery or apparatus attached thereto), but does not include mobile equipment;

"bodily injury" means bodily injury, sickness or disease sustained by any person;

"collapse hazard" includes "structural property damage" as defined herein and property damage to any other property at any time resulting therefrom. "Structural property damage" means the collapse of or structural injury to any building or structure due to (1) grading of land, excavating, borrowing, filling, back-filling, tunnelling, pile driving, cofferdam work or caisson work or (2) moving, shoring, underpinning, raising or demolition of any building or structure or removal or rebuilding of any structural support thereof. The collapse hazard does not include property damage (1) arising out of operations performed for the Named Insured by independent contractors, or (2) included within the completed operations hazard or the underground property damage hazard, or (3) for which liability is assumed by the Insured under an incidental contract;

"completed operations hazard" includes bodily injury and

property damage arising out of operations or reliance upon a representation or warranty made at any time with respect thereto, but only if the bodily injury or property damage occurs after such operations have been completed or abandoned and occurs away from premises owned by or rented to the Named Insured.""operations" include materials, parts or equipment furnished in connection therewith. Operations shall be deemed completed at the earliest of the following times:

(1) when all operations to be performed by or on behalf of the Named Insured under the contract have been completed,

(2) when all operations to be performed by or on behalf of the Named Insured at the site of the operations have been completed, or

(3) when the portion of the work out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

Operations which may require further service or maintenance work, or correction, repair or replacement because of any defect or deficiency, but which are otherwise complete, shall be deemed completed.

The completed operations hazard does not include bodily injury or property damage arising out of

(a) operations in connection with the transportation of property, unless the bodily injury or property damage arises out of a condition in or on a vehicle created by the loading or unloading thereof,

(b) the existence of tools, uninstalled equipment or abandoned or unused materials, or

(c) operations for which the classification stated in the policy or in the Company's manual specifie "including completed operations";

"damages" include damages for death and for care and loss of services resulting from bodily injury and damages for loss of use of property resulting from property damage;

"elevator" means any hoisting or lowering device to connect floors or landings, whether or not in service, and all appliances thereof including any car, platform, shaft, hoistway, stairway, runway, power equipment and machinery; but does not include an automobile servicing hoist, or a hoist without a platform outside a building if without mechanical power or if not attached to building walls, or a hod or material hoist used in alteration, construction or demolition operations, or an inclined conveyor used exclusively for carrying property or a dumbwaiter used exclusively for carrying property and having a compartment height not exceeding four feet;

"explosion hazard" includes property damage arising out of blasting or explosion. The explosion hazard does not include property damage (1) arising out of the explosion of air or steam vessels, piping under pressure, prime movers, machinery or power transmitting equipment, or (2) arising out of operations performed for the Named Insured by independent contractors, or (3) included within the completed operations hazard or the underground property damage hazard, or (4) for which liability is assumed by the Insured under an incidental contract;

"incidental contract" means any written (1) lease of premises, (2) easement agreement, except in connection with construction or demolition operations on or adjacent to a railroad, (3) undertaking to indemnify a municipality required by municipal ordinance, except in connection with work for the municipality, (4) sidetrack agreement, or (5) elevator maintenance agreement;

"Insured" means any person or organization qualifying as an Insured in the "Persons Insured" provision of the applicable insurance coverage. The insurance afforded applies separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the Company's liability;

"mobile equipment" means a land vehicle (including any machinery or apparatus attached thereto), whether or not self-propelled, (1) not subject to motor vehicle registration, or (2) maintained for use exclusively on premises owned by or rented to the Named Insured, including the ways immediately adjoining, or (3) designed for use principally off public roads, or (4) designed or maintained for the sole purpose of affording mobility to equipment of the following types forming an integral part of or permanently attached to such vehicle: power cranes, shovels, loaders, diggers and drills; concrete mixer (other than the mix-in-transit type); graders, scrapers, rollers and other road construction or repair equipment; air-compressors, pumps and generators, including spraying, welding and building cleaning equipment; and geophysical exploration and well servicing equipment;

"Name Insured" means the person or organization named in the declarations of this policy;

"Named Insured's products" means goods or products manufactured, sold, handled or distributed by the Named Insured or by others trading under his name, including any container thereof (other than a vehicle), but "named Insured's products" shall not include a vending machine or any property other than such container, rented to or located for use of others but not sold;

"occurrence" means an accident, including injurious exposure to conditions, which results, during the policy period, in bodily injury or property damage neither expected nor intended from the standpoint of the Insured;

"policy territory" means:

(1) the United States of America, its territories or possessions, or Canada, or

(2) international waters or air space, provided the bodily injury or property damage does not occur in the course of travel or transportation to or from any other country, state or nation, or

(3) anywhere in the world with respect to damages because of bodily injury or property damage arising out of a product which was sold for use or consumption within the territory described in paragraph (1) above, provided the original suit for such damages is brought within such territory;

"products hazard" includes bodily injury and property damage arising out of the Named Insured's products or reliance upon a representation or warranty made at any time with respect thereto, but only if the bodily injury or property damage occurs away from premises owned by or rented to the Named Insured and after physical possession of such products has been relinquished to others;

"property damage" means injury to or destruction of tangible property;

"underground property damage hazard" includes underground property damage as defined herein and property damage to any other property at any time resulting therefrom. "Underground property damage" means property damage to wires, conduits, pipes, mains, sewers, tanks, tunnels, any similar property, and any apparatus in connection therewith, beneath the surface of the ground or water, caused by and occurring during the use of mechanical equipment for the purpose of grading land, paving, excavating, drilling, borrowing, filling, back-filling or pile driving. The underground property damage hazard does not include property damage (1) arising out of operations performed for the Named Insured by independent contractors, or (2) included within the completed operations hazard, or (3) for which liability is assumed by the Insured under an incidental contract.

NUCLEAR ENERGY LIABILITY EXCLUSION (BROAD FORM)

This exclusion modifies the provisions of this policy relating to ALL LIABILITY AND MEDICAL PAYMENTS INSURANCE OTHER THAN COMPREHENSIVE PERSONAL AND FARMER'S COMPREHENSIVE PERSONAL INSURANCE. This policy does not apply:

a. **Under any Liability Coverage,** to bodily injury or property damage:

(1) with respect to which an insured under the policy is also an Insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, or Nuclear Insurance Association of Canada, or would be an Insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(2) resulting from the hazardous properties of nuclear material and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the Insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization;

b. **Under any Medical Payments Coverage,** or under any Supplementary Payments provision relating to first aid, to expenses incurred with respect to bodily injury resulting from the hazardous properties of

nuclear material and arising out of the operation of a nuclear facility by any person or organization;

c. **Under any Liability Coverage,** to bodily injury or property damage resulting from the hazardous properties of nuclear material, if:

(1) the nuclear material (a) is at any nuclear facility owned by, or operated by or on behalf of, an insured, or (b) has been discharged or dispersed therefrom;

(2) 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 an Insured; or

(3) 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, but if such facility is located within the United States of America, its territories or possessions, or Canada, this exclusion (3) applies only to property damage to such nuclear facility and any property thereat;

d. **As used in this Exclusion:**

(1) **"Hazardous properties"** include radioactive, toxic, or explosive properties;

(2) **"Nuclear material"** means source material, special nuclear material or byproduct material;

(3) **"Source material", "special nuclear material"**, and **"byproduct material"** have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;

(4) **"Spent fuel"** means any fuel element or fuel component, solid or liquid which has been used or exposed to radiation in a nuclear reactor;

(5) **"Waste"** means any material (a) containing byproduct material and (b) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (6) (a) or (b) thereof;

(6) **"Nuclear facility"** means: (a) any nuclear reactor; (b) any equipment or device designed or used for (i) separating the isotopes of uranium or plutonium, (ii) processing or utilizing spent fuel, or (iii) handling, processing or packaging waste; (c) any equipment or device used for the processing, fabricating 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; (d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste; and (e) includes the site on which any of the foregoing is located, all operations conducted on such site, and all premises used for such operations;

(7) **"Nuclear reactor"** means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass or fissionable material;

(8) **"Property damage"** includes all forms of radioactive contamination of property.

Environmental Pollution and/or Contamination Exclusion

Except with respect to such Insurance as may be provided by the policy for motor vehicle liability, none of the coverage provisions of the policy apply to personal injury, bodily injury or property damage arising out of pollution and/or contamination caused by the discharge, dispersal, release or escape of:

(1) oil into or upon any watercourse or body of water or
(2) oil into or upon land or the atmosphere or
(3) any other contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water.

Section (2) and (3) of this exclusion do not apply if such discharge, dispersal, release or escape is sudden,

accidental, unexpected and unintentional from the standpoint of the Insured.

As used in this endorsement:
"oil" includes any petroleum substance, petroleum derivative, oil waste and oil mixed with waste;

"contaminants, and pollutants" include smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, gases, waste materials, other irritants.

CONDITIONS

1. **Premiums**
All premiums for this policy shall be computed in accordance with the Company's rules, rates, rating plans, premiums and minimum premium applicable to the insurance afforded herein.

Premium designated in this policy as "advance premium" is a deposit premium only which shall be credited to the amount of the earned premium due at the end of the policy period. At the close of each period (or part thereof terminating with the end of the policy period) designated in the declarations as the audit period the earned premium shall be computed for such period and, upon notice thereof to the Named Insured, shall become due and payable. If the total earned premium for the policy period is less than the premium previously paid, the Company shall return to the Named Insured the unearned portion paid by the Named Insured.

The Named Insured shall maintain records of such information as is necessary for premium computation, and shall send copies of such records to the Company at the end of the policy period and at such times during the policy period as the Company may direct.

2. **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 such property or operations are safe.

The Company may examine and audit the Named Insured's books and records at any time during the policy period and extensions thereof and within three years after the final termination of this policy, as far as they relate to the subject matter of this insurance.

3. **Financial Responsibility Laws**
When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, such insurance as is afforded by this policy for bodily injury liability or for property damage liability shall comply with the provisions of such law to the extent of the coverage and limits of liability required by such law. The insured agrees to reimburse the Company for any payment made by the Company which it would not have been obligated to make under the terms of this policy except for the agreement contained in this paragraph.

4. **Insured's Duties in the Event of Occurrence, Claim or Suit**

(a) In the event of an occurrence, written notice containing particulars sufficient to identify the Insured and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the injured and of available witnesses, shall be given by or for the Insured to the Company, or any of its authorized agents as soon as practicable. The Named Insured shall promptly take at his expense all reasonable steps to prevent other bodily injury or property damage from arising out of the same or similar conditions, but such expenses shall not be recoverable under this policy.

(b) If claim is made or suit is brought against the Insured, the Insured shall immediately forward to the Company every demand, notice, summons or other process received by him or his representative.

(c) The Insured shall cooperate with the Company and, upon the Company's request, assist in making settlements, in the conduct of suits and in enforcing any right of contribution or indem-

nity against any person or organization who may be liable to the insured because of bodily injury or property damage with respect to which insurance is afforded under this policy; and the Insured shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The Insured shall not, except at his own cost, voluntarily make any payment, assume any obligation or incur any expense other than for first aid to others at the time of accident.

5. Action Against Company

No action shall lie against the Company unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this policy, nor until the amount of the Insured's obligation to pay shall have been finally determined either by judgment against the Insured after actual trial or by written agreement of the Insured, the claimant and the Company.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. No person or organization shall have any right under this policy to join the Company as a party to any action against the Insured to determine the Insured's liability, nor shall the Company be impleaded by the Insured or his legal representative. Bankruptcy or insolvency of the Insured or of the Insured's estate shall not relieve the Company of any of its obligations hereunder.

6. Other Insurance

The insurance afforded by this policy is a primary insurance, except when stated to apply in excess of or contingent upon the absence of other insurance. When this insurance is primary and the Insured has other insurance which is stated to be applicable to the loss on an excess or contingent basis, the amount of the Company's liability under this policy shall not be reduced by the existence of such other insurance. When both this insurance and other insurance apply to the loss on the same basis, whether primary, excess or contingent, the Company shall not be liable under this policy for a greater proportion of the loss than that stated in the applicable contribution provision below;

(a) Contribution by Equal Shares. If all of such other valid and collectible insurance provides for contribution by equal shares, the Company shall not be liable for a greater proportion of such loss than would be payable if each insurer contributes an equal share until the share of each insurer equals the lowest applicable limit of liability under any one policy or the full amount of the loss is paid, and with respect to any amount of loss not so paid the remaining insurers then continue to contribute equal shares of the remaining amount of the loss until each such insurer has paid its limit in full or the full amount of the loss is paid.

(b) Contribution by Limits. If any of such other insurance does not provide for contribution by equal shares, the Company shall not be liable for a greater proportion of such loss than applicable limit of liability under this policy for such loss bears to the total applicable limit of liability of all valid and collectible insurance against such loss.

7. Subrogation

In the event of any payment under this policy, the Company shall be subrogated to all the Insured's rights of recovery therefor against any person or organization and the Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing after loss to prejudice such rights.

8. Changes

Notice to any agent or knowledge possessed by any agent or by any other person shall not affect a waiver or a change in any part of this policy or estop the Company from asserting any right under the terms of this policy; not shall the terms of this policy be waived or changed, except by endorsement issued to form a part of this policy.

9. Assignment

Assignment of interest under this policy shall not bind the Company until its consent is endorsed hereon; if, however, the Named Insured shall die, such insurance as is afforded by this policy shall apply (1) to the Named Insured's legal representative, as the Named Insured, but only while acting within the scope of his duties as such, and (2) with respect to the property of the Named Insured, to the person having proper temporary custody thereof, as Insured, but only until the appointment and qualification of the legal representative.

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

10. Three Year Policy
If this policy is issued for a period of three years, the limits of the Company's liability shall apply separately to each consecutive annual period thereof.

11. Cancellation
This policy may be cancelled by the Named Insured by surrender thereof to the Company or any of its authorized agents or by mailing to the Company written notice stating when thereafter the cancellation shall be effective. This policy may be cancelled by the Company by mailing to the Named Insured at the address shown in this policy, written notice stating when not less than ten days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of surrender or the effective date and hour of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the Named Insured or by the Company shall be equivalent to mailing.

If the Named Insured cancels, earned premium shall be computed in accordance with the customary short rate table and procedure. If the Company cancels, earned premium shall be computed pro rata. Premium adjustment may be made either at the time cancellation is effected or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

12. Declarations
By acceptance of this policy, the Named Insured agrees that the statements in the declarations 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 its agents relating to this insurance.

☐ **COMPREHENSIVE GENERAL LIABILITY INSURANCE COVERAGE PART**

I. COVERAGE A - BODILY INJURY LIABILITY
COVERAGE B- PROPERTY DAMAGE LIABILITY

The company will pay on behalf of the insured all sums which the insured shall become legally obligated to pay as damages because of

Coverage A. **bodily injury or**
Coverage B. **property damage**

to which this insurance applies, caused by an **occurrence**, and the company shall have the right and duty to defend any suit against the **insured** seeking damages on account of such **bodily injury** or **property damage**, even if any of the allegations of the suit are groundless, false or fraudulent, and may make such investigation and settlement of any claim or suit as it deems expedient, but the company shall not be obligated to pay any claim or judgment or to defend any suit after the applicable limit of the company's liability has been exhausted by payment of judgments or settlements.

Exclusions

This insurance does not apply:

(a) to liability assumed by the **insured** under any contract or agreement except an **incidental contract**; but this exclusion does not apply to a warranty of fitness or quality of the **named insured's products** or a warranty that work performed by or on behalf of the **named insured** will be done in a workmanlike manner;

(b) to **bodily injury** or **property damage** arising out of the ownership, maintenance, operation, use, loading or unloading of

(1) any **automobile** or aircraft owned or operated by or rented or loaned to any **insured**, or

(2) any other **automobile** or aircraft operated by any person in the course of his employment by any insured; but this exclusion does not apply to the parking of an **automobile** on premises owned by, rented to or controlled by the **named insured** or the ways immediately adjoining, if such **automobile** is not owned by or rented or loaned to any **insured**.

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

(c) to **bodily injury** or **property damage** arising out of (1) the ownership, maintenance, operation, use, loading or unloading of any **mobile equipment** while being used in any prearranged or organized racing, speed or demo-lition contest or in any stunting activity or in practice or preparation for any such contest or activity or (2) the operation or use of any snowmobile or trailer designed for use therewith;

(d) to **bodily injury** or **property damage** arising out of and in the course of the transportation of **mobile equipment** by an automobile owned or operated by or rented or loaned to any **insured**;

(e) to **bodily injury** or **property damage** arising out of the ownership, maintenance, operation, use, loading or unloading of

(1) any watercraft owned or operated by or rented or loaned to any **insured**, or

(2) any other watercraft operated by any person in the course of his employment by any insured;

but this exclusion does not apply to watercraft while ashore on premises owned by, rented to or controlled by the **named insured**;

(f) to **bodily injury** or **property damage** arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any water course of body of water; but this exclusion does not apply if such discharge, dispersal, release or escape is sudden and accidental;

(g) to **bodily injury** or **property damage** due to war, whether or not declared, civil war, insurrection, rebellion or revolution or to any act or condition incident to any of the foregoing, with respect to

(1) liability assumed by the **insured** under an incidental contract, or

(2) expenses for first aid under the Supplementary Payment provision;

(h) to **bodily injury** or **property damage** for which the **insured** or his indemnitee may be held liable

(1) as a person or organization engaged in the business of manufacturing, distributing, selling or serving alcoholic beverages, or

(2) if not so engaged as an owner or lessor of premises used for such purposes, if such liability is imposed

(i) by, or because of the violation of, any statute, ordinance or regulation pertaining to the sale, gift, distribution or use of any alcoholic beverage, or

(ii) by reason of the selling, serving or giving of any alcoholic beverage to a minor or to a person under the influence of alcohol or which causes or contributes to the intoxication of any person;

but part (ii) of this exclusion does not apply with respect to liability of the **insured** or his indemnitee as an owner or lessor described in (2) above;

(i) to any obligation for which the insured or any carrier as his insurer may be held liable under any workmen's compensation, unemployment compensation or disability benefits law, or under similar law;

(j) to **bodily injury** to any employee of the **insured** arising out of and in the course of his employment by the **insured** or to any obligation of the **insured** to indemnify another because of damages arising out of such injury; but this exclusion does not apply to liability assumed by the **insured** under an **incidental contract**;

(k) to **property damage** to

(1) property owned or occupied by or rented to the **insured**,

(2) property used by the **insured**, or

(3) property in the care, custody or control of the **insured** or as to which the **insured** is for any purpose exercising physical control;

but parts (2) and (3) of this exclusion do not apply with respect to liability under a written sidetrack agreement and

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

part (3) of this exclusion does not apply with respect to **property damage** (other than to **elevators**) arising out of the use of an **elevators** at premises owned by, rented to or controlled by the **named insured**;

(l) to **property damage** to premises alienated by the **named insured** arising out of such premises or any part thereof;

(m) to loss of use of tangible property which has not been physically injured or destroyed resulting from

(1) a delay in or lack of performance by or on behalf of the **named insured** of any contract or agreement, or

(2) the failure of the **named insured's products** or work performed by or on behalf of the **named insured** to meet the level of performance, quality, fitness or durability warranted or represented by the **named insured**;

but this exclusion does not apply to loss of use of other tangible property resulting form the sudden and accidental physical injury to or destruction of the **named insured's products** or work performed by or on behalf of the **named insured** after such products or work have been put to use by any person or organization other than an **insured**.

(n) to **property damage** to the **named insured's products** arising out of such products or any part of such products;

(o) to **property damage** to work performed by or on behalf of the **named insured** arising out of the work or any portion thereof, or out of materials, parts or equipment furnished in connection therewith;

(p) to damages claimed for the withdrawal, inspection, repair, replacement, or loss of use of the **named insured's products** or work completed by or for the **named insured** or of any property of which such products or work form a part, if such products, work or property are withdrawn from the market or from use because of any known or suspected defect or deficiency therein;

(q) to **property damage** included within:

(1) the **explosion hazard** in connection with operations identified in this policy by a classification code number which includes the symbol **"x"**,

(2) the **collapse hazard** in connection with operations identified in this policy by a classification code number which includes the symbol **"c"**,

(3) the **underground property damage hazard** in connection with operations identified in this policy by a classification code number which includes the symbol **"u"**,

II. PERSON INSURED

Each of the following is an insured under this insurance to the extent set forth below:

(a) if the **named insured** is designated in the declarations as an individual, the person so designated but only with respect to the conduct of a business of which he is the sole proprietor, and the spouse of the **named insured** with respect to the conduct of such a business;

(b) if **the named insured** is designated in the declarations as a partnership or joint venture, the partnership or joint venture so designated and any partner or member thereof but only with respect to his liability as such;

(c) if the **named insured** is designated in the declarations as other than an individual, partnership or joint venture, the organization so designated and any executive officer, director or stockholder thereof while acting within the scope of his duties as such;

(d) any person (other than an employee of the **named insured**) or organization while acting as real estate manager for the **named insured**; and

(e) with respect to the operation, for the purpose of locomotion upon a public highway, of **mobile equipment** registered under any motor vehicle registration law,

(i) an employee of the **named insured** while operating any such equipment in the course of his employment, and

(ii) any other person while operating with the permis-

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

sion of the **named insured** any such equipment registered in the name of the **named insured** and any person or organization legally responsible for such operation, but only if there is no other valid and collectible insurance available, either on a primary or excess basis, to such person or organization;

provided that no person or organization shall be an **insured** under this paragraph (e) with respect to:

(1) **bodily injury** to any fellow employee of such person injured in the course of his employment, or

(2) **property damage** to property owned by, rented to, in charge of or occupied by the **named insured** or the employer of any person described in subparagraph (ii)

This insurance does not apply to **bodily injury** or **property damage** arising out of the conduct of any partnership or joint venture of which the insured is a partner or member and which is not designated in this policy as **named insured**.

III. LIMITS OF LIABILITY

Regardless of the number of (1) **insureds** under this policy, (2) persons or organizations who sustain **bodily injury** or **property damage**, or (3) claims made or suits brought on account of bodily **injury** or **property damage**, the company's liability is limited as follows:

Coverage A - The total liability of the company for all damages, including damages for care and loss of services, because of **bodily injury** sustained by one or more persons as the result of any one occurrence shall not exceed the limit of **bodily injury** liability stated in the declarations as applicable to "each **occurrence**".

Subject to the above provision respecting "each **occurrence**", the total liability of the company for all damages because of (1) all **bodily injury** included within the **completed operations hazard** and (2) all bodily injury included within the **products hazard** shall not exceed the limit of **bodily injury** liability stated in the declarations as **"aggregate"**.

Coverage B - The total liability of the company for all damages because of all property damage sustained by one or more persons or organizations as the result of any one occurrence shall not exceed the limit of **property damage** liability stated in the declarations as applicable to "each **occurrence**".

Subject to the above provision respecting "each **occurrence**", the total liability of the company for all damages because of all **property damage** to which this coverage applies and described in any of the numbered subparagraphs below shall not exceed the limit of **property damage** liability stated in the declarations as "aggregate",

(1) all **property damage** arising out of premises or operations rated on a remuneration basis or contractor's equipment rated on a receipts basis, including **property damage** for which liability is assumed under any **incidental contract** relating to such premises or operations, but excluding **property damage** included in subparagraph (2) below;

(2) all **property damage** arising out of and occurring in the course of operations performed for the **named insured** by independent contractors and general supervision thereof by the **named insured**, including any such **property damage** for which liability is assumed under any incidental contract relating to such operations, but this subparagraphs (2) does not include **property damage** arising out of maintenance or repairs at premises owned by or rented to the **named insured** or structural alterations at such premises which do not involve changing the size of or moving buildings or other structures.,

(3) all **property damage** included within the **products hazard** and all **property damage** included within the **completed operations hazard**.

Such aggregate limit shall apply separately to the **property damage** described in subparagraphs (1), (2) and (3) above, and under subparagraphs (1) and (2), separately with respect to each project away from premises owned by or rented to the **named insured**.

Coverage A and B - For the purpose of determining the limit of the company's liability, all **bodily injury** and **property damage** arising out of continuous or repeated

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

exposure to substantially the same general conditions shall be considered as arising out of one **occurrence**.

IV. POLICY TERRITORY

This insurance applies only **bodily injury** or **property damage** which occurs within the **policy territory**.

☐ **OWNERS LANDLORD'S AND TENANTS' LIABILITY INSURANCE COVERAGE PART**
(COVERAGE FOR DESIGNATED PREMISES AND RELATED OPERATIONS IN PROGRESS INCLUDING STRUCTURAL ALTERATIONS, NEW CONSTRUCTION AND DEMOLITION)

I. COVERAGE A - BODILY INJURY LIABILITY
COVERAGE B - PROPERTY DAMAGE LIABILITY

The company will pay on behalf of the **insured** all sums which the **insured** shall become legally obligated to pay as damages because of

Coverage A. **bodily injury or**
Coverage B. **property damage**

to which this insurance applies, caused by an **occurrence** and arising out of the ownership, maintenance or use of the **insured premises** and all operations necessary or incidental thereto, and the company shall have the right and duty to defend any suit against the **insured** seeking damages on account of such **bodily injury** or **property damage**, even if any of the allegations of the suit are groundless, false or fraudulent, and may make such investigation and settlement of any claim or suit as it deems expedient, but the company shall not be obligated to pay any claim or judgment or to defend any suit after the applicable limit of the company's liability has been exhausted by payment or judgments or settlements.

Exclusions

This insurance does not apply:

(a) to liability assumed by the **insured** under any contract or agreement except an **incidental contract**; but with respect to **bodily injury** or **property damage** occurring while work performed by or on behalf of the **named insured** is in progress, this exclusion does not apply to a warranty that such work will be done in a workmanlike manner;

(b) to **bodily injury** or **property damage** arising out of the ownership, maintenance, operation, use, loading or unloading of

(1) any **automobile** or aircraft owned or operated by or rented or loaned to any **insured**, or

(2) any other **automobile** or aircraft operated by any person in the course of his employment by any **insured**;

but this exclusion does not apply to the parking of an **automobile** on insured premises, if such **automobile** is not owned by or rented or loaned to any **insured**;

(c) to **bodily injury** or **property damage** arising out of (1) the ownership, maintenance, operation, use, loading or unloading of any **mobile equipment** while being used in any prearranged or organized racing, speed or demolition contest or in any stunting activity or in practice or preparation for any such contest or activity or (2) the operation or use of any snowmobile or trailer designed for use therewith;

(d) to **bodily injury** or **property damage** arising out of and in the course of the transportation of **mobile equipment** by any automobile owned or operated by or rented or loaned to any insured;

(e) to **bodily injury** or **property damage** arising out of and in the ownership, maintenance, operation, use, loading or unloading of

(1) any watercraft owned or operated by or rented or loaned to any **insured**, or

(2) any other watercraft operated by any person in the course of his employment by any **insured**;

but this exclusion does not apply to watercraft while ashore on the **insured premises**;

(f) to **bodily injury** or **property damage** arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants,

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

contaminants or pollutants into or upon land, the atmosphere or any water course or body of water; but this exclusion does not apply if such discharge, dispersal, release or escape is sudden and accidental;

(g) to **bodily injury** or **property damage** due to war, whether or not declared, civil war, insurrection, rebellion or revolution or to any act or condition incident to any of the foregoing, with respect to

(1) liability assumed by the insured under an **incidental contract**, or

(2) expenses for first aid under the Supplementary Payments provision;

(h) to **bodily injury** or **property damage for** which the insured or his indemnitee may be held liable

(1) as a person or organization engaged in the business of manufacturing, distributing, selling or serving alcoholic beverages, or

(2) if not so engaged, as an owner or lessor of premises used for such purposes, if such liability is imposed

(i) by, or because of the violation of, any statute ordinance or regulations pertaining to the sale, gift, distribution or use of any alcoholic beverage, or

(ii) by reason of the selling, serving or giving of any alcoholic beverage to a minor or to a person under the influence of alcohol or which causes or contributes to the intoxication of any person;

but part (ii) of this exclusion does not apply with respect to liability of the **insured** or his indemnitee as an owner or lessor described in (2) above;

(i) to any obligation for which the **insured** or any carrier as his insurer may be held liable under any workmen's compensation, unemployment compensation or disability benefits law, or under any similar law;

(j) to **bodily injury** to any employee of the **insured** arising out of and in the course of his employment by the insured or to any obligation of the insured to indemnify another because of damages arising out of such injury; but this exclusion does not apply to liability assumed by the insured under an **incidental contract**;

(k) to property damage to

(1) property owned or occupied by or rented to the **insured**,

(2) property used by the **insured**, or

(3) property in the care, custody or control of the **insured** or as to which the **insured** is for any purpose exercising physical control;

but parts (2) and (3) of this exclusion to do not apply with respect to liability under a written sidetrack agreement and part (3) of this exclusion does not apply with respect to **property damage** (other than **elevators**) arising out of the use of an elevator at the **insured premises**;

(l) to **property damage** to premises alienated by the **named insured** arising out of such premises or any part thereof;

(m) to loss of use of tangible property which has not been physically injured or destroyed resulting from

(1) a delay in or lack of performance by or on behalf of the **named insured** of any contract or agreement, or

(2) the failure of the **named insured's products** or work performed by or on behalf of the **named insured** to meet the level of performance, quality, fitness or durability warranted or represented by the **named insured**;

but the exclusion does not apply to loss of use of other tangible property resulting from the sudden and accidental physical injury to or destruction of the **named insured's products** or work performed by or on behalf of the **named insured** after such products or work have been put to use by any person or organization other than an **insured**.

(n) to **property damage** to the **named insured's products** arising out of such products or any part of

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

such products;

(o) to **property damage** to work performed by or on behalf of the **named insured** arising out of the work or any portion thereof, or out of materials, parts or equipment furnished in connection therewith;

(p) to **bodily injury** or **property damage** included within the **completed operations hazard** or the **products hazard**;

(q) to **bodily injury** or **property damage** arising out of operations on or from premises (other than the **insured premises**) owned by, rented to or controlled by the **named insured**, or to liability assumed by the **insured** under any contract or agreement relating to such premises.

II. PERSONS INSURED

Each of the following is an **insured** under this insurance to the extent set forth below;

(a) if the **named insured** is designated in the declarations as an individual, the person so designated but only with respect to the conduct of a business of which he is the sole proprietor, and the spouse of the **named insured** with respect to the conduct of such a business;

(b) if the **named insured** is designated in the declaration as a partnership or joint venture, the partnership or joint venture so designated and any partner or member thereof but only with respect to his liability as such;

(c) if the **named insured** is designated in the declarations as other than an individual, partnership or joint venture, the organization so designated and any executive officer, director or stockholder thereof while acting within the scope of his duties as such;

(d) any person (other than an employee of the **named insured**) or organization while acting as real estate manager for the **name insured**; and

(e) with respect to the operation, for the purpose of locomotion upon a public highway, of **mobile equipment** registered under any motor vehicle registration law,

(i) an employee of the **named insured** while operating any such equipment in the course of his employment, and

(ii) any other person while operating with the permission of the **named insured** any such equipment registered in the name of the **named insured** and any person or organization legally responsible for such operation, but only if there is no other valid and collectible insurance available, either on a primary or excess basis, to such person or organization;

provided that no person or organization shall be an **insured** under this paragraph (e) with respect to:

(1) **bodily injury** to any fellow employee of such person injured in the course of his employment, or

(2) **property damage** to property owned by, rented to, in charge of or occupied by the **named insured** or the employer of any person described in subparagraph (ii)

This insurance does not apply to bodily injury or property damage arising out of the conduct of any partnership or joint venture of which the insured is a partner or member and which is not designated in this policy as a **named insured**.

III. LIMITS OF LIABILITY

Regardless of the number of (1) **insureds** under this policy, (2) persons or organizations who sustain **bodily injury** or **property damage**, or (3) claims made or suits brought on account to **bodily injury** or **property damage**, the company's liability is limited as follows:

Coverage A - The total liability of the company for all damages, including damages for care and loss of services, because of **bodily injury** sustained by one or more persons as the result of any one **occurrence** shall not exceed the limit of **bodily injury** liability stated in the declarations as applicable to "each **occurrence**".

Coverage B - The total liability of the company for all damages, because of all property damage sustained by one or more persons or organizations as the result of any one occurrence shall not exceed the limit of **property damage** liability stated in the declarations as applicable to "each **occurrence**".

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

☐ **MANUFACTURER'S AND CONTRACTORS' LIABILITY INSURANCE COVERAGE PART (COVERAGE FOR PREMISES AND FOR OPERATIONS IN PROGRESS INCLUDING OPERATIONS OF INDEPENDENT CONTRACTORS)**

I. COVERAGE A - BODILY INJURY LIABILITY COVERAGE B - PROPERTY DAMAGE LIABILITY

The company will pay on behalf of the **insured** all sums which the **insured** shall become legally obligated to pay as damages because of

Coverage A. **bodily injury** or
Coverage B. **property damage**

to which this insurance applies, caused by an **occurrence**, and the company shall have the right and duty to defend any suit against the **insured** seeking damages on account of such **bodily injury** or **property damage**, even if any of the allegations of the suit are groundless, false or fraudulent, and may make such investigation and settlement of any claim or suit as it deems expedient, but the company shall not be obligated to pay any claim or judgment or to defend any suit after the applicable limit of the company's liability has been exhausted by payment of judgments or settlements.

Exclusions

This insurance does not apply:

(a) to liability assumed by the **insured** under any contract or agreement except an **incidental contract**; but with respect to **bodily injury** or **property damage** occurring while work performed by or on behalf of the **named insured** is in progress, this exclusion does not apply to a warranty that such work will be done in a workmanlike manner;

(b) to **bodily injury** or **property damage** arising out of the ownership, maintenance, operation, use, loading or unloading of

(1) any **automobile** or aircraft owned or operated by or rented or loaned to any **insured**, or

(2) any other **automobile** or aircraft operated by any person in the course of his employment by any **insured**;

but this exclusion does not apply to the parking of an **automobile** on premises owned by, rented to or controlled by the name insured or the ways immediately adjoining, if such automobile is not owned by or rented or loaned to any **insured**;

(c) to **bodily injury** or **property damage** arising out of (1) the ownership maintenance, operation, use, loading or unloading of any **mobile equipment** while being used in any prearranged or organized racing, speed or demolition contest or in any stunting activity or in practice or preparation for any such contest or activity or (2) the operation or use of any snowmobile or trailer designed for use therewith;

(d) to **bodily injury** or **property damage** arising out of and in the course of the transportation of **mobile equipment** by an **automobile** owned or operated by or rented or loaned to any **insured**;

(e) to **bodily injury** or **property damage** arising out of the ownership, maintenance, operation, use, loading or unloading of

(1) any watercraft owned or operated by or rented or loaned to any **insured**, or

(2) any other watercraft operated by any person in the course of his employment by any **insured**;

but this exclusion does not apply to watercraft while ashore on premises owned by, rented to or controlled by the **named insured**;

(f) to **bodily injury** or **property damage** arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any water course or body of water; but this exclusion does not apply if such discharge, dispersal, release or escape is sudden and accidental;

(g) to **bodily injury** or **property damage** due to war, whether or not declared, civil war, insurrection, rebellion or revolution or to any act or condition incident to any of the foregoing, with respect to

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

(1) liability assumed by the insured under an incidental contract, or

(2) expenses for first aid under the Supplementary Payments provision;

(h) to **bodily injury** or **property damage** for which the insured or his indemnitee may be held liable

(1) as a person or organization engaged in the business of manufacturing, distributing, selling or serving alcoholic beverages, or

(2) if not so engaged, as an owner or lessor of premises used for such purposes if such liability is imposed.

(i) by, or because of the violation of, any statute, ordinance or regulation pertaining to the sale, gift, distribution or use of any alcoholic beverage, or

(ii) by reason of the selling, serving or giving of any alcoholic beverage to a minor or to a person under the influence of alcohol or which causes or contributes to the intoxication of any person;

but part (ii) of this exclusion does not apply with respect to liability of the **insured** or his indemnitee as an owner or lessor described in (2) above;

(i) to any obligation for which the **insured** or any carrier as his insurer may be held liable under any workmen's compensation, unemployment compensation or disability benefits law, or under any similar law;

(j) to **bodily injury** to any employee of the **insured** arising out of and in the course of his employment by the **insured** or to any obligation of the insured to indemnify another because of damages arising out of such injury, but this exclusion does not apply to liability assumed by the insured under an **incidental contract**;

(k) to **property damage** to

(1) property owned or occupied by or rented to the **insured**,

(2) property used by the **insured**, or

(3) property in the care, custody or control of the **insured** or as to which the **insured** is for any purpose exercising physical control.

but parts (2) and (3) of this exclusion do not apply with respect to liability under a written sidetrack agreement and part (3) of this exclusion does not apply with respect to **property damage** (other than to elevators) arising out of the use of an **elevator** at premises owned by, rented to or controlled by the **named insured**;

(l) to **property damage** to premises alienated by the **named insured** arising out of such premises or any part thereof;

(m) to loss of use of tangible property which has not been physically injured or destroyed resulting from

(1) a delay in or lack of performance by or on behalf of the **named insured** of any contract or agreement, or

(2) the failure of the **named insured's products** or work performed by or on behalf of the **named insured** to meet the level of performance, quality, fitness or durability warranted or represented by the **named insured**;

but this exclusion does not apply to loss of use of other tangible property resulting from the sudden and accidental physical injury to or destruction of the **named insured's products** or work performed by or on behalf of the named insured after such products or work have been put to use by any person or organization other than an insured;

(n) to property damage to the named insured's products arising out of such products or any part of such products;

(o) to **property damage** to work performed by or on behalf of the **named insured** arising out of the work or any portion thereof, or out of materials, parts or equipment furnished in connection therewith;

(p) to **bodily injury** or **property damage** included within the completed operations hazard or the product hazard;

(q) to **property damage** included within:

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

(1) the **explosion hazard** in connection with operations identified in this policy by a classification code number which includes the symbol **"x"**

(2) the **collapse hazard** in connection with operations identified in this policy by a classification code number which includes the symbol **"c"**

(3) the **underground property damage hazard** in connection with operation identified in this policy by a classification code number which includes the symbol **"u"**.

II. PERSON INSURED

Each of the following is an insured this insurance to the extent set forth below:

(a) if the **named insured** is designated in the declarations as an individual, the person so designated but only with respect to the conduct of a business of which he is the sole proprietor, and the spouse of the **named insured** with respect to the conduct of such a business;

(b) if the **named insured** is designated in the declarations as a partnership or joint venture, the partnership of joint venture so designated and any partner or member thereof but only with respect to his liability as such;

(c) if the **named insured** is designated in the declaration as other than an individual, partnership or joint venture, the organization so designated and any executive office, director or stockholder thereof while acting within the scope of this duties as such;

(d) any person (other than an employee of the **named insured**) of organization while acting as real estate manager of the **named insured**; and

(e) with respect to the operation, for the purpose of locomotion upon a public highway, of mobile equipment registered under any motor vehicle registration law,

(i) an employee of the **named insured** while operating any such equipment in the course of his employment, and

(ii) any other person while operating with the permission of the **named insured** any such equipment registered in the name of the **named insured** and any person or organization legally responsible for such operation, but only if there is no other valid and collectible insurance available, either on a primary to excess basis, to such person or organization;

provided that no person or organization shall be an **insured** under this paragraph (e) with respect to:

(1) **bodily injury** to any fellow employee of such person injured in the course of his employment, or

(2) **property damage** to property owned by, rented to, in charge of or occupied by the named insured or the employer of any person described in subparagraph (ii)

This insurance does not apply to **bodily injury** or **property damage** arising out of the conduct of any partnership or joint venture of which the insured is a partner and which is not designated in this policy as a **named insured**.

III. LIMITS OF LIABILITY

Regardless of the number of (1) insureds under this policy, (2) persons or organizations who sustain bodily injury or property damage, or (3) claims made or suits brought on account of bodily injury or property damage, the company's liability is limited as follows:

Coverage A - The total liability of the company for all damages, including damages for care and loss of services, because of **bodily injury** sustained by one or more persons as the result of any one **occurrence** shall not exceed the limit of **bodily injury** liability stated in the declarations as applicable to "each **occurrence**".

Coverage B - The total liability of the company for all damages, because of all **property damage** sustained by one or more persons or organizations as the result of any one **occurrence** shall not exceed the limit of **property damage** liability stated in the declaration as applicable to "each **occurrence**".

Subject to the provision respecting "each **occurrence**," the total liability of the company for all damages because of all **property damage** to which this coverage applies and described in either of the numbered following

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

subparagraphs shall not exceed the limit of **property damage** liability stated in the declarations as "aggregate":

(1) all **property damage** arising out of premises or operations rated on a remuneration basis or contractor's equipment rated on a receipts basis including **property damage** for which liability is assumed under any **incidental contract** relating to such premises or operations, but excluding property damage included in subparagraph (2) below;

(2) all **property damage** arising out of and occurring in the course of operations performed for the **named insured** by independent contractors and general supervision thereof by the **named insured**, including any such **property damage** for which liability is assumed under any **incidental contract** relating to such operations, but this subparagraph (2) does not include **property damage** arising out of maintenance or repairs at premises owned by or rented to the named **insured** or structural alterations at such premises which do not involve changing the size of or moving buildings or other structures.

Such aggregate limit shall apply separately to the **property damage** described in subparagraphs (1) and (2) above, and separately with respect to each project away from premises owned by or rented to the **named insured**.

Coverage A and B - For the purpose of determining the limit of the company's liability, all **bodily injury** and **property damage** arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one **occurrence**.

IV. POLICY TERRITORY

This insurance applies only to **bodily injury** or **property damage** which occurs within the **policy territory**.

☐ **CONTRACTUAL LIABILITY INSURANCE COVERAGE PART (Designated Contracts Only)**

I. COVERAGE Y - CONTRACTUAL BODILY INJURY LIABILITY
COVERAGE Z - CONTRACTUAL PROPERTY DAMAGE LIABILITY

The company will pay on behalf of the insured all sums which the insured by reason or contractual liability assumed by him under a contract designated in the schedule for this insurance, shall become legally obligated to pay as damages because of

Coverage Y. **bodily injury** or
Coverage Z. **property damage**

to which this insurance applies, caused by an **occurrence**, and the company shall have the right and duty to defend any suit against the insured seeking damages on account of such **bodily injury** or **property damage**, even if any of the allegations of the suit are groundless, false or fraudulent, and may make such investigation and settlement of any claim or suit as it deems expedient, but the company shall not be obligated to pay any claim or judgment or to defend any suit after the applicable limit of the company's liability has been exhausted by payment of judgments or settlements.

Exclusions

This insurance does not apply:

(a) if the insured or his indemnitee is an architect, engineer or surveyor, to **bodily injury** or **property damage** arising out of the rendering of or the failure to render professional services by such **insured** or indemnitte, including

(1) the preparation or approval of maps, plans, opinions, reports, survey, designs or specifications and

(2) supervisory, inspection or engineering services;

(b) to **bodily injury** or **property damage** due to war, whether or not declared, civil war, insurrection, rebellion or revolution or to any act or condition incident to any of the foregoing;

(c) to **bodily injury** or **property damage** for which the indemnitee may be held liable

(1) as a person or organization engaged in the business of manufacturing, distributing, selling or serving alcoholic beverage, or

(2) if not so engaged, as an owner or lessor of premises used for such purposes, if such liability is

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

imposed

(i) by, or because of the violation of, any statute, ordinance or regulation pertaining to the sale, gift, distribution or use of any alcoholic beverage, or

(ii) by reason of the selling, serving or giving of any alcoholic beverage to a minor or to a person under the influence of alcohol or which causes or contributes to the intoxication of any person;

but part (ii) of this exclusion does not apply with respect to liability of the indemnitee as an owner or lessor described in (2) above;

(d) to any obligation for which the insured or any carrier as his insurer may be held liable under any workmen's compensation, unemployment compensation or disability benefits law, or under any similar law;

(e) to any obligation for which the **insured** may be held liable in an action on a contract by a third party beneficiary for **bodily injury** or **property damage** arising out of a project for a public authority; but this exclusion does not apply to an action by the public authority or any other person or organization engaged in the project;

(f) to **property damage** to

(1) property owned or occupied by or rented to the **insured**,

(2) property used by the **insured**, or

(3) property in the care, custody or control of the **insured** or as to which the **insured** is for any purpose exercising physical control;

(g) to **property damage** to premises alienated by the **named insured** arising out of such premises or any part thereof;

(h) to loss of use of tangible property which has not been physically injured or destroyed resulting from

(1) a delay in or lack of performance by or on behalf of the **named insured** of any contract or agreement, or

(2) the failure of the **name insured's products** or work performed by or on behalf of the **named insured** to meet the level of performance, quality, fitness or durability warranted or represented by the **named insured**;

but this exclusion does not apply to loss of use of other tangible property resulting from the sudden and accidental physical injury to or destruction of the **named insured's products** or work performed by or on behalf of the **named insured** after such products or work have been put to use by any person or organization other than an **insured**;

(i) to **property damage** to the **named insured's products** arising out of such products or any part of such products;

(j) to **property damage** to work performed by or on behalf of the named insured arising out of the work or any portion thereof, or out of materials, parts or equipment furnished in connection therewith;

(k) to damages claimed for the withdrawal, inspection, repair, replacement, or loss of use of the **named insured's products** or work completed by or for the **named insured** or of any property of which such products or work from a part, if such products, work or property are withdrawn form the market or from use because of any known or suspected defect or deficiency therein;

(l) to **bodily injury** or **property damage** arising out of the ownership, maintenance, operation, use, loading or unloading or any **mobile equipment** while being used in any prearranged or organized racing, speed or demolition contest or in any stunting activity or in practice or preparation for any such contest or activity;

(m) to **bodily injury** or **property damage** arising out of the discharge, dispersal, release, or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any water course or body of water; but this exclusion does not apply if such discharge, dispersal, release or escape is sudden and accidental.

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

(n) to **property damage** included within (1) the **explosion hazard**, (2) the **collapse hazard**, or (3) the underground **property damage hazard**.

II. PERSON INSURED

Each of the following is an insured under this insurance to the extent set forth below;

(a) if the **named insured** is designated in the declarations as an individual, the person so designated and his spouse;

(b) if the **named insured** is designated in the declarations as a partnership or joint venture, the partnership or joint venture so designated and any partner or member thereof but only with respect to his liability a such;

(c) if the **named insured** is designated in the declarations as other than an individual, partnership or joint venture, the organization so designated and any executive officer, director or stockholder thereof while acting within the scope of his duties as such.

III. LIMITS OF LIABILITY

Regardless of the number of (1) **insureds** under this policy, (2) persons or organizations who sustain **bodily injury** or **property damage**, or (3) claims made or suits brought on account of bodily **injury** or **property damage** the company's liability is limited as follows:

Coverage Y - The total liability of the company for all damages, including damages for care and loss of services, because of **bodily injury** sustained by one or more persons as a result of any one **occurrence** shall not exceed the limit of bodily injury liability stated in the declarations as applicable to "each occurrence".

Coverage Z - the total liability of the company for all damages because of all **property damage** sustained by one or more persons or organizations as the result of any one **occurrence** shall not exceed the limit of **property damage** liability stated in the declarations as applicable to "each **occurrence**".

Subject to the above provision respecting "each **occurrence**", the total liability of the company for all damages because of all **property damage** to which this coverage applies shall not exceed the limit of **property damage** liability stated in the declarations as "aggregate". Such aggregate limit of liability applies separately with respect to each project away from the premises owned by or rented to the **named insured**.

Coverage Y and Z - For the purpose of determining the limit of the company's liability, all **bodily injury** and **property damage** arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one **occurrence**.

IV ADDITIONAL DEFINITIONS

When used in reference to this insurance (including endorsements forming a part of the policy):

"Contractual liability" means liability expressly assumed under a written contract or agreement; provided however, that **contractual liability** shall not be construed as including liability under a warranty of the fitness or quality of the **named insured's products** or a warranty that work performed by or on behalf of the **named insured** will be done in a workmanlike manner;

"suit" includes an arbitration proceeding to which the **insured** is required to submit or to which the **insured** has submitted with the company's consent.

V. POLICY TERRITORY

This insurance applies only to **bodily injury** or **property damage** which occurs within the **policy territory**.

VI. ADDITIONAL CONDITION

Arbitration

The company shall be entitled to exercise all of the insured's rights in the choice of arbitrators and in the conduct of any arbitration proceeding.

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

☐ **Endorsement No. 01**
ASBESTOS EXCLUSION CLAUSE

It is hereby understood and agreed that such insurance as is afforded by this policy for personal injury liability and property damage liability is subject to the following exclusion:

This insurance does not apply to any liability for property damage, bodily injury, sickness, disease, occupational disease, disability, shock, death, mental anguish and mental injury at any time arising out of the manufacture of or mining of, or use, or exposure to asbestos products, asbestos fibers or asbestos dust, or to any obligation of the insured to indemnify any party because of damages arising out of such property damage, bodily injury, sickness, disease, occupational disease, disability, shock, death, mental anguish or mental injury at any time as a result of the manufacture of, use of or exposure to asbestos products, asbestos fibers or asbestos dust.

It is further understood and agreed that the Company shall not be obligated to defend any suit or claim against the Insured alleging personal injury or property damage seeking damages, if such suit or claim arises from personal injury or property damage resulting from or contributed to, by any, and all manufacture or, use of, or exposure to asbestos products, asbestos fibers or asbestos dust.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the policy, except as hereinabove set forth.

☐ **Endorsement No. 02**
POLLUTION EXCLUSION CLAUSE

In consideration of the premium charged, it is hereby agreed and understood that this policy shall not apply to:

a. "Bodily Injury" or "Property Damage" arising out of the actual, alleged or threatened discharge, disposal, release or escape of pollutants:

(1) at or from premises you own, rent or occupy,

(2) at or from any site or location used by or for you or others for the handling, storage, disposal, processing or treatment of waste material,

(3) which are at any time transported, handled, stored, treated, disposed of, or processed as waste by or for you or any person or organization for whom you may legally responsible, or

(4) at or from any site or location on which you or any constructors or sub-contractors working directly or indirectly on your behalf are performing operations,

i) to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the pollutants, or

ii) if the pollutants are brought on or to the site or location by or for you.

b. Any loss, cost or expense arising out of any governmental direction or request that you test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants.

Pollutant mean any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste material. Waste material includes materials which are intend to be or have been recycled reconditioned or reclaimed.

All other terms and condition remain the same.

☐ **Endorsement No. 03**
COMMUNICABLE DISEASE EXCLUSION CLAUSE

It is hereby understood and agreed that no coverage applies to bodily injury or property damage which arises out of the transmission of a communicable disease by a covered person.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the policy, except as hereinabove set forth.

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

☐ **Endorsement No. 04**
PUNITIVE DAMAGES EXCLUSION ENDORSEMENT

It is hereby understood and agreed that this Policy excludes all fines, penalties, punitive or exemplary damages.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the Policy except as herein above set forth.

☐ **Endorsement No. 05**
Y2K EXCLUSION CLAUSE

This insurance does not apply to "bodily injury", "property damage", " personal injury" or "advertising injury" arising or "products/completed operations" liability 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
(i) Computer hardware, including microprocessors;
(ii) Computer application software;
(iii) Computer operating systems and related software;
(iv) Computer networks;
(v) Microprocessors (computer chips) not part of any computer system; or
(vi) Any other computerized or electronic equipment or components; or

(2) Any other products, and any services, data or function that directly or indirectly use or rely on, in any manner, on 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 device, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by or for the Named Insured to determine, rectify or test for, any potential or actual problems described in Paragraph a. of this endorsement.

☐ **Endorsement No. 06**
AMENDMENT - LIMIT OF LIABILITY (SINGLE LIMIT)

This endorsement modifies such insurance as is afforded by the provision of the policy relating to the following:

It is agreed that the provisions of the policy captioned "LIMITS OF LIABILITY" relating to Bodily Injury and Property Damage Liability are amended to read as follows:

LIMITS OF LIABILITY

Regardless of the number of (1) insured under this policy, (2) persons or organizations who sustain bodily injury or property damage (4) units of mobile equipment to which this policy applies, the Company's liability is limited as follows:

BODILY INJURY AND PROPERTY DAMAGE LIABILITY

(a) The limit of liability stated in the Schedule of this Endorsement is applicable to "each occurrence" is the total limit of the company's liability for all damages because of bodily injury and property damage as a result of one occurrence.

(b) Subject to the above provisions respecting "each occurrence", the total liability of the company for all damages because of all bodily injury and property damages which occur during each annual period while this policy is in force commencing from its effective date shall not exceed the limit of liability stated in the Schedule of this endorsement as "aggregate".

Nothing herein contained shall be held to vary, alter, waived or extent any of the Agreements, Conditions, Declarations, Exclusions Limitations or Terms of the Policy or any Coverage parts thereof other than as stated above.

IN WITNESS WHEREOF, the Company has caused this policy to be signed by its president and manager, but this policy shall not be valid unless countersigned on the Declarations page by a duly authorized representative of the Company.

YONJO CHOI

MANAGER

JEONG-NAM KIM

PRESIDENT

RESOLUTION NO. 23-FY2017

EXHIBIT C (4 of 4)

GUAM WATERWORKS AUTHORITY

DIRECTORS AND OFFICERS LIABILITYPOLICY SPECIMEN

"Terms and Conditions contained therein will be provided to the Authority without change"



MOYLAN'S INSURANCE UNDERWRITERS, INC.
Home of the Good Guys and Gals
424 W OBrien Dr Ste 102
Hagatna GU 96910

DONGBU INSURANCE CO., LTD.
SEOUL, KOREA

DIRECTORS AND OFFICERS LIABILITY

AND COMPANY REIMBURSEMENT POLICY
DECLARATIONS

POLICY NO. _____

Name Insured & Address: _____

Jurisdiction of Incorporation of the Named Insured:_____

Policy Period: From_____ 12:01 A.M. To _____ 12:01 A.M.

Nature of Business:_____

Insured: All Director's & Officers of Named Insured and its Subsidiary Company (ies) stated below.

Subsidiary company;_____

Policy Territory:

Limit of Liability: _____ aggregate for Coverages A & B combined (including Defense Costs)

Retention: Coverage A $_____ Each Person
$_____ Aggregate All Persons / Each Loss
Coverage B $_____ Aggregate Each Loss

Retention stated in above is applied for loss arising from claims alleging the same Wrongful Acts or related Wrongful Acts.

Co-Insurance:_____ % (95%, unless otherwise stated herein)

Premium: _____

2% Assessment Fee: _____

Endorsement(s):
Territory, Jurisdiction Clause, Cancellation Clause, Exclusion of Certified Acts of Terrorism, Multi Year Endorsement, Punitive Damage Exclusion Clause; Security Holder Derivative Action Inclusion Clause, Nuclear Energy Liability Exclusion Endorsement; Prior Acts Exclusion Endorsement; Retention Endorsement; Failure to Maintain Insurance Exclusion Endorsement; Captive Insurance Company Exclusion Endorsement; One VS One Exclusion Endorsement (Insured VS Insured Exclusion Endorsement); Closely-Held Clause; Company Securities Claims (Entity Cover); Regulatory Exclusion Clause; SEC Exclusion; Erisa Exclusion; Year 2000 Exclusion

Notice 1: Except to such extent as may otherwise be provided herein, the coverage of this policy is limited generally to liability for only those claims that are first made against the Insured during the policy period.
Notice 2: The limit of liability available to pay judgment or settlements shall be reduced by amounts incurred for legal defense. Amount incurred for legal defense shall be applied against the retention amount.
Notice 3: The Insurer does not assume any duty to defend; however, the Insurer may advance defense costs payments prior to the final disposition of claim.

IN WITNESS WHEREOF, the Insurer has caused this policy to be signed by its duly authorized representative.
Signed at _____ this _____ day of _____

DONGBU INSURANCE CO., LTD.

By:_____
General Agent
Moylan's Insurance Underwriters, Inc.

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

TERRITORY

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, this Policy applies Worldwide.

Date Issued: _____

By:_____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

JURISDICTION

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, this insurance shall be governed by and construed in accordance with the laws of Guam and the exclusive jurisdiction of the USA including Guam Courts. The seat of arbitration shall be Guam.

Date Issued: _____

By:_____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

CANCELLATION CLAUSE

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, if Underwriters desire to cancel this policy, other than for non-payment, they shall give not less than ninety (90) days prior written notice by email and Certified Mail to:

Greg P. Cruz, Chief Financial Officer
Guam Waterwroks Authority
P.O. Box 3010
Hagatna, Guam 96923
Email: gpcruz@guamwaterworks.org

Date Issued: _____

By:_____
Moylan's Insurance Underwriters, Inc.
General Agent

Name Insured:_____

Policy No. _____

MULTI-YEAR POLICY ENDORSEMENT

In consideration of the % Term Discount given the Insured for the ____( ) years term of this policy, it is hereby understood and agreed that:

(A) In the event the insured elects to have policy cancelled before the expiry of the ____year term, the insured shall refund to the company the equivalent of the % discount on the premium earned; such earned premium to be computed short rate on the gross annual premium, when cancellation is effected other than on the annual anniversary date of the policy.

(B) In the event the company cancels the policy before the expiry of the _____ year term, the insured shall not be obligated to refund any part of the % term discount. Any earned premium shall be computed on pro rata basis.

All other policy terms and conditions remain unaltered.

DONGBU INSURANCE CO., LTD.

Effective Date: _____ By:_____

Moylan's Insurance Underwriters , Inc.
General Agent

Payment Schedule Agreement

Insured's Name: _____

Installment No.	Amount Due	Due Date	Due Date	Due Date	Due Date	Due Date
Beginning Balance	$					
1						
2						
3						
4						
5						
6						

By acknowledging this Payment Schedule Agreement ("Agreement"), the Insured understands and agrees that failure to make payments according to the Agreement shall cause the entire unpaid balance to become due.

In the event it becomes necessary to retain the services of an attorney in our collection efforts, the Insured agrees to pay any and all attorney's fees equivalent to 15% of the unpaid balance.

Any unpaid balance shall be assessed interest at the rate of 12% per annum.

The Insured further understands and agrees that if a Total Loss claim is filed against the policy, the premium balance will be deducted from the loss proceeds. For Partial Losses, the payment schedule will remain the same. Where the payment schedule has not been followed and a claim has been filed, the Insured agrees that premium payments must be paid in FULL prior to settlement.

Nothing contained in this Agreement shall be construed to vary, alter, waive or change any of the terms, limits or conditions of the policy except as set forth herein.

This Agreement is effective _____

This Agreement shall be attached to and shall form part of Policy No._____ issued by Dongbu Insurance Company

Dongbu Insurance Co. Ltd.
By: Moylan's Insurance Underwriters, Inc.
General Agent

_____
Authorized Signature
Date:

Insured:

_____
Signature of Insured
Date:

PUNITIVE DAMAGE EXCLUSION CLAUSE

This insurance does not cover any liability for fines, penalties, and punitive or exemplary damages.

By: _____
Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

D & O *DONGBU INSURANCE CO., LTD.*

SECURITY HOLDER DERIVATIVE ACTION INCLUSION CLAUSE

1. INSURING AGREEMENT

Notwithstanding Article 4. Exclusion (n) of the "Directors and Officers Liability Policy and Company Reimbursement Policy" Standard Provisions (hereinafter referred to as the "Standard Provisions"), the Insure shall pay the Loss of the Insured(s) in the event that the Insured(s) shall become legally liable to the Company subject to the full payment of the premium which the Insurer charged for the Policy.

2. LIMIT OF LIABILITY

The aggregate limit of liability which Insurer shall pay under the Standard Provisions, this clause and other clauses shall not exceed the aggregate limit of liability stated in the Declarations.

3. RELATIONSHIP WITH STANDARD PROVISIONS

Any matter not expressly provided for by this clause shall be determined in accordance with the Standard Provisions so long as such provisions are not inconsistent with this clause.

By: _____

Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

D & O *DONGBU INSURANCE CO., LTD.*

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

In consideration of the Premium charged, it is hereby understood and agreed that the Insurer shall not be liable to make any payment for Loss in connection with any claim or claims made against the Directors or Officers:

A. Alleging, arising out of, base upon, attributable to, or in any way involving, directly or indirectly the hazardous properties of nuclear material, Including but not limited to:

(1) nuclear material located at any nuclear facility owned by, or operated by or on behalf of the Company, or discharged or dispersed therefrom; or

(2) nuclear material contained in spent fuel or waste which was or is at any time possessed, handles, used processed, stored, transported or disposed of by or on behalf of the Company; or

(3) the furnishing by an insured or the Company of services, materials, parts or equipment on connection with the planning, construction, maintenance, operation or use of any nuclear facility; or

(4) claims for damages to the company or its shareholder which alleges, arises from, is based upon; is attributed to or in any way involves, directly or indirectly, the hazardous properties if nuclear material.

B. (1) which is under a nuclear energy liability policy issued by the Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada or any other similar policy pr would be insured under any such policy for its termination upon exhaustion of its Limit of Liability; or

(2) with respect to which (a) an any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof or (b) The Company or any insured is, or had this policy not be issued would be, entitled to indemnity from the United States of America, or any agency thereof, with any person or organization.

As used in this endorsement:

"hazardous properties" include radioactive, toxic or explosive properties;

"nuclear material" means "source material", "special nuclear material" or "byproduct material";

"source material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";
"waste" means any waste material (1) containing "by-product material" (2) resulting from

operation by any person or organization of any nuclear facility included within the definition nuclear facility under paragraph (a) or (b) thereof;

"nuclear facility" means:

(a) any nuclear reactor

(b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium (2) processing or utilizing spent fuel, or (3) handling, processing or packing waste.

(c) Any equipment or device used for the processing, fabricating or alloying of special 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;

(d) 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:

"nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

By: _____

Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

PRIOR ACT EXCLUSION ENDORSEMENT

In consideration of the premium charged, it is hereby understood and agreed that:

1) this policy only provides coverage for Loss arising from claims for alleged Wrongful Acts occurring on after policy inception date of _____ and prior or the end of the Policy Period and otherwise covered by this policy.

2) Loss(es) arising out of the same ore elated Wrongful Acts(s) shall be deemed to arise from the fist such same or related Wrongful Acts.

By: _____
Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

D & O *DONGBU INSURANCE CO., LTD.*

RETENTION ENDORSEMENT

I. In consideration of the premium charged, it is hereby understood and agreed that Retention of the Declarations is amended to read as follows:

RETENTION: **The amount written in the Declarations and Schedule of this policy is applied.**

A. Non-Indemnifiable Loss:

$_____ per Director of Officer, subject to a maximum of
$_____ for Loss arising from claim alleging the same Wrongful Act or related Wrongful Acts

B. Company Reimbursement and Indemnifiable Loss:

$_____ for Loss arising from claim alleging the same Wrongful Act or related Wrongful Acts.

II. It is further understood and agreed that clause 6. RETENTION-INDEMNIFIED OR INDEMNIFIABLE LOSS is deleted in its entirety and replace by the follows;

6. RETENTION

The Insurer shall only be liable for the amount of Loss arising from a claim which is in excess of the retention amount stated in Retention of the Declaration, such retention amount to be borne by the Company and/or the Insureds and shall remain uninsured. A single retention amount shall apply to Loss arising from all claims alleging the same Wrongful Acts. The amount stated as Retention A. Non-Indemnifiable Loss applies separately to each Director or Officer, subject to the maximum retention for any single Loss. In cases where such maximum retention applies, the retention shall then be prorated among the Insureds in Proportion to their respective Loss.

Notwithstanding the foregoing the amount stated at Retention B applies to all Loss under Coverage A or B foe which the company is required or permitted to indemnify the Insureds in accordance with the fullest application of law, common or statutory, or contract, or the Charter or By-Laws of the Company.

By: _____
Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

D & O *DONGBU INSURANCE CO., LTD.*

FAILURE TO MAINTAIN INSURANCE EXCLUSION ENDORSEMENT

In consideration of the premium charged, it is hereby understood and agreed that, in addition to the 4. EXCLUSIONS shown in the policy, the following exclusions shall apply to any claim or claims.

The Insured shall not be liable to make any payment for Loss in connection with any claim or claims made against the Insureds;

- alleging, arising out of, based upon or attributable to any failure or omission on the part of the Insured's or the Company to effect and maintain insurance.

By: _____
Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

D & O *DONGBU INSURANCE CO., LTD.*

CAPTIVE INSURANCE COMPANY EXCLUSION ENDORSEMENT

In consideration of the premium charged, it is hereby understood and that the Insurer shall not be liable to make any payments for Loss in connection with any claim or claims made against Directors and Officers alleging out of, based upon or attributable to the owner, management, maintenance and/or control by the Company of any captive insurance company entity including but not limited to claims alleging the insolvency or bankruptcy of the Named Corporation as a result of such ownership, operation, management and control.

By: _____
Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

D & O *DONGBU INSURANCE CO., LTD.*

ONE VS ONE EXCLUSION ENDORSEMENT
(INSURED VS INSURED EXCLUSION ENDORSEMENT)

In consideration of the premium charged, it is hereby understood and agreed that the insurer shall not be liable to make any payments in connection with any claim made against the Insureds which is brought by any insured or the subsidiary or affiliate of the company, or any security holder(s) of any of the above entities whether directly, derivately or by class action.

By: _____
Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

D & O *DONGBU INSURANCE CO., LTD.*

CLOSELY-HELD CLAUSE

The Insurer shall not provide any payments for any Claim made by or on behalf of any person or entity holding beneficially or otherwise more than 15% of the issued share capital of the Company whether such claim is made in the name of the Company or not.

By: _____
Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

D & O *DONGBU INSURANCE CO., LTD.*

COMPANY SECURITIES CLAIMS
(ENTITY COVER)

It is agreed that the 3. EXTENSIONS, shall be amended by adding the following:

(b) I. The Company, the Directors and/or Officers and the Insurer agree, subject to the limitations set forth below and all other terms, conditions, exclusions and endorsements of this Policy, that coverage under this Policy is extended to include all Securities Loss, including Securities Claim Expenses, incurred on amount of a Securities Claim against the Directors, Officers and/or the Company.

II. Coverage under this endorsement shall apply whether such Securities Claim is made against only the Directors and Officers, only the Company, or both.

III. Securities Loss incurred by the Company shall be subject to the Retention amount listed in the Declarations as being applicable to Company Reimbursement.

IV. If in a Securities Claim all defendant Directors, Officers and the Company obtain by reason of a motion to dismiss, motion for summary judgment or trial a final non-appealable judgment of no liability in their favor, there shall be no Retention or coinsurance percentage applicable to any Securities Claim Expenses resulting from such Securities Claim.

V. With respect to all Securities Loss which in excess of the applicable Retention, the Company shall bear uninsured the following portions of such Securities Loss. The Insurer's liability shall only apply to the remaining percentage of all such Securities Loss.

A. % of all Securities Claim Expenses; and
B. % of all Securities Loss other tan Securities Claim Expenses

However, this percentage shall not apply with respect to any Securities Loss which is incurred solely by a natural person Director and Officer and which is subject to the first two listed Retention amounts set forth in the Declarations of this policy.

VI. the 4 EXCLUSIONS of this Policy shall be amended as follows:
Exclusion (b) shall be deleted in its entirety and replaced with the following;

(b) by reason of any directly dishonest, malicious or fraudulent act or omission or any willful violation of law by the Directions or Officers if a judgment or other final adjudication adverse to such Directors or Officers establishes such an act, omission or willful violation, provided this exclusion shall apply with respect to the Company only if such judgment or final adjudication establishes that a Director or the president, chief executive officer, chief operating officer, chief financial officer, in-house general counsel, managing director, any executive vice president or any equivalent executive officer of the Company committed such as act, omission or willful violation;

The following exclusion shall be added to the Policy.

(n) for, based upon, arising from, or in any way related to the actual or proposed payment by the Company of allegedly inadequate or unfair consideration in connection with its purchase of securities issued by the Company; provided, however, that this exclusion shall not apply to any covered Loss incurred by the Directors or Officers or any Securities Claim Expenses incurred by the Company.

VII. the 9. DEFIANCE COSTS, SETTLEMENT, JUDGMENT (INCLUDING THE ADVANCEMENT OF DEFENSE COSTS) of this Policy shall be amended by adding the following;

The Insurer may, with the written consent of the Company, settle any Securities Claim for solely a momentary amount which the Insurer deems reasonable. If the Company withholds consent to such settlement, the Insurer's liability for all Loss on amount of such settlement, the Insurer's liability for all Loss on account of such Securities Claim shall not exceed the amount for which the Insurer could have settled such Securities Claims plus Securities Claim Expenses accrued as of the date such settlement was proposed in writing by the Insurer to the Company.

VIII. Definitions that apply solely for purposes of this endorsement:

Securities Claim means any claim brought by a securities holder of the Company against the Directors, Officers and/or the Company which alleges a breach of the Securities laws of any Country, state or Jurisdiction arising from a Wrongful Act in connection with the purchase or sale of securities of the Company.

Securities Claim Expenses means that part of Securities Loss consisting of reasonable and necessary costs, charges, fee (including attorney's fees and experts' fees) and expenses incurred in the defense of a Securities Claim and the premium for appeal, attachment or similar bonds, but shall not include the wages, salaries or expenses of any Director, Officer or employee of the Company.

Securities Loss means any Loss otherwise covered under this Policy incurred by the Directors, Officers and/or the Company as a result of a Securities Claim: Provided, however, Securities Loss shall remain subject to all other policy terms, conditions, exclusion, endorsements and other provisions that may in whole or in part, preclude coverage for such Securities Loss.

By: _____

Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

REGULATORY EXCLUSION CLAUSE

In consideration of the premium charged, it is hereby understood and agreed that the Insured shall not be liable for any Loss in connection with any claim or claims made against the Directors and Officers:

(1) brought by or on behalf of, or with the solicitation, assistance participation, or intervention of;

(a) any Regulator, in any capacity whatsoever (including but not limited to its capacity as receiver, conservator, liquidator or otherwise) regardless of in whose name or for whose benefit (including but not limited to for the benefit of the Company or its shareholders or the Company's creditors) the claim is made or

(b) any person or entity against whom any regulator has asserted any claim or demand or whatever nature in such Regulator's capacity as insurer of, successor to, or subrogee of the Company.

(2) any derivative suit or representative class action alleging, arising out of, based upon or attributable to any such above action.

(3) alleging, arising out of, based upon, attributable to, or in any way involving, directly or indirectly any written agreement or memoranda of understanding or other agreements with a Regulator, including without limitation income maintenance agreements, purchase and assumptions agreements, indemnity agreements, capital contribution agreements, loan agreements, assets purchases agreements, cease and desist orders, and assistance agreements, or any amendments to any of the foregoing, or any actions required by a Regulator pursuant to the terms of any such agreements;

(4) alleging, arising out of, based upon, attributable to, or in any way involving, directly or indirectly any loss or reduction of earnings resulting from any agreement with, or action by, any Regulator.

For the purpose of this endorsement, the term "Regulator" shall mean:

(1) the Federal Savings and Loan Insurance Corporation, the Federal Deposit Insurance Corporation, any other federal or state depository insurance organization, the United States Comptroller of the Currency, the Federal Home Loan Bank Board, the Federal Reserve Board, or any similar federal, state or local regulatory or supervisory agency or authority, or affiliate of any or the foregoing, or

(2) any receiver, conservator, trustee, liquidator, rehabilitator other similar official with respect to Company.

By: _____
Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

D & O *DONGBU INSURANCE CO., LTD.*

SEC EXCLUSION

In consideration of the premium charged, it is hereby understood and agreed that in addition to the exclusion shown in the 4. EXCLUSIONS of this policy, the following exclusion shall apply to any claim or claims.

The Insurer shall not be liable to make any payments for Loss in connection with any claim or claims made against the Directors or Officers;

arising out of, based upon or attributable to profits in fact made from the purchase or sale by the Insureds of securities of the Company within the meaning of Section 16 (b) of the Securities Exchange Act of 1934, and amendments thereto similar provision of any state statutory law.

By: _____
Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

D & O *DONGBU INSURANCE CO., LTD.*

ERISA EXCLUSION

It is understood and agreed that the 4. EXCLUSIONS shall be amended by adding the following:

(P) Based upon, arising out of, or in any way involving, the Employee Retirement Income Security Act of 1974 or amendments thereto or any regulations promulgated thereunder, or similar provisions of any Federal, State or Local Statutory Law or Common law.

By: _____

Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

D & O *DONGBU INSURANCE CO., LTD.*

YEAR 2000 EXCLUSION

It is hereby understood and agreed that the 4. EXCLUSIONS of this Policy shall be amended by addition the following:

(o) for, based upon, attributable to, in any way directly or indirectly relating to, arising from, or in any way connected with the failure of any computer, software, firmware, microprocessor or other equipment or system for processing, storing or retrieving data where the property of the Company or not, and whether occurring before, during or after the year 2000

(i) to correctly recognize any date as its true calendar date

(ii) to capture save or retain, and/or correctly manipulate, interpret or process any date or information or command or instruction as a result of treating any date otherwise than as its true calendar date, or

(iii) to capture save retain or correctly process any date as a result of the operation of any command which has been programmed into any computer software, being a command which cause the loss of data or the inability to capture save retain or correctly to process such data on or after any date

By: _____

Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

D & O *DONGBU INSURANCE CO., LTD.*

DIRECTORS AND OFFICERS LIABILITY AND COMPANY REIMBURSEMENT POLICY

In consideration of the payment of the premium, and in reliance upon the statements made to the insurer by application forming a part hereof and its attachments and the material incorporated therein, Dongbu Insurance Co., Ltd., herein called the "Insurer", agrees as follows:

1. INSURING AGREEMENTS

COVERAGE A: DIRECTORS AND OFFICERS LIABILITY

The Insured shall pay the Loss of each and every Director or Officer of the Company arising from any claim or claims fist made against the Directors or Officers during the Policy Period for any alleged Wrongful Act in their respective capacities ad Directors or Officers of the Company, except for and to the extent that the Company has indemnified the Directors or Officers. The Insurer may, in accordance with and subject to Clause 9, advance each and every Directors and Officer the Defense Costs of such claim or claims prior to their final disposition.

COVERAGE B: COMPANY REIMBURSEMENT

The Insurer shall reimburse the Company for Loss arising from any claim or claims which are first made against Directors or Officers during the Policy Period for any alleged Wrongful Act in their respective capacities as Directors or Officers of the Company, but only when and to the extent that the Company Has Indemnified the Directors and Officers for such Loss Pursuant to law, common or statutory, or contract, or the Charter or By-laws of the Company duly effective under such law which determines and defines such rights of indemnity.

2. DEFINITIONS

(a) The "Company" means the Named Corporation and its Subsidiary on the Declarations

(b) "Defense Costs" means reasonable and necessary fees, costs and expense consented to by the insurer (including premiums for any appeal bond, attachment bond or similar bond, but without any obligation to apply for or furnish any such bond) resulting solely from the investigation, adjustment, defense and appeal of any claim against the Insureds, but excluding salaries of Officers or employees of the Company.

(c) "Insured(s)," or "Director(s) or Officer(s)", means any past, present or future duly elected or appointed Director and Officers of the Company. Coverage will automatically apply to all new Directors and Officers during Policy Period of this policy.

(d) "Loss" means damages, judgments, settlements and Defense Costs; however, Loss shall not include civil or criminal fines or penalties imposed by law, punitive or exemplary damages, the multiplied portion of multiplied damages, taxes, any amount for which the insureds are not financially liable or which are without legal recourse to the Insureds, or matters which may be deemed uninsurable under the law pursuant to which this policy

shall be construed.

(e) "Policy Period" means the period of time from the inception date shown of the Declarations to the earlier of the expiration date shown of the Declarations or the effective date of cancellation of this policy.

(f) "Subsidiary" means a corporation of which the Named Corporation owns on or before the inception of the Policy Period more than 40% of the issued and outstanding voting stock either directly or indirectly through one or more of its Subsidiaries.

"Subsidiary" also means any corporation which becomes a Subsidiary during the Policy Period but only upon the condition that within 90 days of its becoming a Subsidiary, the Named Corporation shall have provided the Insurer with full particulars of the new Subsidiary and agreed to any additional premium required by the Insurer relating to such new Subsidiary. A corporation becomes a Subsidiary when the Named Corporation owns more than 40% of the issued and outstanding voting stock either directly or indirectly through one or more of its Subsidiaries.

(g) "Wrongful Act" means any breach of duty, neglect, error, misstatement, misleading statement, omission or act by the Directors or Officers of the Company in their respective capacities as such, or any matter claimed against them solely by reason of their status as Directors or Officers of the Company.

3. EXTENSIONS

Subject otherwise to the terms hereof, this policy shall cover Loss Arising from any claims made against the estates, heirs, or legal representatives of deceased Director or Officers in the event of their in competency, insolvency or bankruptcy, who were Directors or Officers at the time the Wrongful Acts upon which such claims are based were committed.

4. EXCLUSION

The Insurer shall not be liable to make any payment for Loss in connection with any claim or claims made against the Directors or Officers:

(a) arising out of, based upon or attributable to the gaining in fact of any personal profit or advantage to which they were not legally entitled;

(b) arising out of, based upon or attributable to the committing in fact of any dishonest or criminal act;

(c) arising out of, based upon or attributable to the payment to the Insureds of any remuneration without the previous approval of the stockholders of the Company, which payment without such previous approval shall be held to have been illegal;

(d) arising out of, based upon or attributable to profits in fact made from the purchase or sale by the Insureds of securities of the Company using non-public information in a manner held to have been illegal;

(e) arising out of, based upon or attributable to payment of commissions, gratuities, benefits or any other favor provided to or for the benefit of any;

(1) Political group, government official, director, officer, employee or any person having an ownership interest in any customer of the company or their agent(s), representative(s) or member(s) of their family or any other entity(ies) with which they are affiliated.

(2) Any other person(s) or organization if such payment to those person(s) or organization shall be held to have been illegal under the law pursuant to where the payment was made or which this policy shall be construed.

The Wrongful Act of any Director or Officer shall not be imputed to any other Director or Officer for the purpose of determining the applicability of the foregoing exclusions 4(a) through 4(e)

(f) arising out of, based upon or attributable to the facts alleged, or to the same or related Wrongful Acts alleged or contained, in any claim which has been reported, or in any circumstances of which notice has been given, under any policy of which this policy is a renewal or replacement or which it may succeed in time;

(g) arising out of, based upon or attributable to any pending or prior litigation as of the inception date of this policy, or alleging or derived from the same or essentially the same facts as alleged in such pending or prior litigation;

(h) arising out of, based upon or attributable to any fact, situation, circumstances, or Wrongful Act which, at the inception date of this policy, such Insured knew or should reasonably have foreseen, might lead to a claim against the Insured and/or the Company;

(i) arising out of, based upon, attributable to, or in any way involving, directly or indirectly;

(1) the actual, alleged or threatened discharge, dispersal, release or escape of pollutants, or

(2) any direction or request to test fore, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants, including but not limited to claims alleging damage to the Company or its shareholders.

Pollutants includes (but is not limited to) 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) materials to recycled, reconditioned or reclaimed;

(j) arising out of, based upon or attributable to any act or omission in their capacities as directors or officers of any other entity other than the Company, or by reason of their status as a director or officer of such other entity;

(k) arising out of any legal liability or whatsoever nature directly or indirectly caused by or arising from the hazardous properties of nuclear material and/or all forms of radioactive contamination.

Hazardous properties include radioactive, toxic or explosive properties.
Nuclear material means source material, special nuclear material or byproduct material.

(l) for bodily injury, sickness, disease, death or emotional distress of any person, or damage to or destruction of any tangible property, including the loss pf use thereof, or for injury from oral or written publication of a libel or slender or of other defamatory or disparaging material that violates a person's right of privacy;

(m) of any Subsidiary of any alleged Wrongful Act occurring at any time when the Named Corporation did not own more than 50% of the issued and outstanding voting stock of such Subsidiary either or indirectly through one or more of its Subsidiaries.

(n) (1) The insurer shall not be liable to make any payment for any Loss in connection with any security holder derivative action against the insured(s), if such action has resulted, in part or in whole, in a judgment or a settlement adverse to such insured(s)

(2) The preceding paragraph shall not apply to any insured(s) other than the insured(s) who have become liable to pay Legal damage in a security holder derivative action.

5. LIMITS OF LIABILITY (FOR ALL LOSS – INCLUDING DEFENSE COSTS)

The limit of liability stated in the Declarations is the limit of the Insured's liability for all Loss, under Coverage A and Coverage B combined, arising out of all claims first made against the Insureds during the Policy Period. Further, any claim which is made subsequent to the Policy Period which pursuant to Clause 8(b) to (c) is considered made during the Policy Period shall also be subject to the one aggregate limit of liability stated in the Declarations.

Defense costs are not payable by the Insurer in addition to the limit of liability. Defense costs are part of Loss and as such are subject to the limit of liability for Loss.

6. RETENTION – INDEMNIFIED OR INDEMNIFIABLE LOSS

The Insurer shall only be liable for the amount of Loss arising from a claims which is in excess of the retention amount stated in the Declarations, such retention amount to be borne by the Company and/or the Insureds and shall remain uninsured. A single retention amount shall apply to Loss arising from all claims alleging the same Wrongful Act or related Wrongful Acts.

7. COINSURANCE CLAUSE

The Insurer shall be liable to pay percent, specified as Coinsurance Percent in the Declarations, of Loss Excess of the retention amount described in the Clause 6 up to Limit of Liability described in Clause 5, it being a condition of this insurance that the remaining percent of each every Loss shall be carried by the Company and the Insureds at their own risk and be uninsured.

8. NOTICE/CLAIM REPORTING PROVISIONS

Notice hereunder shall be given in writing to the Insurer at the Insurer's address. If mailed, the date of mailing of such notice shall constitute the date that such notice was given and proof of mailing shall be sufficient proof of notice.

(a) The Company or the Insureds shall, as a condition precedent to the obligation of the Insurer as soon as practicable, of any claim made against the Insureds and shall given the insurer information, including but not limited to the Wrongful Acts or facts alleged, the names of claimants and the manner in which the Insureds first became aware of the claim.

(b) If written notice of a claim has been given to the Insurer pursuant the Clause 8 (a) above, then any claim which is subsequently made against the Insureds alleging, arising out of, based upon or attributable to the facts alleged in the claims of which such notice has been given, or alleging any Wrongful Act which is the same as or related to any Wrongful Act alleged in the claim of which such notice has been given, shall be considered made at the time such notice was given.

(c) If during the Policy Period the Company or the Insureds shall become aware of any circumstances which may reasonably be exported to give rise to a claim being made against the Insureds and shall given written notice to the Insurer of the Insurer of the circumstances and the reasons for anticipating such a claim, with full particulars as to dates and persons involved, then any claim which is subsequently made against the Insureds alleging any Wrongful Act which is the same as or related to any Wrongful Act alleged or contained in such circumstances, shall be considered made at the time such notice of such circumstances was given.

9. DEFENSE COSTS, SETTLEMENT, JUDGMENTS (INCLUDING THE ADVANCEMENT OF DEFENSE COST)

Under Coverage A, the Insurer may, in its absolute discretion advance Defense Costs prior to the final disposition of the claims, unless such Defense Costs have been advanced by the Company, such advance payments by the Insurer shall be repaid o the Insurer by the Insureds, severally according to their respective interests, in event and to the extent that the Insureds shall not be entitled under the terms and conditions of this policy to payment of such Loss. The retention amount stated in the Declarations shall apply to such Defense Costs. Under Coverage B, the Insurer assumes no duty to reimburse Defense Costs prior to the final disposition of the claim. The Insurer may, in its absolute discretion, reimburse all or any part such Defense Costs prior to the final disposition of the claim. In such event, however, such advanced payments by the Insurer shall be repaid to the Insurer by the Company or the Insureds, severally according to their respective interests, in the event and to the extent that the company or the Insureds shall not be entitled under the terms and conditions of this policy to payment of such Loss.

The Insure does not, however, under this policy, assume any duty to defend. The Insureds shall not admit or assume any liability, enter into any settlements, stipulate to any judgments or incur any Defense Costs without the prior written consent of the Insurer. Only those settlements, stipulated judgments and Defense Costs which have been consented to by the Insurer shall be

recoverable as Loss under the terms of this policy. The Insurer's consent shall not be unreasonably withheld, provided that Insurer shall be entitled to effectively associate in the defense and negotiation of any settlement of any claim in order to reach a decision as re reasonableness.

The Insurer shall have the right to effective associate with the Company and the Insureds in the defense and settlement of any claim that appears reasonably likely to involve the Insurer, including but not limited to effectively associating in negotiation of a settlement.
The Insureds shall defend and contest any such claim. The Company and the Insureds shall give the Insurer full cooperation and such information as it may reasonably require.

With respect to the Defense costs and joint settlement of any claim made against the Company and the Insureds, such Defense Costs and joint settlement having been consented to by the Insurer, the Company and the Insureds and the Insurer agree to use their best efforts to determine a fair and proper allocation of the amounts as between the Company and the Insureds and the Insurer.

10. CANCELLATION CLAUSE

This policy may be cancelled by the Named Corporation by surrender thereof to the Insurer or any of its authorized agents or by mailing to the Insurer written notice stating of when thereafter the cancellation shall be effective. This policy may be cancelled by the Insurer by mailing to the Named Corporation at the address shown in this policy, written notice stating when not less than 30days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of surrender or the effective date and hour of cancellation state in the notice shall become the end of the Policy Period. Delivery of such written notice either by the Named Corporation or by the Insurer shall be equivalent to mailing.

If the Named Corporation cancels, earned premium shall be computed in accordance with the customary short rate table and procedure. If the Insurer cancels, earned premium shall be computed pro rata. Premium adjustment may be either at the time cancellation is effected or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

If the period of limitation relation to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

11. TERMINATION OF COVERAGE FOR SUBSEQUENT WRONGFUL ACTS AFTER CERTAIN TRANSACTIONS

If during the Policy Period;

1. the Named Corporation shall consolidate with or merge into, or sell all substantially all of its assets to, any other person entity or group of persons and/or entities acting in concert; or
2. any person or entity or group of persons and/or entities acting in concert shall acquire an amount of the outstanding securities representing more than 50% of the voting power for

the election of Directors of the Named Corporation, or acquires that voting rights of such an amount of such securities;

(either of the above events herein referred to ad the "Transaction")

then, there shall be no coverage afforded by any provision of this policy for any alleged Wrongful Act occurring after the effective date of the Transaction.
The Named Corporation shall give the Insurer written notice of the Transaction as soon as practicable, but not later than 30 days after the effective date of Transaction.

12. RISK ALTERATION

The Named Corporation shall give immediate notice to the Insurer in writing of any alterations which materially affect the risk covered by this policy. Such alterations include, but not limited to, alterations of statements in the Declarations of this policy, the application and all attachments thereto. No coverage shall apply under this policy for any loss in connection with any claim or claims resulting therefrom unless and until the Insurer has given written notice of their acceptance of such alteration.

13. SUBROGATION

In the event of any payment under this policy, the Insurer shall be subrogated to the extent of such payment to all Company's' and the Insureds' rights of recovery thereof, and the Company and the Insureds shall execute all papers required and shall do everything that may be necessary to secure such rights including the execution of such documents necessary to enable the Insurer effectively to bring suit in the name of the Company and/or the Insureds.

14. OTHER INSURANCE

Such insurance as is provided by this policy shall apply only as excess over any other valid and collectible insurance.

15. NOTICE AND AUTHORITY

It is agreed that the Named Corporation shall act on behalf of its Subsidiaries and all Insureds with respect to the giving and receiving of notice of claim or cancellation, the payment of premiums and the receiving of any return premium that may become due under this policy, the receipt and acceptance of any endorsements issued to form a part of this policy.

16. ASSIGNMENT

Any and all rights hereunder shall not be assignable without the prior written consent of the Insurer.

17. ACTION AGAINST INSURER

No action shall lie against the Insurer unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this policy, not until the amount of the Insureds' obligation to pay shall have been finally determined either by judgment against the Insurer.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. No person or organization shall have any right under this policy to join the Insurer as a party to any action against the Insures or the Company to determine the Insureds' liability, nor shall the Insurer be impleaded by the Insureds or the Company or their legal representatives. Bankruptcy or insolvency of the Insureds or of their estates shall not relieve the Insurer of any of its obligation hereunder.

18. ARBITRATION

If any difference shall arise between the Company or the Insureds and the Insurer as to the amount to be paid under this policy, such difference shall be referred to the decision of two arbitrators, one to be appointed in writing by each of the parties; or in case the arbitrators do not agree, such difference shall be referred to the decision of an umpire to be appointed in writing by the arbitrators.

Each party shall bear the expense of its own arbitrator and shall equally bear other expenses including the expense of the umpire.

19. DECLARATIONS

By acceptance of this policy, the Named Corporation and its Directors and Officers agreed that the statements made in the application and all attachments thereto are true and accurate and this policy has been issued in reliance thereof and this policy embodies all agreements between the Named Corporation or its Directors and Officers and the Insurer or any of their agents relating to this insurance.

IN WITNESS WHEREOF, THE company has caused this policy to be signed by its president and manager, but this policy shall not valid unless countersigned on the Declarations page by a duly authorized representative of the Company.

MANAGER PRESIDENT

D & O *DONGBU INSURANCE CO., LTD.*

GUAM WATERWORKS AUTHORITY

COMMERCIAL AUTOMOBILE POLICY SPECIMEN

"Terms and Conditions contained therein will be provided to the Authority without change"

MOYLAN'S INSURANCE UNDERWRITERS, INC.
Home of the Good Guys and Gals
424 W OBrien Dr Ste 102
Hagatna GU 96910

Automobile Policy Declarations

issued by: **Dongbu Insurance Company Ltd.**

Policy Number :

1. Name Insured :
   Address :

2. Policy Period: From To at 12:01 A.M. Standard Time

3. Coverage		Limit of Liability	Premium
A. Bodily Injury	- Each Person/Each Accident	Per Schedule	Per Schedule
B. Property Damage	- Each Accident	Per Schedule	Per Schedule
C. Medical Payments	- Each Person	Per Schedule	Per Schedule
D. Comprehensive	- Deductible	Per Schedule	Per Schedule
E. Collision	- Deductible	Per Schedule	Per Schedule
Optional Coverage			
Uninsured Motorist	- Each Person/Each Accident	Per Schedule	Per Schedule
Passenger Risk	- Each Person/Each Accident	Per Schedule	Per Schedule
Typhoon	- Deductible	Per Schedule	Per Schedule
Personal Accident	- Each Person/Each Vehicle	Per Schedule	Per Schedule
Loss of Use		Per Schedule	Per Schedule

Total Premium:
2% Assessment Fee:
Total Policy Premium:

"ACV" means Actual Cash Value

* Minimum. Earned Premium: Short Rate, but not less than $30.00.

Discounts Applied:

*** Per Schedule ***

Endorsements Applicable :

*** Per Schedule ***

4. Your Covered Vehicle(s)

Year / Trade Name	Model	Body Type	Engine Vin #	Insured's Estimate of Value including Accesories thereon
*** Per Schedule ***				

5. Loss Payee: *** Per Schedule ***

6. Purpose of Use: **Business**

7. Geographical Area: This Policy Covers the Island Guam

8. Notice of Accident or Loss - In the event of accident or loss covered hereunder, immediate notice is to be given to Equitable Adjusting & Service at (671)477-7514

Date Issued: _____

By: _____
Moylan's Insurance Und., Inc.
General Agent

Named Insured: _____

SCHEDULE OF ENDORSEMENTS

Subject to the following clauses/riders or endorsements attached to and forming part of this policy:

- Schedule of Vehicles
- Cancellation Clause
- Errors & Omissions Clause
- Operator Waiver
- Newly Acquired and Substitute Vehicles
- Under-Age Driver Waiver
- Waiver of Sovereign Immunity
- Valid Drivers License Waiver
- Racing, Pacemaking or Speed-Testing Waiver
- Jurisdiction Clause
- Hired Auto and Non-Owned Auto Liability
- Deductible Endorsement
- Combined Single Limit Endorsement
- Multi Year Agreement Endorsement
- Payment Schedule Agreement
- Exclusion of Certified Acts of Terrorism

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits of conditions of the Policy except as herein above set forth.

This Endorsement is effective _____

Attached to and forming a part of Policy No. _____

By:_____
Moylan's Insurance Underwriters, Inc.
General Agent

Named Insured:
Policy No.:

SCHEDULE OF VEHICLES

Vehicle No.	Year	Description	VIN NO.	Coverage A. Bodily Injury Ea. Person/ Ea. Accident	Coverage B. Property Damage Ea. Person/ Ea. Accident	Coverage C. Medical Ea. Person	Coverage E. Collision	Deductible	Uninsured Motorist Ea. Person/ Ea. Accident	Premium

TOTAL ANNUAL PREMIUM

Nothing hereunder contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the Policy, except as hereinafter set forth.

This Endorsement is effective

Attached to and forming part of Policy No. of the DONGBU INSURANCE CO., LTD.

By: _____

Authorized Representative
Moylan's Insurance Underwriters, Inc.
General Agent

Doc. No. 34GL-17-0810.*
CCU March 21, 2017 Regular Meeting - NEW BUSINESS

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

CANCELLATION CLAUSE

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, if Underwriters desire to cancel this policy, they shall give ninety (90) days prior written notice by email and Certified Mail to:

Greg P. Cruz, Chief Financial Officer
Guam Waterwroks Authority
P.O. Box 3010
Hagatna, Guam 96923
Email: **gpcruz@guamwaterworks.org**

Date Issued: _____

By:_____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

ERRORS & OMISSIONS CLAUSE

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, the Insured shall not be prejudiced by an unintentional or inadvertent error, omission, incorrect valuation or incorrect description of any vehicle; provided that notice is given to Underwriters as soon as practical after discovery of any such error or omission.

Date Issued: _____ By:_____

Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

OPERATOR WAIVER

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, the exclusion of coverage should the vehicle be operated by a person while committing a felony or who is under the influence of intoxicating liquor or controlled drugs or substances is waived as respects to (Authority).

Date Issued: _____ By:_____

Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

NEWLY ACQUIRED AND SUBSTITUTE VEHICLES

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, newly acquired or substitute vehicles shall be automatically covered from the date of acquisition until the expiration of the policy. The additional premium for all such vehicles, and the return premium for vehicles deleted from the schedule, will be determined by final audit adjustment following expiration of the policy.

Date Issued: _____ By: _____

Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

UNDER-AGE DRIVER WAIVER

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, the exclusion of Material Damage coverage should the vehicle be operated by a driver under the age of 25 is waived as respects to the (Authority).

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

WAIVER OF SOVEREIGN IMMUNITY

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, in the event of a claim, Underwriters waive any defense of Sovereign Immunity.

Date Issued: _____

By:_____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

VALID DRIVERS LICENSE WAIVER

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, the requirement that drivers possess a valid drivers license is waived as respects to the (Authority).

Date Issued: _____

By:_____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

RACING, PACEMAKING OR SPEED-TESTING WAIVER

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, the exclusion while the automobile is used for commercial traveling, racing, pacemaking or speed-testing is waived as respects to the (Authority).

Date Issued: _____ By:_____

Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

JURISDICTION

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, this insurance shall be governed by and construed in accordance with the laws of Guam and the exclusive jurisdiction of the USA including Guam Courts. The seat of arbitration shall be Guam.

Date Issued: _____

By:_____
Moylan's Insurance Underwriters, Inc.
General Agent

Attached to and forming part of _____

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
HIRED AUTO AND NON-OWNED AUTO LIABILITY

This endorsement modifies insurance provided under the following:

AUTOMOBILE POLICY

SCHEDULE

Coverage	Additional Premium
Hired Auto Liability	Included
Non-Owned Auto Liability:	Included

A. Insurance is provided only for those coverages for which a specific premium charge is shown in the Declaration or in the Schedule.

1. **HIRED AUTO LIABILITY**
The insurance provided applies to "bodily injury" or property damage" arising out of the maintenance or use of a "hired auto" by you or your employees in the course of your business.

2. **NON-OWNED AUTO LIABILITY**
This insurance provided applies to "bodily injury" or "property damage" arising out of the use of any "non-owned auto" in your business by any person other than you.

B. For insurance provided by this endorsement only:

1. **EXCLUSIONS:**

(a) Exclusion (a) of the policy does not apply to the insurance afforded under this endorsement.
(b) The insurance does not apply to any automobile owned by or registered in the name of a partner, if the named insured is a partnership.

DEFINITION OF INSURED:

Each of the following is an insured under this endorsement to the extent set forth below:

a. You;
b. Any other person using a "hired auto" with your permission;
c. For a "non-owned auto," any partner or executive officer of yours, but only while such "non-owned auto" is being used in your business; and
d. Any other person or organization, but only for their liability because of acts or omissions of an insured under a, b, or c. above.

None of the following is an insured:

(1) Any person engaged in the business of his or her employer for "Bodily injury" to any co-employer
for "bodily injury" to any co-employee

(2) of such person injured in the course of employment;
(3) Any partner of executive officer for any "auto" owned by such partner or officer or a member of his or her household.
(4) Any person while employed in or otherwise engaged in duties in connection with an "auto business", other than an "Auto business" you operate;
(5) The owner or lessee (of whom you are a sub lessee) of a "hired auto" or the owner of a "non-owned auto" or any agent or employee of any such owner or lessee;
(6) Any person or organization for the conduct of any current or past partnership or joint venture that is not shown as a named Insured in the Declarations.

C. The following additional definitions apply:

(1) "Auto Business" means the business or occupation of selling, repairing, servicing, storing or parking "autos".
(2) "Hired Auto" means any "auto" you lease, hire or borrow. This does not include any "auto" you lease, hire or borrow from any of your employees or members of their households, or from any partner or executive officer of yours.
(3) "Non-Owned Auto" means any "auto" you do not own, lease, hire or borrow which is used in connection with your business. However, if you are a partnership, a "non-owned auto" does not include any "auto" owned by any partner.

DONGBU INSURANCE COMPANY, LTD.

Date Issued: _____ By:_____

Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

DEDUCTIBLE ENDORSEMENT

It is hereby understood and agreed that Property Damage is subject to a Deductible of $100,000.00 per occurrence

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the Policy, except as hereinafter set forth.

This endorsement is effective _____

Attached to and forming part of Policy No. _____.

Date Issued: _____

By:_____
Moylan's Insurance Underwriters, Inc.
General Agent

COMBINED SINGLE LIMIT OF LIABILITY

Effective as of inception of the policy of which this form is made a part, the Company's Limit of Liability for all damages, including care and loss of services arising out of bodily injury including death at any time resulting there from and for all damages arising out of injury to or destruction of tangible property, including the loss of use thereof, and all supplementary payments including costs incurred in the defense of any claim, resulting from any one event and from all events occurring during the policy period shall be $_____

All other terms and conditions of the policy remain unaltered.

Attached to and forming part of Policy No._____

issued to _____

DONGBU INSURANCE COMPANY, LTD.

Date Issued:_____

By:_____
Moylan's Insurance Underwrites, Inc.
General Agent

Name Insured:_____

Policy No. _____

MULTI-YEAR POLICY ENDORSEMENT

In consideration of the % Term Discount given the Insured for the ____( ) years term of this policy, it is hereby understood and agreed that:

(A) In the event the insured elects to have policy cancelled before the expiry of the ____year term, the insured shall refund to the company the equivalent of the % discount on the premium earned; such earned premium to be computed short rate on the gross annual premium, when cancellation is effected other than on the annual anniversary date of the policy.

(B) In the event the company cancels the policy before the expiry of the _____ year term, the insured shall not be obligated to refund any part of the % term discount. Any earned premium shall be computed on pro rata basis.

All other policy terms and conditions remain unaltered.

DONGBU INSURANCE CO., LTD.

Effective Date: _____ By:_____

Moylan's Insurance Underwriters , Inc.
General Agent

Payment Schedule Agreement

Insured's Name: _____

Installment No.	Amount Due	Due Date	Due Date	Due Date	Due Date	Due Date
Beginning Balance	$					
1						
2						
3						
4						
5						
6						

By acknowledging this Payment Schedule Agreement ("Agreement"), the Insured understands and agrees that failure to make payments according to the Agreement shall cause the entire unpaid balance to become due.

In the event it becomes necessary to retain the services of an attorney in our collection efforts, the Insured agrees to pay any and all attorney's fees equivalent to 15% of the unpaid balance.

Any unpaid balance shall be assessed interest at the rate of 12% per annum.

The Insured further understands and agrees that if a Total Loss claim is filed against the policy, the premium balance will be deducted from the loss proceeds. For Partial Losses, the payment schedule will remain the same. Where the payment schedule has not been followed and a claim has been filed, the Insured agrees that premium payments must be paid in FULL prior to settlement.

Nothing contained in this Agreement shall be construed to vary, alter, waive or change any of the terms, limits or conditions of the policy except as set forth herein.

This Agreement is effective _____

This Agreement shall be attached to and shall form part of Policy No._____ issued by Dongbu Insurance Company

Dongbu Insurance Co. Ltd.
By: Moylan's Insurance Underwriters, Inc.
General Agent

_____
Authorized Signature
Date:

Insured:

_____
Signature of Insured
Date:

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This insurance does not apply to TERRORISM, including injury or damage arising, directly or indirectly, out of a "certified act of terrorism".

"Certified act of terrorism" means an act that is certified by the Secretary of Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism and Risk Insurance Act of 2002. The criteria contained in that Act for a "certified act of terrorism" includes the following:

1. The act resulted in aggregate 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 on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

This endorsement fulfills the requirements of the U.S. Terrorism Risk Insurance Act of 2002.

Effective _____

All other terms and conditions remain unaltered.

Attached to and forming part of Policy No. _____

issued to _____

effective _____

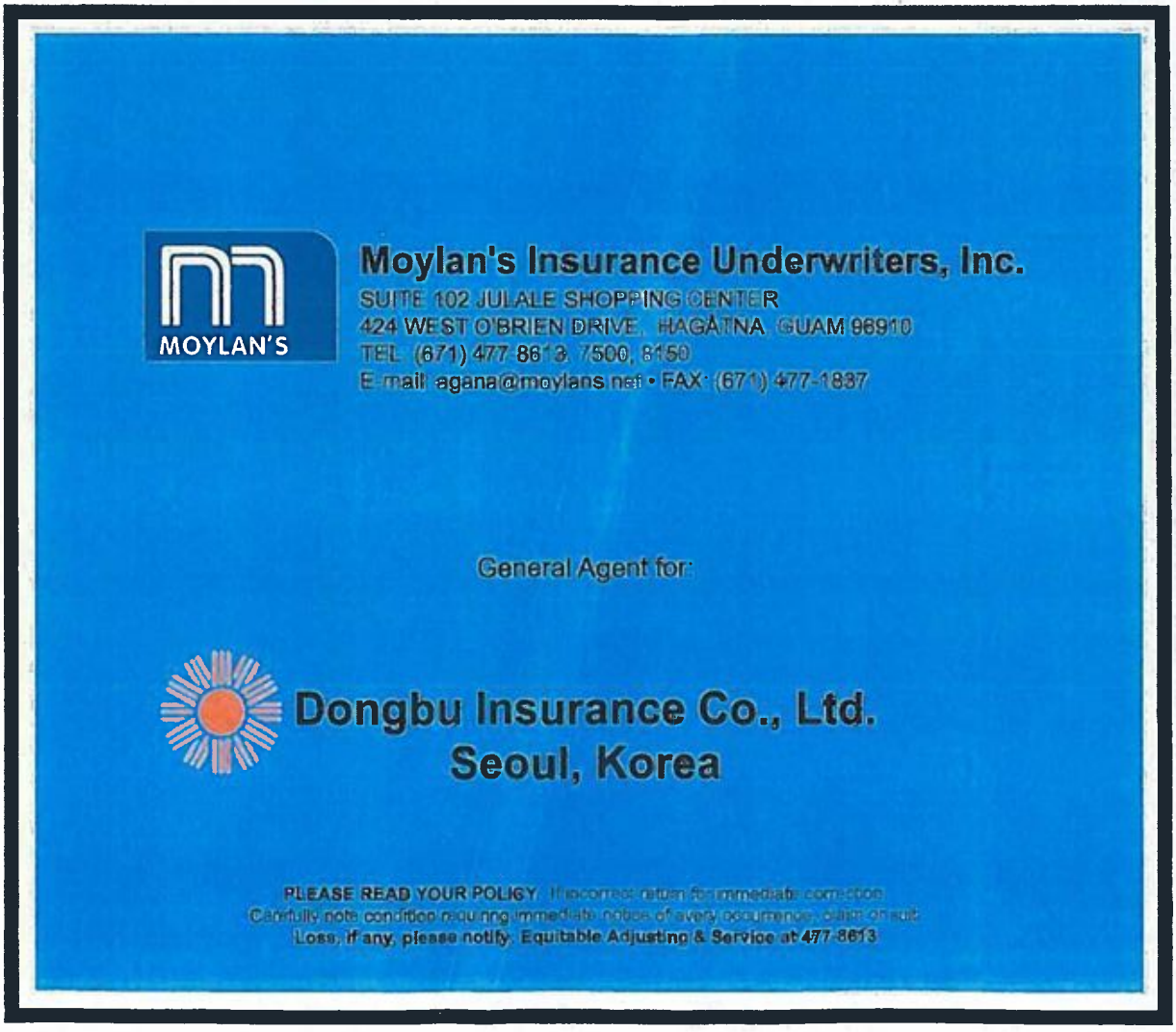
Dongbu Insurance Company Ltd.

Date: _____

By: _____

Authorized Representative
Moylan's Insurance Underwriters, Inc.
General Agent

AUTOMOBILE POLICY



Dongbu Insurance Co., Ltd.

(Herein called the Company)

Agrees with the insured, named in the declaration made a part hereof, in consideration of the payment of the premium and of the statements contained in the declarations and subject to the limits of liability, exclusions, conditions, and other terms of this policy:

INSURING AGREEMENTS

I. Coverage A. Bodily Injury Liability: To indemnify the insured for all sums which he shall become legally obligated to pay as damages because of bodily injury, including death at any time resulting therefrom, sustained by any person, caused by accident and arising out of ownership, maintenance or use of the automobile.

The words "bodily injury", and the word "injury" when referring to bodily injury, shall be deemed to include "sickness or disease".

Coverage B. Property Damage Liability: To indemnify the insured for all sums which he shall become legally obligated to pay as damages because of injury to or destruction of property, including the loss of use thereof, caused by accident and arising out of ownership, maintenance or use of the automobile.

Coverage C. Medical Payments: To pay all reasonable expenses incurred within one year from the date of accident for necessary medical, surgical, ambulance, hospital, professional nursing and funeral services, to or for each person who sustains bodily injury, sickness or disease, caused by accident, while in or upon, entering or alighting from the automobile if the automobile is being used by the named insured or with his permission.

Coverage D. Comprehensive-Excluding Collision or Upset: To pay for any direct and accidental loss of or damage to the automobile, herein after called loss, except loss caused by collision of the automobile with another object or by upset of the automobile or by collision of the automobile with a vehicle to which it is attached. Breakage of glass and loss caused by missiles, falling objects, falling aircraft or parts thereof, fire, theft, explosions, earthquake, windstorm, tornado, cyclone, typhoon, hail, water, flood, or vandalism shall not be deemed loss caused by collision or upset.

The amount deductible stated in item 3 of the declarations shall be deducted from each such loss.

Coverage E. Collision or Upset: To pay for direct and accidental loss of or damage to the automobile, herein after called loss, caused by collision of the automobile with another object or by upset of the automobile.

The amount deductible stated in item 3 of the declarations shall be deducted from each such loss.

II. Defense, Settlement, Supplementary Payments: As respects the insurance afforded by the other terms of this policy under coverage A and B the Company shall:

(a) defend in his name and behalf any suit against the insured alleging such injury or destruction and seeking damages on account thereof, even if such suit is groundless, false or fraudulent; but the Company may make such investigation, negotiation and settlement of any claim or suit as it deems expedient;

(b) pay all premiums on bonds to release attachments for an amount not in excess of the applicable limit of liability of this policy, all premiums on appeal bonds required in any such defended suit, the cost of bail bonds required of the insured in the event of accident or traffic law violation during the policy period, not exceed the usual charges of surety companies nor $100 per bail bond without any obligation to apply for or furnish any such bonds;

(c) pay all expenses incurred by the Company, all costs taxed against the insured in any such suit and all interest accruing after entry of judgment until the Company has paid, tendered or deposited in court such part of such judgment as does not exceed the limit of the Company's liability thereon;

(d) pay expenses incurred by the insured for such immediate medical and surgical relief to others as shall be imperative at the time of the accident;

(e) reimburse the insured for all reasonable expenses, other than loss of earnings, incurred at the Company's request.

The Company shall not be obligated under this insuring agreement to pay the costs of bonds or the expenses of investigation, settlement or defense arising out of any criminal action against the insured.

The amounts incurred under this insuring agreement, except settlements of claims and suits are payable by the Company in addition to the applicable limit of liability of this policy.

III. Special Privilege for Immediate Repairs: The named insured may authorize the repair of any automobile described in item 4 of the declarations necessitated by damage for which the company may be liable under any one or both of the coverages D and E, provided:

(a) the estimated cost of repairs does not exceed one hundred and twenty five dollars ($125.00);

(b) the Company is furnished with a detailed estimate of the costs; and

(c) the insured shall give the Company every assistance to see that such repair is necessary and the charge reasonable.

IV. Definition of Insured: With respect to the insurance for bodily injury, liability and for property damage liability the unqualified word "insured" includes the named insured and also includes any person while using the automobile and any person or organization legally responsible for the use thereof, provided the actual use of the automobile is by the named insured or with his permission. The insurance with respect to any person or organization other than the named insured does not apply:

(a) to any person or organization or to any agent or employee thereof, operating an automobile repair shop, public garage, sales agency, service station or public parking place, with respect to any accident arising out of the operation thereof;

(b) to any employee with respect to injury to or sickness, disease or death of another employee of the same employer injured in the course of such employment in an accident arising out of the maintenance or use of the automobile in the business of such employer.

V. Automobile Defined, Trailers, Two or More Automobiles, Including Automatic Insurance:

(a) Automobile. Except where stated to the contrary, the word "Automobile" means;

(1) **Described Automobile** - the motor vehicle or trailer described in this policy;

(2) **Utility Trailer** - under coverages A, B and C, a trailer not so described, if designed for use with a private passenger automobile if not being used with another type automobile and if not a home office, store, display or passenger trailer;

(3) **Temporary Substitute Automobile** - under coverages A, B, and C, an automobile not owned by the named insured while temporarily used as the substitute for the described automobile while withdrawn from normal use because of its breakdown, repair, servicing, loss or destruction;

(4) Newly Acquired Automobile - an automobile, ownership of which is acquired by the named insured who is the owner of the described automobile, if the named insured notifies the Company within thirty days following the date of its delivery to him, and if either it replaces an automobile described in this policy or the Company insured all automobiles owned by the named insured at such delivery date; but the insurance with respect to the newly acquired automobile does not apply to any loss against which the named insured has other valid and collectible insurance. The named insured shall pay any additional premium required because of the application of the insurance to such newly acquired automobile;

The word "Automobile" also includes, under coverage D and E; its equipment and other equipment permanently attached thereto.

(b) **Semitrailer.** The word "trailer" includes semitrailer.

(c) **Two or More Automobiles.** When two or more automobiles are insured hereunder, the terms of his policy shall apply separately to each, but a motor vehicle and a trailer or trailers attached thereto shall be held to be one automobile as respects limits of liability under coverages A and B and separate automobiles as respects limits under coverages D and E.

VI. Use of Other Automobiles: If the named insured is an individual who owns the automobile classified as "pleasure and business" or husband and wife either or both of whom own said automobile, such insurance as is afforded by this policy for bodily injury liability, for property damage liability and for medical payments with respect to said automobile applies with respect to any other automobile subject to the following provisions:

(a) with respect to the insurance for bodily injury liability and for property damage liability the unqualified word "insured" includes (1) such named insured, (2) the spouse of such individual if a resident of the same house hold and (3) any other person or organization legally responsible for the use by such named in insured or spouse of an automobile not owned or hired by such other person or organization. Insuring Agreement IV. Definition of Insured, does not apply to this insurance.

(b) this insuring agreement does not apply:

(1) to any automobile owned by, hired as part of a frequent use of hired automobiles by, or furnished for regular use to the named insured or a member of his household other than a private chauffeur or domestic servant of the named insured or spouse;

(2) to any automobile while used in the business or occupation of the named insured or spouse except a private passenger automobile operated or occupied by such named insured, spouse, chauffeur or servant;

(3) to any accident arising out of the operation of an automobile repair shop, public garage, sales agency, sevice station or public parking place;

(4) under coverage C, unless the injury results from the operation of such other automobile by such named insured or spouse or on behalf of either by such chauffeur or servant, or from the occupancy of said automobile by such named insured or spouse;

(5) under coverage A, to injury to or death of any person who is a named insured.

VII. General Average and Salvage Charges: The Company with respect to such transportation insurance as is afforded by this policy, shall pay any general average and salvage charges for which the named insured becomes legally liable.

VIII. Policy Period, Territory, Purposes of Use: This policy applies only to accidents which occur, and to direct and accidental losses to the automobile which are sustained, during the policy period, while the automobile is owned, maintained and used for the purposes stated as applicable thereto in the declarations and is (1) within the geographical area specified in item 7 of the declarations or (2) if the named insured's domicile on the effective date of the policy is outside the United States of America or the Dominion of Canada, while within the United States of America or the Dominion of Canada, for a period not exceeding thirty days during the policy period commencing with the date of arrival of the named insured or the automobile whichever shall occur first. In the event the insured has other insurance covering the same perils insured under this provisions, the insurance under this policy shall be excess insurance over any such other insurance and the limits of liability under this policy shall be reduced by an amount equal to the limits of liability afforded under such other policy.

IX. Purposes of Use Defined: (a) The term "pleasure and business" is defined as personal, pleasure, family and business use. (b) The term "commercial" is defined as the transportation or delivery of goods, merchandise or other materials, and uses incidental thereto, in direct connection with the named insured's business occupation as expressed in the declarations, including occasional use for personal, pleasure, family and other business purposes. (c) Use of the automobile for the purposes stated includes the loading and unloading thereof.

EXCLUSIONS

This Policy Does Not Apply;

I. Under any of the Coverages,

(a) while the automobile is used as a public or livery conveyance, unless such use is specifically declared and described in this policy and premium charged therefor;

(b) to any accident or to any loss directly or indirectly arising from or occasioned by or in consequence of war, invasion, act of foreign

enemy, hostilities or warlike operations (whether war be declared or not), mutiny, civil war, rebellion, revolution, insurrection or military or usurped power.

(c) while the automobile is used for commercial travelling, racing, pacemaking, speed-testing or the carriage of goods or samples in connection with any trade or business and use for any purpose in connection with the Motor Trade;

(d) if the insured or any person authorized to drive the automobile does not hold a valid driver's license to drive the automobile;

(e) to any claims or liability arising directly or indirectly from Nuclear Fission, Nuclear Fusion or Radioactive Contamination.

II. Under Coverages D & E,

(a) under coverages D and E only, to tires unless damaged by fire or stolen or unless such loss be coincident with other loss covered by this policy;

(b) to any damage to the automobile which is due and confined to wear and tear, freezing, mechanical or electrical breakdown or failure, unless such damage is the result of other loss covered by this policy;

(c) to robes, wearing apparel or personal effects,

(d) to loss or damage due to confiscation, nationalization or requisition by or under the order of any government or public or local authority or to loss or damage which occurs subsequent to abandonment or to relinquishment of possession of the automobile, made necessary by order of such authority;

(e) while the automobile is subject to any bailment lease, conditional sale, mortgage or other encumbrance not specifically declared and described in this policy;

(f) under coverages D and E only, to loss or damage caused by riot, strike, riot attending a strike, or civil commotion;

(g) under coverages D and E only, to loss or damage arising while the automobile is being transported by water or is being loaded on, or unloaded from, any ship, lighter or connecting vessel. This exclusion shall not apply while the automobile is in transit (1) on inland waterways in the countries designated in item 7 of the declarations, or (2) by sea, on a voyage not exceeding 65 hours duration under normal conditions, between such countries in Europe and/or North Africa as may be designated in item 7 of the declarations.

III. Under Coverage D,

(a) to loss due to conversion, embezzlement or secretion by any person in lawful possession of the automobile under a bailment lease, conditional sale, mortgage or other encumbrance.

IV. Under Coverage E,

(a) to breakage of glass if insurance with respect to such breakage is otherwise afforded.

V. Under Coverages A, B and C,

(a) to liability assumed by the insured under any contract or agreement .

VI. Under Coverages A and B,

(a) while the automobile is used for the towing of any trailer owned or hired by the named insured and not covered by like insurance in the company; or while any trailer covered by this policy is used with any automobile owned or hired by the named insured and not covered by like insurance in the company.

VII. Under Coverages A and C,

(a) to bodily injury to or death of any employee of the insured while engaged in the employment, other than domestic, of the insured or in domestic employment if benefits therefore are either payable or required to be provided under any Workmen's Compensation law, plan or scheme.

VIII. Under Coverage A,

(a) to any obligation for which the insured or any company as his insurer may be held liable under any Workmen's Compensation law, plan or

scheme;

(b) (1) to bodily injury to or death of any member of the insured's family residing with the insured; (2) to bodily injury to or death of the named insured.

IX. Under Coverage B,

(a) to injury to or destruction of property owned by, rented to, in charge of or transported by the insured.

X. Under Coverage C,

(a) to bodily injury to or death of any person if benefits therefore are payable under any Workmen's Compensation law, plan or scheme.

XI. Under Coverage C, D and E,

(a) while the automobile used in any illicit trade or transportation.

CONDITIONS

Condition 1 to 17 inclusive apply only to the coverage or coverages noted thereunder. Conditions 18 to 23 inclusive apply to all coverages.

1. Named Insured's Duties when Loss Occurs - Coverages D and E: When loss occurs, the named insured shall:

(a) protect the automobile, whether or not the loss is covered by this policy, and any further loss due to the named insured's failure to protect shall not be recoverable under this policy; reasonable expense incurred in affording such protection shall be deemed incurred at the Company's request;

(b) give notice thereof as soon as practicable to the Company or to any of its authorized representatives and also, in the event of theft, larceny, robbery or pilferage, to the police or if within a territory occupied by a military government, to the nearest office of such government but shall not, except at his own cost, offer to pay any reward for recovery of the automobile;

(c) file proof of loss with the Company within sixty days after the occurrence of loss, unless such time is extended in writing by the company, in the form of a sworn statement of the named insured setting forth the interest of the named insured and all others in the property affected, any encumbrances thereon, the actual cash value thereof at time of loss, the amount, place, time and cause of such loss and the descriptions and amounts of all other insurance covering such property.

Upon the Company's request, the named insured shall exhibit the damaged property to the Company and submit to examinations under oath by anyone designated by the Company, subscribe the same and produce for the Company's examination all pertinent records and sales invoices, or certified copies if originals be lost, permitting copies thereof to be made, all at such reasonable times and places as the Company shall designate.

2. Notice of Accident - Coverages A, B and C: When an accident occurs written notice shall be given by or on behalf of the insured to the company or to any of its authorized representatives as soon as practicable. Such notice shall contain particulars sufficient to identify the insured and also reasonably obtainable information regarding the time, place and circumstances of the accident, the names and addresses of the injured and of available witnesses.

3. Notice of Claim of Suit - Coverages A and B: If claim is made or suit is brought against the insured, the insured shall immediately forward to the company every demand, notice, summons or other process received by him or his representative.

4. Limit of Liability; Settlement Options; No Abandonment - Coverages D and E: The limit of the Company's liability for loss shall not exceed the actual cash value of the automobile, or, if the loss is of a part thereof, the actual cash value of such part at time of loss, nor what it would then cost to repair or replace the automobile or such part thereof with other of like kind and quality, with deduction for depreciation, nor the applicable limit of liability stated in the declarations.

The Company may pay for the loss in money or may repair or replace the automobile or such part thereof, as aforesaid, or may return any stolen property with payment for any resultant damage thereto at any time before the loss is paid or the property is so replaced subject, however, to such deductions represented by the amount deductible stated in Item 3 of the declarations, if any, as may be applicable thereto, or may take all or such part of the automobile at the agreed or appraised value but there shall be no abandonment to the Company.

5. Limits of Liability - Coverage A: The limit of bodily injury liability stated in the declarations as applicable to "each person" is the limit of the Company's liability for all damages, including damages for care and loss of services, arising out of bodily injury, including death at any time resulting therefrom, sustained by one person in any one accident; the limit of such liability stated in the declarations as applicable to "each accident" is, subject to the above provision respecting each person, the total limit of the Company's liability for all damages, including damages for care and loss of services, arising out of bodily injury, including death at any time resulting therefrom, sustained by two or more persons in any one accident.

6. Limits of Liability - Coverage B: The limit of property damage liability stated in the declarations as applicable to "each accident" is the total limit of the Company's liability for all damages arising out of injury to or destruction of all property of one or more persons or organizations, including the loss of use thereof, as the result of any one accident.

7. Limit of Liability - Coverage C: The limit of liability for medical payment stated in the declarations as applicable to "each person" is the limit of the Company's liability for all expenses incurred by or on behalf of each person who sustains bodily injury, including death resulting therefrom, in any one accident.

8. Limits of Liability - Coverages A, B and C: The inclusion herein of more than one insured shall not operate to increase the limits of the Company's liability.

9. Assault and Battery - Coverages A and B: Assault and battery shall be deemed an accident unless committed by or at the direction of the insured.

10. Appraisal, Repair, Replacement - Coverages D and E: If the named insured and the Company fail to agree as to the amount of loss, each shall, on the written demand of either, made within sixty days after receipt of proof of loss by the company, select a competent and disinterested appraiser and the appraisal shall be made at a reasonable time and place. The appraisers shall first select a competent and disinterested umpire. The appraisers shall then appraise the 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 named insured and the Company shall each pay his or it's 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.

11. Assistance and Cooperation of the Insured - Coverages A, B, C, D, and E: The insured shall cooperate with the Company and, upon the Company's request, shall attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits. The insured shall not except at his own cost, voluntarily make any payment, assume any obligation or incur any expense other than for such immediate medical and surgical relief to others as shall be imperative at the time of accident.

12. Medical Reports; Proof and Payment of Claim - Coverage C: As soon as practicable the insured person or someone on his behalf shall give to the Company written proof of claim , under oath if required and shall, after each request from the Company execute authorization to enable the Company to obtain medical reports and copies of records. The injured person shall submit to physical examination by physicians selected by the Company when and as often the Company may reasonably require.

The Company may pay the injured person or any person or organization rendering the services and such payment shall reduce the amount payable hereunder for such injury. Payment hereunder shall not constitute admission of liability of the insured or , except hereunder, of the Company.

13. Payment for Loss; Action Against the Company - Coverage D and E: Payment for loss may not be required nor shall action lie against the Company unless, as a condition precedent thereto, the named insured shall have fully complied with all the terms of this policy, nor until thirty days after proof of loss is filed and the amount of loss is determined as provided in this policy.

14. Action Against the Company - Coverage A and B: No action shall lie against the Company unless, as a condition precedent thereto, the insured shall have fully complied with all the terms of this policy, nor until the amount of the insured's obligation to pay shall have been

finally determined either by judgement against the insured after actual trial or by written agreement of the insured, the claimant and the Company.

Any person or organization of the legal representative thereof who has secured such judgement or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. Nothing contained in this policy shall give any person or organization any right to join the Company as a co-defendant in any action against the insured to determine the insured's liability.

Bankruptcy or insolvency of the insured or of the insured's estate shall not relieve the Company of any of its obligation hereunder.

15. Action Against the Company - Coverage C: 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 thirty days after the required proofs of claim have been filed with the Company.

16. No Benefits to Bailee - Coverages D and E: The insurance afforded by this policy shall not inure directly or indirectly to the benefit of any carrier of bailee liable for loss to the automobile.

17. Subrogation - Coverages A, B, D and E: In the event of any payment under this policy, the Company shall be subrogated to all the insured's rights of recovery therefor against any person or organization and the insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The insured shall do nothing after loss to prejudice such rights.

18. Other Insurance: Except under Coverage C, if the insured has other insurance against a loss covered by this policy the Company shall not be liable under this policy for a greater proportion of such loss than the applicable limit of liability stated in the declarations bears to the total applicable limit of liability of all valid and collectible insurance against such loss; provided, however, the insurance with respect to temporary substitute automobiles, under Insuring Agreement V or other automobiles under Insuring Agreement VI shall be excess insurance over any other valid and collectible insurance available to the insured, either as an insured under a policy applicable with respect to said automobiles or otherwise. Under coverage C, the insurance afforded with respect to other automobile under Insuring Agreement VI shall be excess insurance over any other valid and collectible medical payments insurance applicable thereto.

If, in order to comply with local statutory requirements, a policy is issued to the named insured provided valid and collectible insurance against a loss covered by this policy, the insurance under this policy shall be excess insurance over such other insurance and the limits of liability under this policy shall be reduced by an amount equal to the limits of liability afforded under such other policy.

19. Changes: Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy or estop the Company from asserting any right under the terms of this policy, nor shall the terms of this policy, be waived or changed except by endorsement issued to form a part thereof, signed by an authorized representative of the Company.

20. Assignment: Assignment of interest under this policy shall not bind the Company until its consent is endorsed hereon, if, however, the named insured shall die or be adjudged bankrupt or insolvent within the policy period, this policy, unless canceled shall, if written notice be given to the Company within sixty days after the date of such death or adjudication cover (1) the named insured's legal representative as the named insured, and (2) under coverages A and B, subject otherwise to the provisions of Insuring Agreement IV, any person having proper temporary custody of the automobile, as an insured, and under coverage C while the automobile is used by such person, until the appointment and qualification of such legal representative but in no event for a period of more than sixty days after the date of such death or adjudication.

21. Cancellation: This policy may be canceled by the named insured by surrender thereof or by mailing to the Company written notice stating when thereafter such cancellation shall be effective. This policy may be canceled by the Company by mailing to the named insured at the address shown in this policy written notice stating when not less than ten days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice and the effective date of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the named insured or by the Company shall be equivalent to mailing.

If the named insured cancels, earned premiums shall be computed in accordance with the short rate table and procedure customarily in use by the Company. If the Company cancels, earned premium shall be computed pro rata. Premium adjustment may be made at the time cancellation is effected and, if not then made, shall be made as soon as practicable after cancellation become effective.

The Company's check or the check of its representative similarly mailed or delivered shall be a sufficient tender of any refund of premium due to the named insured.

22. Terms of Policy Conformed to Statute: Terms of this policy which are in conflict with the statutes of the state or country wherein this policy is issued are hereby amended to conform to such statutes.

23. Declarations: By acceptance of this policy the named insured agrees that the statements in the declarations 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 its agents relating to this insurance.

DWI EXCLUSION CLAUSE

It is hereby understood and agreed that the Company shall not be liable with respect to any accident, loss, damage or liability caused, sustained or incurred while any motor vehicle, in respect of which indemnity is provided by this policy, is being driven by any person while committing a felony or who is under the influence of intoxicating liquor or controlled drugs or substances, or while said vehicle is being driven by any person who has been convicted of driving while under influence of intoxicating liquor or any controlled drugs or substances with respect to such accident, loss, damage or liability.

It is understood that this Exclusion shall not apply in respect of any claim by innocent Third Parties or innocent Named Insured if not operating the insured vehicle under the conditions set out in the preceding paragraph.

It is further understood and agreed that if the Company shall indemnify any Third Party for a claim which otherwise would have been excluded under first paragraph of this exclusion, the Company shall have the right of recovery from the operator of the insured vehicle.

IN WITNESS WHEREOF, the Company has caused this policy to be signed by its president and manager, but this policy shall not be valid unless countersigned on the Declarations page by a duly authorized representative of the Company.

Choi Yonjo

YONJO CHOI
MANAGER

Jeongnam Kim

JEONG-NAM KIM
PRESIDENT

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

☐ **ENDORSEMENT No. 01**

EXCLUSION OF TYPHOON, WINDSTORM, HURRICANE, FLOOD OR TIDAL WAVE

(For attachment to Automobile Policy)

In consideration of the reduced premium charged, it is hereby agreed that the following is added to Section III of the Exclusions;

(b) to loss or damage, directly or indirectly, proximately or remotely, occasioned by or arising from or in consequence of typhoon, windstorm, hurricane, flood or tidal wave.

☐ **ENDORSEMENT No. 02**

TYPHOON COVERAGE DEDUCTIBLE CLAUSE

Anything to the contrary notwithstanding, it is declared and agreed that in the event of loss or damage under coverages D and E directly or indirectly, proximately or remotely occasioned by or arising from or in consequence of earthquake, volcanic eruption, typhoon, hurricane, tornado, cyclone or other convulsion of nature or atmospheric disturbances, the insured will bear on each loss for his own account as shown in the Declarations and/or Schedule of Vehicle under this policy.

☐ **ENDORSEMENT No. 03**

LOSS OF USE ENDORSEMENT (I)

(Applicable to Private Vehicle & Light Trucks Only)

In the event of theft of the entire vehicle, the company will reimburse the insured for transportation expenses incurred in an amount not exceeding USD40.00 per day, such benefits becoming payable on the third day immediately following submission of complete claims documents to the company. Reimbursement of said transportation expenses will thereafter continue until the claim is settled or the vehicle is located and returned to service. In no event shall total transportation expenses to be paid hereunder exceed $1,200.00.

☐ **ENDORSEMENT No. 04**

LOSS OF USE ENDORSEMENT (II)

(Applicable to Private Vehicle & Light Trucks Only)

For an additional premium, it is hereby noted and agreed that:

In addition to the applicable limit of liability, the company will reimburse the insured for transportation expenses incurred in an amount not exceeding $40.00 per day during the period commencing three days after a loss under comprehensive or collision covered by this policy has been reported to the company and terminating when the vehicle is returned to use or the company pays the loss, whichever shall first occur. In no event shall total transportation expenses to be paid hereunder exceed $1,200.00.

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

☐ **ENDORSEMENT No. 05**

PAYROLL DEDUCTION - ADDITIONAL POLICY CONDITIONS

Notwithstanding what is provided to the contrary in this policy, it is hereby declared and agreed that the total premium(s) under subject policy shall be made in accordance with the Payroll Deduction Plan. It is further agreed that this policy will automatically be invalidated or cancelled if the premium due is not paid after fifteen (15) days from due date thereof.

It is further understood and agreed that in the event of a loss, in case the vehicle insured is declared total loss, premium charged is payable immediately.

☐ **ENDORSEMENT No. 06**

NO LOSS DECLARATION

It is understood and agreed that the insured declares there is no known or reported losses under this policy as at the date of issue.

Nothing herein contained shall be held to vary, alter, waive or extend any of the Insuring Agreements, Exclusions, Conditions or Declarations of the policy, except as herein above set forth.

☐ **ENDORSEMENT NO. 07**

LOSS PAYABLE CLAUSE

Loss or damage, if any, under the policy shall be payable as interest may appear to:

And this insurance as to the interest of the Bailment Lessor, Conditional Vendor, Mortgage or other secured party or Assignee of Bailment Lessor, Conditional Vendor, Mortgages or other secured party (herein called the Lienholder) shall not be invalidated by any act or neglect of the Lessee, Mortgagor, Owner of the within described automobile or other Debtor nor by any change in the title or ownership of the property provided, however, that the conversion, embezzlement or secretion by the Lessee, Mortgagor, Purchaser or other Debtor in possession of the property insured under a bailment lease, conditional sale, mortgage or other security agreement is not covered under such policy, unless specifically insured against and premium paid therefore; and provided, also, that in case the Lessee, Mortgagor, Owner of other Debtor shall neglect to pay any premium due under such policy the Lienholder shall, on demand, pay the same.

Provided also, that the lienholder shall notify the company of any change of ownership or increase of hazard which shall come to the knowledge of said Lienholder and, unless permitted by such policy, it shall be noted thereon and the Lienholder shall, on demand, pay the premium for such increase hazard for the term of the used thereof, otherwise such policy shall be null and void. The company reserves the right to cancel such policy at any time as provided by its terms, but in such case the company shall notify the Lienholder when not less than ten days thereafter such cancellation shall be effective as to the interest of said Lienholder therein and the company shall have the right, on like notice, to cancel this agreement.

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

If the insured fails to render proof of loss within the time granted in the policy conditions, such Lienholder shall do so within sixty days thereafter, in form and manner as provided by the policy, and further shall Be subject to the provisions of the policy relating to appraisal and time of payment and of bringing suit.

Whenever the company shall pay the Lienholder any sum for loss or damage under such policy and shall claim that, as to the Lessee, Mortgagor, Owner or other Debtor, no liability therefore existed, the Company shall, to the extent of such payment, be thereupon legally subrogated to all rights of the party to whom such payment shall be made, under all securities held as collateral to the debt, or may at its option, pay to the Lienholder the whole principal due on the mortgage or other security agreement with interest, and shall thereupon receive a full assignment and transfer of the mortgage or other security agreement and of all such other securities; but no subrogation shall impair the right of the Lienholder to recover the full amount of its claim.

Whenever a payment of any nature becomes due under the policy, separate payment may be made to each party at interest provided the company protects the equity of all parties.

☐ **ENDORSEMENT No. 08**

UNINSURED MOTORIST COVERAGE

(Automobile Bodily Injury Liability)
- Basic Policy -

In consideration of the payment of the premium for this endorsement and subject to all of the terms of this endorsement, the company agrees with the named insured as follows:

INSURING AGREEMENTS

I. Damages for Bodily Injury Caused by Uninsured Automobiles

The company will pay all sums which the insured or his legal representative shall be legally entitled to recover as damages from the owner or operator of an uninsured automobile because of bodily injury, sickness or disease including death resulting therefrom, hereinafter called "bodily injury", sustained by the insured, caused by accident and arising our of the ownership, maintenance or use of such uninsured automobile; provided, for the purposes of this endorsement, determination as to whether the insured or such representative is legally entitled to recover such damages, and if so the amount thereof, shall be made by agreement between the insured or such representative and the company or, if they fail to agree, by arbitration.

No judgment against any person or organization alleged to be legally responsible for the bodily injury shall be conclusive, as between the insured and the company, of the issues of liability of such person or organization or of the amount of damages to which the insured is legally entitled unless such Judgement is entered pursuant to an action prosecuted by the insured with the written consent of the company.

II. Definitions

(a) "Insured" means:
- (1) The named insured as stated in the policy (herein also referred to as the "principal named insured") and any person designated as named insured in he schedule and, while residents of the same household, the spouse of any such named insured and relatives of either;
- (2) any other person while occupying an insured automobile; and
- (3) any person, with respect to damages he is entitled to recover because of bodily injury to which this endorsement applies sustained by an insured under (1) or (2) above.

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

The insurance applies separately with respect to each insured, but the application of the insurance to more than one insured shall not operate to increase the limits of the company's liability.

(b) "Insured automobile" means an automobile:
  (1) described in the schedule as an insured automobile to which the bodily injury liability coverage of the policy applies;
  (2) while temporarily used as a substitute for an insured automobile described in subparagraph (1) above, when withdrawn from normal use because of its breakdown, repair, servicing, loss or destruction;
  (3) while being operated by a named insured or by his spouse if a resident of the same household;
  but the term "insured automobile" shall not include:
    (i) an automobile while used as a public or livery conveyance, unless such use is declared in this endorsement;
    (ii) an automobile while being used without the permission of the owner;
    (iii) under subparagraphs (2) and (3) above, an automobile owned by the principal named insured or by an named insured designated in the schedule or by any resident of the same household as such insured; or
    (iv) under subparagraphs (2) and (3) above, an automobile furnished for the regular use of the principal named insured or any resident of the same household.

(c) "uninsured automobile" means.
  (1) an automobile with respect to the ownership, maintenance or use of which there is, in at least the amount specified by the financial responsibility law of the state in which the insured automobile is principally garaged, no bodily injury liability bond or insurance policy applicable at the time of the accident with respect to any person or organization legally responsible for the use of such automobile, or with respect to which there is a bodily injury liability bond or insurance policy applicable at the time of the accident but the company writing the same denies coverage thereunder; or
  (2) a hit-and-run automobile as defined; but the term "uninsured automobile" shall not include
    (i) an insured automobile,
    (ii) an automobile which is owned or operated by a self-insurer within the meaning of any motor vehicle financial responsibility law, motor carrier law or any similar law,
    (iii) an automobile which is owned by the United States of America, Canada, a state, a political subdivision of any such government or an agency of any of the foregoing,
    (iv) a land motor vehicle or trailer if operated on rails or crawler-treads or while located for use as a residence or premises and not as a vehicle, or
    (v) a farm type tractor or equipment designed for use principally off public roads, except while actually upon public roads.

(d) "hit-and-run automobile" means an automobile which causes bodily injury to an insured arising out of physical contact of such automobile with the insured or with an automobile which the insured is occupying at the time of the accident, provided: (1) there cannot be ascertained the identity of either the operator or owner of such "hit-and-run automobile", (2) the insured or someone on his behalf shall have reported the accident within 24 hours to a police, peace or judicial officer or to the Commissioner of Motor Vehicles, and shall have filed with the company within 30 days thereafter a statement under oath that the insured or his legal representative has a cause or causes of action arising out of such accident for damages against a person or persons whose identity is unascertainable, and setting forth the facts in support thereof; and (3) at the company's request, the insured or his legal representative makes available for inspection the automobile which the insured was occupying at the time of the accident.

(e) Occupying. The word "occupying" means in or upon or entering into or alighting from.

(f) State. The word "state" shall mean the Territory of Guam.

III. Policy Period, Territory

This endorsement applies only to accidents which occur on and after the effective date hereof, during the policy period and within the geographical area specified in item 7 of the Declarations.

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

EXCLUSIONS

This endorsement does not apply.

(a) to bodily injury to an insured with respect to which such insured, his legal representative or any person entitled to payment under this endorsement shall without written consent of the company, make any settlement with any person or organization who maybe legally liable therefor.

(b) to bodily injury to an insured while occupying an automobile (other than an insured automobile) owned by a named insured or any relative resident in the same household, or through being struck by an automobile owned by an insured named in the schedule or his relatives;

(c) so as to inure directly or indirectly to the benefit of any workmen's compensation or disability benefits carrier or any person or organization qualifying as a self insurer under any workmen's compensation or disability benefits law or any similar law.

CONDITIONS

1. Policy Provisions None of the Insuring Agreements, Exclusions or Conditions of the policy shall apply to the insurance afforded by this endorsement except the Conditions "Notice" or "Notice of Accident", "Changes", "Assignment", "Cancellation" and "Declarations".

2. Premium. If during the policy period the number of insured automobiles owned by the principal named insured or spouse of the number of dealer's license plates issued to the principal named insured changes, such named insured shall notify the company during the policy period of any change and the premium shall be adjusted in accordance with the manuals in use by the company. If the earned premium thus computed exceeds the advance premium paid, such named insured shall pay the excess to the company; if less, the company shall return to such named insured the unearned portion paid by such insured.

3. Proof of Claim, Medical Reports. As soon as practicable, the insured or other person making claim shall give to the company written proof of claim under oath if required, including full particulars of the nature and extent of the injuries, treatment, and other details entering into the determination of the amount payable hereunder. The insured and every other person making claim hereunder shall submit to examinations under oath by any person named by the company and subscribe to same, as often as may reasonably be required. Proof of claim shall be made upon forms furnished by the company unless the company shall have failed to furnish such forms within 15 days after receiving notice of claim.

   The injured person shall submit to physical examinations by physicians selected by the company when and as often as the company may reasonably require and he, or in the event of his incapacity his legal representative, or in the event of his death his legal representative or the persons or person entitled to sue therefor, shall upon each request from the company execute authorization to enable the company to obtain medical reports and copies of records

4. Assistance and Cooperation of the Insured. After notice of claim under this endorsement, the company may require the insured to take such action as maybe necessary or appropriate to preserve his right to recover damages from any person or organization alleged to be legally responsible for the bodily injury and in any action against the company, the company may require the insured to join such person or organization as a party defendant.

5. Notice of Legal Action. If, before the company makes payment of loss hereunder, the insured or his legal representative shall institute any legal action for bodily injury against any person or organization legally responsible for the use of an automobile involved in the accident, a copy of the summons and complaint or other process served in connection with such legal action shall be forwarded immediately to the company by the insured or his legal representative.

6. Limits of Liability.
   (a) The limit of liability stated in the schedule as applicable to "each person" is the limit of the company's liability for

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

all damages; including damages for care or loss of services, because of bodily injury sustained by one person as the result of any one accident and subject to the above provision respecting each person, the limit of liability stated in the schedule as applicable to "each accident" is the total limit of the company's liability for all damages, including damages for care or loss of services, because of bodily injury sustained by two or more persons as the result of any one accident.

(b) Any amount payable under the terms of this endorsement because of bodily injury sustained in an accident by a person who is an insured under this coverage shall be reduced by;
   (1) All sums paid on account of such bodily injury by or on behalf of (i) the owner or operator of the uninsured automobile and (ii) any other person or organization jointly or severally liable together with such owner or operator for such bodily injury including all sums paid under the Bodily Injury Liability Coverage of the policy, and
   (2) the amount paid and the present value of all amounts payable on account of such bodily injury under any workmen's compensation law, disability benefits law or any similar law.

(c) any payment made under this endorsement to or for any insured shall be applied in reduction of the amount of damages which he may be entitled to recover from any person insured under the Bodily Injury Liability Coverage of the policy.

(d) The company shall not be obligated to pay under this Coverage that part of the damages which the insured may be entitled to recover from the owner or operator of an uninsured automobile which represents expenses for medical services paid or payable under the Medical Payments Coverage of the policy.

7. Other Insurance. With respect to bodily injury to an insured while occupying an automobile not owned by the principal named insured, the insurance under this endorsement shall apply only as excess insurance over any other similar insurance available to such insured and applicable to such automobile as primary insurance, and this insurance shall then apply only in the amount by which the limit of liability for this coverage exceeds the applicable limit of liability of such other insurance. Except as provided in the foregoing paragraph, if the insured has other similar insurance avail able to him and applicable to the accident, the damages shall be deemed not to exceed the higher of the applicable limits of liability of this insurance and such other insurance, and the company shall not be liable for a greater proportion of any loss to which this Coverage applies than the limit of liability hereunder bears to the sum of the applicable limits of liability of this insurance and such other insurance.

8. Arbitration. If any person making claim hereunder and the company do not agree that such person is legally entitled to recover damages from the owner or operator of an uninsured automobile because of bodily injury to the insured, or do not agree as to the amount of payment which may be owing under this endorsement, then, upon written demand of either, the matter or matters upon which such person and the company do not agree shall be settled by arbitration in accordance with the rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrators my be entered in any court having jurisdiction thereof. Such person and the company each agree to consider itself bound and to be bound by any award made by the arbitrators pursuant to this endorsement.

9. Trust Agreement. In the event of payment to any person under this endorsement:
   (a) the company shall be entitled to the extent of such payment to the proceeds of any settlement or judgment that may result from the exercise of any rights of recovery of such person or organization legally responsible for the bodily injury because of which such payment is made;
   (b) such person shall hold in trust for the benefit of the company all rights of recovery which he shall have against have against such other person or organization because of the damages which are the subject of claim made under this endorsement;
   (c) such person shall do whatever is proper to secure and shall do nothing after loss to prejudice such rights;
   (d) if request in writing by the company, such person shall take, through any representative designated by the company, such action as may be necessary or appropriate to recover such payment as damages from such other person or organization, such action to be taken in the name of such person; in the event of a recovery, the company shall be reimbursed out of such recovery for expenses, costs and attorney's fees incurred by it in connection therewith;

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

(e) such person shall execute and deliver to the company such instruments and papers as may be appropriate to secure the right and obligations of such person and the company established by this provision.

10. Payment of Loss by the Company. Any amount due hereunder is payable (a) to the insured, or (b) if the insured be a minor to his parent or guardian, or (c) if the insured be deceased to his surviving spouse, otherwise (d) to a person authorized by law to receive such payment or to a person legally entitled to recover the damages which the payment represents; provided, the company may at its option pay any amount due hereunder in accordance with division (d) hereof.

11. Action Against Company. No action shall lie against the company unless, as a condition precedent thereto, the insured or his legal representative has fully complied with all the terms of this endorsement.

SCHEDULE

Designation of named insured for purposes of this endorsement (see Insuring Agreement II (a)) is the Named Insured as designated on the Declaration Page of the Policy.

Limit of Liability: $15,000 each person; $30,000 each accident.

The advance premium for this endorsement, $ is included.

Description of insured automobiles: Any automobile designated in the declarations of the policy by the letters "UM" and an automobile ownership of which is acquired during the policy period by the principal named insured as a replacement therefor. Unless otherwise stated herein, this endorsement does not apply to any automobile while used as a public or livery conveyance:

This endorsement forms a part of the designated policy and applies, unless otherwise stated herein, as of the effective time and date of such policy.

☐ **ENDORSEMENT NO. 09**

Automobile Driver and Passenger Personal Accident Coverage Endorsement

In consideration of the premium paid for this endorsement. The insurance afforded with respect to such injuries applies only:

While the Named Insured or any "Non-Named" driver and/or passengers who, with the permission of the Named Insured is/are driving or riding as a passenger in, boarding or alighting from a vehicle named in the policy, not used for commercial purposes.

BENEFITS

The insurance afforded is only with respect to injuries which directly and independently of all other causes result in Death or Dismemberment as stated hereunder within the time limit indicated.

Part I - Loss of Life Accident Indemnity

When injury results in loss of life of a covered insured, as defined in section (a) above within one hundred eighty (180) days after the date of the accident, the Company will pay the Loss of Life Accident Indemnity stated in the schedule, subject to the individual limits and the provision of Maximum Liability

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

Part II - Dismemberment and Loss of Sight Indemnity

When injury does not result in loss of life of the covered insured within one hundred eighty (180) days after the occurrence of the accident but does result in Dismemberment or Loss of Sight as covered under the Schedule, the Company will pay the such loss as stated in the schedule.

Part III -Schedule

Loss of life Accident Indemnity maximum	:	US$2,000 (Per Person), US$8,000 (Per Vehicle)
Loss of Both Hands or Both Feet or Sight of Both Eyes	:	US$2,000 (Per Person)
Loss of One Hand and One Foot	:	US$2,000 (Per Person)
Loss of Either Hand or Foot and Sight of One Eye	:	US$2,000 (Per Person)
Loss of Either Hand or Foot	:	US$1,000 (Per Person)
Loss of Sight of One Eye	:	US$1,000 (Per Person)

"Loss" as above used with reference to hand or foot means complete severance through or above the wrist or ankle, and as used with reference to eyes, means the entire and irrecoverable loss of sight.

The occurrence of any specific loss of which indemnity is payable shall at once terminate all insurance under this endorsement, but such termination shall be without prejudice to any claim originating out of the accident causing such loss.

No indemnity will paid under any circumstances for more than one of the losses, per person, the greatest, for which provision is made in this part.

Part IV - Maximum Liability

The Maximum Liability for which the Company is subject to is US$2,000 per person. However, the maximum amount of liability for the Company per vehicle shall not exceed US$8,000. In the event of an accident involving more than four (4) persons in the named vehicle the provision for maximum vehicle liability shall have precedence.

Part V - Exclusions

The insurance with respect to the above hazards shall not apply:

a) to loss caused directly or indirectly, wholly or partly by:
   1. bacterial infections (except pyogenic infections which shall occur through an accidental cut or wound);
   2. any other kind of disease;
   3. medical or surgical treatment (except such as may be necessary solely by injuries covered by this policy and performed within the time provided in the policy);
b) to suicide or any attempt threat (sane or insane): nor
c) to loss occasioned by war, invasion, act of foreign enemy, hostilities or warlike operation (whether war be declared or not), mutiny, riot, civil commotion, civil war, rebellion, revolution, insurrection, conspiracy, military or usurped power, martial law, or state of siege, or any of the events or causes which determine the proclamation or maintenance of martial law, or state of siege, seizure, quarantine, or customs regulation or nationalization by or under the order of any government or public or local authority, or any weapon or instrument employing atomic fission or radioactive force, whether in time of peace or war.
d) while the covered insured is under the influence of alcohol or drugs.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the policy, except as hereinabove set forth.

SCHEDULE

POLICY NUMBER: {Response}

UNDERWRITER(S):

Sompo Japan Nipponkoa Insurance Inc.

NAME OF ASSURED:

Guam Waterworks Authority

ADDRESS OF ASSURED:

578 North Marine Corps Drive, Tamuning, Guam 96913, U.S.A.

BUSINESS OF THE ASSURED:

Supplier of Water & Waste Water Services

POLICY PERIOD:

From: May 1, 2017

To: May 1, 2018

both days at 12.01am Local Standard Time

LOCATIONS INSURED:

Territory of Guam, U.S.A. as schedule agreed by Sompo Japan Nipponkoa Insurance Inc.

INTEREST INSURED:

Real and Personal Property of the Insured or in which the Insured has insurable interest and Business Interruption/Extra Expense

SUM INSURED:

USD 30,000,000 Any One Occurrence

IN EXCESS OF SELF-INSURED RETENTION:

5% of Claim Amount, Subject to MINIMUM USD 250,000 and MAXIMUM USD 1,000,000, each and every loss in respect of Earthquake, Windstorm, Flood, Typhoon and Tidal Wave.

USD 50,000 each and every loss in respect of All Other Perils.

TOTAL DECLARED VALUE:

USD 587,002,129 per schedule of values seen, agreed and initialed by the Underwriters. hereon

SUB LIMITS:

Personal Property in Transit any One Conveyance	USD	250,000
Valuable Papers and Records and Computer Media	USD	1,000,000
Automatic Acquisitions	USD	1,000,000
Boiler and Machinery Breakdown	USD	5,000,000
Denial of Access	USD	1,000,000
Suppliers' & Customers'	USD	1,000,000
Mold (Aggregate)	USD	250,000

PREMIUM:

{Response}

NOTIFICATION OF CLAIMS TO:

AM Insurance
J&G Commercial Center, Suite 113F
215A Chalan Santo Papa Street
Hagtana, Guam 96910

AUTOMATIC AQUISITION LIMIT

As noted above

DATED IN HAGATNA, GUAM: {Response} {Response}

SAMPLE

DIRECT PHYSICAL LOSS OR DAMAGE WORDING

SUBJECT TO THE EXCLUSIONS, CONDITIONS AND LIMITATIONS CONTAINED HEREIN, this Policy insures (1) the Property of the Assured which has been declared to and agreed by Underwriters and (2) the property of others which is (a) in the Assured's care, custody, and control, and (b) for which the Assured is legally liable, as more fully defined in the Schedule, against **RISKS OF DIRECT PHYSICAL LOSS OR DAMAGE** occurring during the period of this Policy.

EXCLUDED CAUSES OF LOSS

THIS POLICY DOES NOT INSURE AGAINST:

1. wear, tear or gradual deterioration; wet rot, dry rot or mould; spoilage, decay or decomposition; normal settling, shrinking or expansion in buildings, structures or foundations; corrosion or rust; erosion; leakage; any other gradually occurring loss; or any loss which commenced prior to the inception of this Policy

2. loss or damage to real property only caused by error in design, faulty workmanship or faulty or unsuitable materials. However, if fire or explosion results, then any loss or damage arising directly from that fire or explosion shall not be excluded hereunder

3. loss or damage caused by moths, termites or other insects; vermin; inherent vice or latent defect; dampness or dryness of atmosphere; condensation; smog or fog; or extremes or changes in atmospheric temperature. However, if a cause not otherwise excluded by this Policy results, then any loss or damage arising directly from that cause shall not be excluded hereunder

4. loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not) civil war, rebellion, revolution, insurrection, military or usurped power, martial law, or warlike operations

5. loss or damage caused by confiscation, requisition, detention, legal or illegal occupation, embargo, quarantine, or any result of any order of public or government authority, which deprives the Assured of the use or value of its property, nor for loss or damage arising from acts of contraband or illegal transportation or illegal trade

6. loss, damage or increased cost caused by enforcement of any ordinance or law regulating the use, reconstruction, repair or demolition of any property insured hereunder, **NOR** any loss, damage, costs, expenses, fine or penalty which is incurred, or sustained by or imposed on the Assured at the order of any governmental agency, court, or other authority arising from any cause whatsoever

   EXCEPT this Policy shall not exclude damage to, or destruction of, said property by civil authority during a conflagration and for the sole purpose of retarding the same, **PROVIDED** that neither such conflagration nor such damage or destruction is caused or contributed to by war, invasion, hostilities, acts of foreign enemies, civil war, revolution, rebellion, insurrection, military or usurped power, martial law or warlike operations

7. loss or damage arising directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination however such nuclear reaction, nuclear radiation or radioactive contamination may have been caused. **NEVERTHELESS,** if a fire arises directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination, any loss or damage arising directly from that fire shall (subject to the provisions of this Policy) be covered **EXCLUDING** however all loss or damage caused by nuclear reaction, nuclear radiation or radioactive contamination arising directly or indirectly from that Fire

8. loss or damage resulting from the discharge, seepage or spill of any contaminant or pollutant; however this exclusion shall not apply to:

   (a) loss of or damage to insured property caused by a peril not otherwise excluded occurring directly as a result of such discharge, seepage or spill

   (b) loss of or damage to insured property caused by such discharge, seepage or spill if resulting directly from a peril not otherwise excluded occurring to insured property; however

   this Policy does not insure any costs, fines, penalties or expenses:

   (i) imposed on the Assured;

   (ii) incurred by the Assured; or

   (iii) sustained by the Assured

   at the order of any government agency, government authority or court in connection with any kind or description of environmental impairment, including seepage or pollution or contamination from any cause

9. breakdown or derangement of mechanical or electrical machinery and/or explosion or implosion of boilers and/or pressure and/or vacuum vessels, where such are owned and/or operated by the Assured; nor against the operation of any relief valve or other safety device. However, if a cause not otherwise excluded by this Policy results, then any loss or damage arising directly from that cause shall not be excluded hereunder

10. loss of use, delay or loss of markets; however caused or arising, and despite any preceding loss insured hereunder, except as may be provided under the Business Interruption section of this Policy (if applicable)

11. mysterious disappearance or inventory shortage

12. loss or damage caused by the insolvency or any financial impairment of any person or organisation to whom the Assured's property may be entrusted

13. loss or damage to personal property caused by dryness of atmosphere, dampness of atmosphere, wear, tear, gradual deterioration, contamination, change in temperature, freezing (except damage to fire protection, plumbing, or heating equipment), wet or dry rot, shrinkage, evaporation, loss of weight, marring, scratching, rust, corrosion, change in flavour, colour or finish, breakage of glass or fragile material, however such loss or damage is not excluded:

   (a) where such loss is the result of a peril not otherwise excluded; or

   (b) where loss by an insured peril results therefrom, in which case only the loss or damage caused by such resulting or ensuing peril is covered hereunder

14. loss or damage by electrical disturbances to electrical appliances or devices of any kind (including wiring) due to electrical currents, artificially generated; however all resultant damage from a peril not otherwise excluded shall be covered

15. loss or damage caused by centrifugal force, mechanical or electrical breakdown; however, all resultant damage from a peril not otherwise excluded shall be covered

Exclusions 14) and 15) do not apply to electronic data processing systems, valuable papers and records, for which coverage is provided by this Policy

SAMPLE

EXCLUDED PROPERTY

THIS POLICY DOES NOT INSURE:

1. land and land values (but not excluding landfill in connection with piers, wharves, docks, breakwaters, jetties and causeways or landfill underneath surface materials in any form), standing timber, growing crops, drying crops or water, other than process water

2. money or securities for money, coins, currency, bullion, notes, evidence of debt, letters of credit, bills and deeds unless covered elsewhere herein

3. Furs, fur garments, jewellery, precious stones and precious metals

4. aircraft, watercraft over thirty (30) feet in length, motor vehicles licensed for highway use when not on the Assured's premises, or on premises leased or operated by the Assured, but this exclusion shall not apply to contractors' equipment

5. all watercraft and railroad rolling stock outside ports premises

6. property covered under any Ocean Marine Policy

7. property sold on instalment, conditional sale or trust agreement

8. property illegally acquired, kept, stored or transported or property seized or confiscated by order of public authority

OTHER INSURANCE

THIS POLICY DOES NOT INSURE:

(a) any loss or damage, or any property which is more specifically insured elsewhere

nor

(b) any loss or damage, or any property which but for the existence of this Policy would be insured elsewhere

except, where such amounts insured elsewhere are less than the applicable limit or sub limit insured by this Policy, this Policy insures for the difference between the amounts insured elsewhere and the applicable limit or sub limit of this Policy, subject always to applicable deductible stated in the Schedule attached hereto.

TERRITORIAL LIMITS

This Policy insures at the location(s) declared to and agreed by Underwriters and stated in the Schedule attached hereto.

SUM INSURED

This Policy shall not cover for more than the sum(s) stated in the Schedule in respect of each Loss Occurrence nor for more than the aggregate amount(s) separately stated in the Schedule in respect of specified causes

CONDITIONS

1. DUE DILIGENCE

The Assured shall use due diligence and do and concur in doing all things reasonable to avoid or diminish any loss of or damage to the property insured.

2. PROTECTION MAINTENANCE

It is agreed that any protection provided for the safety of the insured property shall be maintained in good order throughout the currency of this Policy and shall be in use at all relevant times, and that such protection shall not be withdrawn or varied to the detriment of the interests of the Underwriters without their consent.

3. VALUES DECLARED (AND INCORRECT DECLARATION PENALTY)

The premium for this Policy has been based on a statement of values declared to and agreed by Underwriters at the Inception of this Policy and stated in the Schedule.

4. AUDIT

The Underwriters may examine and audit the Assured's books and records at any time during the period of the Policy and within three years after the termination of this Policy, as far as they relate to the subject matter of this Insurance.

5. VALUATION

Recovery shall be made on the basis of one hundred per cent (100%) of the property's current replacement value at the time and place of loss, subject to the limit of coverage provided by the Policy

6. NOTIFICATION OF CLAIMS AND PROOF OF LOSS

The Assured, upon knowledge of any occurrence likely to give rise to a claim hereunder, shall give immediate written advice thereof to the person(s) or firm named for the purpose in the Schedule.

The Assured shall render a signed and sworn proof of loss within sixty (60) days after the occurrence of a loss (unless such period be extended by the written agreement of Underwriters) stating the time, place and cause of loss, the interest of the Assured and of all others in the property, the sound value thereof and the amount of loss or damage thereto.

7. ABANDONMENT

There shall be no abandonment to the Underwriters of any property.

8. EXAMINATION UNDER OATH

If required by Underwriters, in the event of a claim being made under this Policy, the Assured; or, if a company or other body then the appropriate representatives; shall submit to examination on oath at such reasonable times and places as may be arranged.

SAMPLE

9. MISREPRESENTATION AND FRAUD

This entire Policy shall be void if the Assured has wilfully concealed or misrepresented, in writing or otherwise, any material facts or circumstances concerning this Insurance or the subject matter thereof, or if the Assured shall make any attempt to defraud either before or after a loss.

However, the Assured shall not be prejudiced by any error, omission, incorrect valuation or incorrect description of interest, risk or property made without design to defraud or misrepresent

10. SUBROGATION AND SUBROGATION WAIVER

If the Underwriters become liable for any payment under this Policy in respect of loss or damage, the Underwriters shall be subrogated, to the extent of such payment, to all the rights and remedies of the Assured against any party in respect of such loss or damage and shall be entitled at their own expense to sue in the name of the Assured. The Assured shall give to the Underwriters all such assistance in his power as the Underwriters may require to secure their rights and remedies and, at the Underwriters request, shall execute all documents necessary to enable Underwriters effectively to bring suit in the name of the Assured including the execution and delivery of the customary form of loan receipt.

The Underwriters hereon agree that this Insurance shall not be invalidated should the Assured waive in writing, prior to loss affected thereby, any or all rights of recovery against any party for loss or damage occurring to the property described herein. Underwriters expressly waive subrogation against any subsidiary, parent, associated, or affiliated company of the Assured, **BUT THE ABOVE WAIVERS SHALL NOT APPLY** where the party otherwise protected thereunder is supplying or receiving goods or services for which a reward, recompense or consideration passes between the Assured and such other party.

11. SALVAGE AND RECOVERIES

ALL SALVAGES, RECOVERIES AND PAYMENTS RECOVERED OR RECEIVED SUBSEQUENT TO A LOSS SETTLEMENT UNDER THIS POLICY SHALL BE APPLIED AS IF RECOVERED OR RECEIVED PRIOR TO THE SAID SETTLEMENT AND ALL NECESSARY ADJUSTMENTS SHALL BE MADE BY THE PARTIES HERETO.

12. ARBITRATION

If the Assured and Underwriters fail to agree in whole or in part regarding any aspect of this Policy, each party shall, within ten (10) days after the demand in writing by either party, appoint a competent and disinterested arbitrator and the two chosen shall before commencing the arbitration select a competent and disinterested umpire. The arbitrators together shall determine such matters in which the Assured and Underwriters shall so fail to agree and shall make an award thereon, and if they fail to agree, they will submit their differences to the umpire and the award in writing of any two, duly verified, shall determine the same.

The Parties to such arbitration shall pay the arbitrators respectively appointed by them and bear equally the expenses of the arbitration and the charges of the umpire.

13. SERVICE OF SUIT

See attached Clause.

14. INSPECTION

The Underwriters shall be permitted, but not obliged, to inspect the Assured's property at any time. Neither the Underwriters' 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 Assured or others, to determine or warrant such property is safe.

15. ASSIGNMENT

Assignment or transfer of this Policy shall not be valid except with the written consent of Underwriters.

16. CANCELLATION

This Policy may be cancelled by the Assured at any time by written notice or by surrender of this Policy. This Policy may also be cancelled by or on behalf of the Underwriters by delivering to the Assured or by mailing to the Assured, by registered, certified or other first class mail, at the Assured's address as shown in this Insurance, written notice stating when, not less than ninety (90) days thereafter, the cancellation shall be effective. The mailing of such notice as aforesaid shall be sufficient proof of notice and this Insurance shall terminate at the date and hour specified in such notice.

If this Insurance shall be cancelled by the Assured the Underwriters shall retain the customary short rate proportion of the premium hereon, except that if this Insurance is on an adjustable basis the Underwriters shall receive the earned premium hereon or the short rate proportion of any minimum or deposit premium stipulated herein whichever is the greater.

If this insurance shall be cancelled by or on behalf of the Underwriters, the Underwriters shall retain the pro rata proportion of the premium hereon except that if this Insurance is on an adjustable basis the Underwriters shall receive the earned premium hereon or the pro rata proportion of any minimum premium stipulated herein whichever is the greater.

Payment or tender of any unearned premium by the Underwriters shall not be a condition precedent to the effectiveness of Cancellation but such payment shall be made as soon as practicable.

If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

17. PERMISSION FOR EXCESS INSURANCE

Permission is hereby granted to the Assured to purchase excess insurance over the limits of liability stated in the Schedule, without prejudice to this Policy, and the existence of any such excess insurance shall not reduce any liability afforded under this Policy.

DEFINITIONS

LOSS OCCURRENCE

The words "Loss Occurrence" shall mean all individual losses or damage arising out of and directly occasioned by one event. However, if the following causes are insured by this Policy the duration and extent of any "Loss Occurrence" so defined shall be limited to:

(a) 72 consecutive hours as regards a hurricane, a typhoon, windstorm, rainstorm, hailstorm and/or tornado

(b) 72 consecutive hours as regards earthquake, tsunami or seaquake, and/or volcanic eruption

(c) 72 consecutive hours and within the limits of one city, town or village as regards riots, civil commotions and malicious damage

(d) 72 consecutive hours as regards any "Loss Occurrence" which includes individual loss or losses from any of the causes mentioned in (a), (b) or (c) above

and no individual loss from whatever insured cause, which occurs outside these periods or areas, shall be included in that "Loss Occurrence."

The Assured may choose the date and time when any such period of consecutive hours commences and if any event is of greater duration than the above period, the Assured may divide that event into two or more "Loss Occurrences," provided no two periods overlap and provided no period commences earlier than the date and time of the happening of the first recorded individual loss to the Assured in that event during the policy period.

FLOOD

Flood shall mean rising water; surface water; waves; tidal waves or tidal water; overflow of streams, rivers, lakes, ponds, or other bodies of water; or spray from any of the foregoing; all whether driven by wind or not.

With respect to Flood, "Loss Occurrence" shall mean all losses, wherever occurring, which arise between the time of movement of water into, onto, or over the property insured hereunder and the receding of the same, regardless of the period of time so embraced; **EXCEPT**, no loss occurrence shall be deemed to commence earlier than the date and time of the happening of the first recorded individual loss to the Assured in that occurrence during the period of this Policy, nor to extend to beyond thirty days after the expiry of this Policy.

AUTOMATIC ACQUISITION

It is understood and agreed that this Policy is extended to cover additional property and interests of the type already insured by this Policy, which may be acquired or otherwise become at the risk of the Assured during the term of this Policy, subject to the total additional values at that time not exceeding the amount specified in the Schedule and subject to such values being reported to Underwriters during the policy period for determination of Additional Premium.

In the event of coverage being required for additional property and interests where the total values at that time exceed the amount specified in the Schedule information is to be provided to Underwriters within thirty (30) days of such additional property and/or interests becoming at the risk of the Assured, and if such property is accepted by Underwriters, an Additional Premium will be determined and payable at that time.

WAIVER OF CO-INSURANCE CLAUSE

It is understood and agreed that notwithstanding anything to the contrary contained in this Policy and its endorsements, the Coinsurance Provisions under this Policy are waived

DEMOLITION COST ENDORSEMENT

This Policy also covers, within the sum insured, the cost of demolishing any undamaged portion of the building(s) covered under this Policy including the cost of clearing the site thereof caused by loss from any perils insured against under this Policy and resulting from enforcement of any state or municipal law or ordinance regulating the construction or repair of buildings and in force at the time of loss which necessitates such demolition.

INCREASED COST OF CONSTRUCTION

It is understood and agreed, notwithstanding anything to the contrary in this Policy and its Endorsements, that the amount of insurance under this Policy includes within the Sum Insured the actual amount of the increased costs of repair, rebuilding or construction resulting from the enforcements of any applicable law or ordinance regulating the construction or repair of buildings.

PROFESSIONAL FEES

The sums insured herein are deemed to include architects', surveyors' and consultants' fees necessarily incurred by the Assured in the reinstatement of the property following upon its destruction or damage by any peril insured against (but not any fees for the preparation of a claim or an estimate of loss) subject to the scales of professional charges prevailing at the time of the destruction or damage.

CONTINGENT LIABILITY FROM OPERATION OF BUILDING LAWS

DEMOLITION AND INCREASED TIME TO REBUILD

1. Underwriters shall, in the case of loss under this Policy, be liable also for loss to the interest insured by the Policy, occasioned by the enforcement of any state or municipal law or ordinance regulating the construction or repair of buildings and in force at the time such loss occurs, which necessitates the demolition of any portion of the described building(s) not damaged by the peril(s) insured against. Underwriters shall also be liable for loss due to the additional period of time required for repair or reconstruction, in conformity with the minimum standard of such law ordinance, of the building(s) described in this Policy damaged by a peril insured against.

2. Limits of Liability: Underwriters shall not be liable under this Policy and this endorsement for:

   A. More than the amount insured under this Policy to which this endorsement is attached

   B. Any greater proportion of any loss to the interest covered by this Policy than the amount insured under this Policy on said interest bears to the total insurance on said interest, whether all such insurance contains this endorsement or not.

3. If this Policy is divided into two or more items, the foregoing shall apply separately to each item to which this Endorsement applies.

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ADDITIONAL WORDINGS AND CLAUSES

BUSINESS INTERRUPTION EXTENSION

In consideration of the premium paid and subject to the EXCLUSIONS, CONDITIONS AND LIMITATIONS of the Policy to which this Extension is attached, and also to the FOLLOWING ADDITIONAL CONDITIONS, EXCLUSIONS AND LIMITATIONS, this Policy is extended to cover loss resulting from necessary Interruption of Business caused by Direct Physical Loss or Damage, as covered by the Policy to which this Extension is attached, to property insured by this Policy.

In the event of such Direct Physical Loss or Damage, Underwriters shall be liable for the Actual Loss Sustained by the Assured resulting directly from such necessary Interruption of Business, but not exceeding the reduction in Gross Earnings, as defined hereafter, less charges and expenses which are not necessarily incurred during the Interruption of Business, for a period not to exceed the lesser of:

(a) such length of time as would be required, with the exercise of due diligence and dispatch, to repair, rebuild or replace such part of the property as has been destroyed or damaged,

nor

(b) twenty-four (24) calendar months

commencing with the date of such Direct Physical Loss or Damage and not limited by the expiration of this Policy.

Due consideration shall be given to the continuation of normal charges and expenses, including payroll expenses, to the extent necessary to resume operations of the Assured with the same operational capability as existed immediately before the loss.

CONDITIONS

1. **DIRECT DAMAGE**

   No claim shall be payable under this Extension unless and until a claim has been paid, or liability admitted, in respect of Direct Physical Loss or Damage to property insured under the Policy to which this Extension is attached and which gave rise to Interruption of Business.

   This Condition shall not apply if no such payment shall have been made, or liability admitted, solely owing to the operation of a Deductible in said Policy excluding liability for losses below a specified amount.

2. **RESUMPTION OF OPERATIONS**

   If the Assured could reduce the loss resulting from the Interruption of Business,

   (a) by complete or partial resumption of operation of the property,

   and/or

   (b) by making use of merchandise, stock (raw, in process or finished), or any other property at the Assured's locations or elsewhere,

and/or

(c) by using or increasing operations elsewhere,

then such possible reduction shall be taken into account in arriving at the amount of loss hereunder.

3. EXPENSES TO REDUCE LOSS

This Extension also covers such expenses as are necessarily incurred for the purpose of reducing loss under this Extension (except expenses incurred to extinguish a fire), and, in respect of manufacturing risks, such expense, in excess of normal, as would necessarily be incurred in replacing any finished stock used by the Assured to reduce loss under this Extension; but in no event to exceed the amount by which loss under this Extension is thereby reduced. Such expenses shall not be subject to the application of any contribution clause.

EXCLUSIONS

THIS EXTENSION DOES NOT INSURE AGAINST:

1. increase in loss resulting from interference at the insured premises, by strikers or other persons, with rebuilding, repairing or replacing the property or with the resumption or continuation of operation

2. increase in loss caused by the suspension, lapse, or cancellation of any lease, licence, contract or order, unless such results directly from the insured Interruption of Business, and then Underwriters shall be liable for only such loss as effects the Assured's earnings during, and limited to, the period of indemnity covered under this Policy.

3. increase in loss caused by the enforcement of any ordinance or law regulating the use, reconstruction, repair or demolition of any property insured hereunder

4. any other consequential loss

LIMITATIONS

1. Underwriters shall not be liable for more than the smaller of either:

   (a) any specific Business Interruption Sum Insured stated in the Schedule

   or

   (b) the Sum Insured stated in the Schedule, where such includes Business Interruption, if such is a combined limit,

   in respect of such loss, regardless of the number of locations suffering an interruption of business as a result of any one occurrence.

2. With respect to loss resulting from damage to or destruction of media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, including data thereon, by the perils insured against, the length of time for which Underwriters shall be liable hereunder shall not exceed:

   (a) 30 consecutive calendar days or the time required with exercise of due diligence and dispatch to reproduce the data thereon from duplicates or from originals of the previous generation, whichever is less; or

SAMPLE

(b) the length of time that would be required to rebuild, repair or replace such other property herein described as has been damaged or destroyed, but not exceeding twenty-four (24) calendar months,

whichever is the greater length of time.

DEFINITIONS

1. GROSS EARNINGS are for the assessment of premium and for adjustment in the event of loss defined as, the sum of:

   (a) total net sales value of production or sales of merchandise,

   and

   (b) other earnings derived from the operations of the business,

   LESS THE COST OF

   (c) raw stock from which production is derived

   (d) supplies consisting of materials consumed directly in the conversion of such raw stock into finished stock, or in supplying the services sold by the Assured,

   (e) merchandise sold including packaging materials therefor,

   (f) materials and supplies consumed directly in supplying the service(s) sold by the Assured,

   (g) service(s) purchased from outsiders (not employees of the Assured) for resale which do not continue under contract,

   (h) the difference between the cost of production and the net selling price of finished stock which has been sold but not delivered,

   No other costs shall be deducted in determining Gross Earnings.

   In determining Gross Earnings due consideration shall be given to the experience of the business before the date of loss or damage and the probable experience thereafter had loss not occurred.

2. **RAW STOCK**

   Material in the state in which the Assured receives it for conversion into finished stock.

3. **STOCK IN PROGRESS**

   Raw stock which has undergone any ageing, seasoning, mechanical or other process of manufacture at the Assured's premises but which has not become finished stock.

4. **FINISHED STOCK**

   Stock manufactured by the Assured which in the ordinary course of the Assured's business is ready for packing, shipment or sale.

5. MERCHANDISE

Goods kept for sale by the Assured which are not the product of manufacturing operations conducted by the Assured.

6. NORMAL

The condition that would have existed had loss not occurred.

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ATTACH "DECLARATIONS" PAGE AND ENDORSEMENTS HERE

This is not a complete and valid contract without an accompanying DECLARATIONS PAGE FK 50 properly executed.

SHORT RATE CANCELLATION TABLE

FOR TERM OF ONE YEAR

Days Bond In Force	Percent of Ann. Prem. to be Charged	Days Bond In Force	Percent of Ann. Prem. to be charged	Days Bond In Force	Percent of Ann. Prem. to be charged	Days Bond In Force	Percent of Ann. Prem. to be charged	Days Bond In Force	Percent of Ann. Prem. to be charged	Days Bond In Force	Percent of Ann. Prem. to be charged
1	5%	37–40	21%	95-98	37%	154-156	53%	219-223	69%	292-296	85%
2	6	41–43	22	99-102	38	157-160	54	224-228	70	297-301	86
3–4	7	44–47	23	103-105	39	161-164	55	229-232	71	302-305	87
5–6	8	48–51	24	106-109	40	165-167	56	233-237	72	306-310	88
7–8	9	52–54	25	110-113	41	168-171	57	238-241	73	311-314	89
9–10	10	55–58	26	114-116	42	172-175	58	242-246	74	315-319	90
11–12	11	59–62	27	117-120	43	176-178	59	247-250	75	320-323	91
13–14	12	63–65	28	121-124	44	179-182	60	251-255	76	324-328	92
15–16	13	66–69	29	125-127	45	183-187	61	256-260	77	329-332	93
17–18	14	70–73	30	128-131	46	188-191	62	261-264	78	333-337	94
19–20	15	74–76	31	132-135	47	192-196	63	265-269	79	338-342	95
21–22	16	77–80	32	136-138	48	197-200	64	270-273	80	343-346	96
23–25	17	81–83	33	139-142	49	201-205	65	274-278	81	347-351	97
26–29	18	84–87	34	143-146	50	206-209	66	279-282	82	352-355	98
30–32	19	88–91	35	147-149	51	210-214	67	283-287	83	356-360	99
33–36	20	92-94	36	150-153	52	215-218	68	288-291	84	361-365	100

FOR TERM OF THREE YEARS

Percent of Premium to be Charged			Percent of Premium to be Charged			Percent of Premium to be Charged			Percent of Premium to be Charged		
Time Days	Paid in Advance	Inst. Basis	Time Days	Paid in Advance	Inst. Basis	Time Days	Paid in Advance	Inst. Basis	Time Days	Paid in Advance	Inst. Basis
365	40.0000%	38.0953%	546	54.8782%	53.4441%	730	70.0030%	69.0473%	911	84.8812%	84.3961%
396	42.5482	40.7241	577	57.4264	56.0729	761	72.5512	71.6761	942	87.4294	87.0249
424	44.8498	43.0985	608	59.9746	58.7017	789	74.8528	74.0505	973	89.9776	89.6537
455	47.3980	45.7273	638	62.4406	61.2457	820	77.4010	76.6793	1003	92.4436	92.1977
485	49.8640	48.2713	669	64.9888	63.8745	850	79.8670	79.2233	1033	94.9096	94.7417
516	52.4122	50.9001	699	67.4548	66.4185	881	82.8521	81.8521	1064	97.4578	97.3705

For each intermediate day not included in the above table, add to the appropriate percentages above, before applying to three-year premium, the following:
(a) .0822%, when premium is on a "Paid in Advance" basis. (b) .0848%, when premium is on "Installment" basis.
The foregoing table cannot be used on term bonds that do not have the same rate or premium factors throughout the full term. In such case the earned premium shall be arrived at as follows:

1. Determine full annual premium as for a bond written for a term of one year.
2. Deduct such premium from the full bond premium, and on the remainder calculate the pro rata earned premium on the basis of the ratio of the length of time beyond one year for which the bond was originally written.
3. Add premium produced in accordance with items (1) and (2) to obtain earned premium during full period bond has been in force.

Note: On term bonds in force for 12 months or less, apply the standard short rate table for one year to a full annual premium determined as for a bond written for a term of one year.

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GENERAL AGREEMENTS (Continued)

C. Loss Under Prior Bond or Policy. If the coverage of an Insuring Agreement of this Policy, other than Insuring Agreement V, is substituted for any prior bond or policy of insurance carried by the Insured or by any predecessor in interest of the Insured, which prior bond or policy is terminated, canceled or allowed to expire as of the time of such substitution, the Company agrees that such insuring Agreement applies to loss which is discovered as provided in Section 1 of the Conditions and Limitations and which would have been recoverable by the Insured or such predecessor under such prior bond or policy except for the fact that the time within which to discover loss there under had expired; provided:

(1) the insurance under this General Agreement C shall be a part of and not in addition to the amount of insurance afforded by the applicable Insuring Agreement of this Policy;

(2) such loss would have been covered under such Insuring Agreement had such Insuring Agreement with its agreements, conditions and limitations as of the time of such substitution been in force when the acts or events causing such loss were committed or occurred; and

(3) recovery under such Insuring Agreement on account of such loss shall in no event exceed the amount which would have been recoverable under such Insuring Agreement in the amount for which it is written as of the time of such substitution, had such insuring Agreement been in force when such acts or events were committed or occurred, or the amount which would have been recoverable under such prior bond or policy had such prior bond or policy continued in force until the discovery of such loss, if the later amount be smaller.

Insuring Agreement V shall also cover loss sustained by the Insured at any time before the termination or cancellation of Insuring Agreement V, which would have been recoverable under the coverage of some similar form of forgery insurance (exclusive of fidelity insurance) carried by the Insured or any predecessor in interest of the Insured, had such prior forgery insurance given all of the coverage afforded under Insuring Agreement V; provided, with respect to loss covered by this paragraph:

(a) the coverage of Insuring Agreement V is substituted on or after the date hereof for such prior forgery coverage and the insured or such predecessor, as the case may be, carried such prior forgery coverage on the office at which such loss was sustained continuously from the time such loss was sustained to the date the coverage of Insuring Agreement V was substituted therefore;
(b) at the time of discovery of such loss, the period for discovery of loss under all such prior forgery insurance has expired; and
(c) if the amount of insurance carried under Insuring Agreement V applicable to the office at which such loss is sustained is larger than the amount applicable to such office under such prior forgery insurance, and in force at the time such loss is sustained, then liability hereunder for such loss shall not exceed the small amount.

CONDITIONS AND LIMITATIONS

Section 1. Policy Period, Territory, Discovery. Loss is covered under this Policy only if discovered not later than one year from the end of the Policy Period.

Subject to General Agreement C:

(a) this Policy, except under Insuring Agreements I and V, applies only to loss which occurs during this Policy Period within any of the States of the United States of America, the District of Columbia, Virgin Islands, Puerto Rico, Canal Zone or Canada;
(b) Insuring Agreement I applies only to loss sustained by the Insured through fraudulent or dishonest acts committed during the Policy Period by any of the Employees engaged in the regular service of the Insured within the territory designated above or while such Employees are elsewhere for a limited period;
(c) Insuring Agreement V applies only to loss sustained during the Policy Period.

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Section 2. Exclusions. This Policy does not apply:

(a) to loss due to any fraudulent, dishonest, or criminal act by any Insured or a partner therein, whether acting alone or in collusion with others;
(b) under Insuring Agreement I, to loss, or that part of any loss, as the case may be, the proof of which, either as to its factual existence or as to its amount, is dependent upon an inventory computation or a profit and loss computation;
(c) under Insuring Agreements II and III, to loss due to any fraudulent, dishonest or criminal act by an Employee, director, trustee or authorized representative of any Insured, while working or otherwise and whether acting alone or in collusion with others; provided, this Exclusion does not apply to Safe Burglary or Robbery or attempt thereat;
(d) under Insuring Agreements II and III, to loss due to war, whether or not declared, civil war, insurrection, rebellion or revolution, or to any act or condition incident to any of the foregoing;
(e) under Insuring Agreements II and III, to loss (1) due to the giving or surrendering of Money or Securities in any exchange or purchase; (2) due to accounting or arithmetical errors or omissions; or (3) of manuscripts, books of account or records;
(f) under Insuring Agreement II, to loss of Money contained in coin operated amusement devices or vending machines, unless the amount of Money deposited within the device or machine is recorded by a continuous recording instrument therein;
(g) under Insuring Agreement III, to loss of Insured property while in the custody of any armored motor vehicle company, unless such loss is in excess of the amount recovered or received by the Insured under (1) the Insured's contract with said armored motor vehicle company, (2) insurance carried by said armored motor vehicle company for the benefit of users of its service, and (3) all other insurance and indemnity in force in whatsoever form carried by or for the benefit of users of said armored motor vehicle company's service, and then this Policy shall cover only such excess;
(h) under Insuring Agreements II and III, to loss due to nuclear reaction, nuclear radiation or radioactive contamination, or to any act or condition incident to any of the foregoing;
(i) under Insuring Agreement II, to loss, other than to money, securities, safe or vault, by fire whether or not such fire is caused by, contributed to by or arises out of the occurrence of a hazard insured against;
(j) except as may be specifically stated to the contrary in the policy or any applicable Endorsement, to the defense of any legal proceeding brought against the Insured, or to fees, costs or expenses incurred or paid by the Insured in prosecuting or defending any legal proceeding whether or not such proceeding results or would result in a loss to the Insured covered by this policy;
(k) in addition to the existing Exclusions in the policy, to (1) potential income, including but not limited to interest and dividends, not realized by the Insured because of a loss covered under this Policy. (2) all damages of any type for which the Insured is legally liable, except direct compensatory damages arising from a loss covered under this Policy. (3) all costs, fees, and other expenses incurred by the Insured in establishing the existence of or amount of loss covered under this Policy.

CONDITIONS AND LIMITATIONS (Continued)

Section 3. Definitions. The following terms, as used in this Policy, shall have the respective meanings stated in this Section:
"Money" means currency, coins, bank notes and bullion; and travelers checks, register checks and money orders held for sale to the public.
"Securities" means all negotiable and non-negotiable instruments or contracts representing either Money or other property and includes revenue and other stamps in current use, tokens and tickets, but does not include Money.
"Employee" means any natural person (except a director or trustee if the Insured, if a corporation, who is not also an officer or employee thereof in some other capacity) while in the regular service of the Insured in the ordinary course of the Insured's business during the Policy Period and whom the Insured compensates by salary, wages or commissions and has the right to govern and direct in the performance of such service, does not mean any broker, factor, commission merchant, consignee, contractor or other agent or representative of the same general character. As applied to loss under Insuring Agreement I, the above words "while in the regular service of the Insured" shall include the first 30 days thereafter; subject, however, to Sections 15 and 16.
"Premises" means the interior of that portion of any building, which is occupied by the Insured in conducting its business.
"Banking Premises" means the interior of that portion of any building, which is occupied by a banking institution in conducting its business.
"Messenger" means the Insured or a partner of the Insured or any Employee who is duty authorized by the Insured to have the care and custody of the insured property outside the Premises.

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"Custodian" means the Insured or a partner of the Insured or any Employee who is duly authorized by the Insured to have the care and custody of the insured property within the Premises, excluding any person while acting as a watchman, porter or janitor.
"Robbery" means the taking of insured property (1) by violence inflicted upon a Messenger or a Custodian; (2) by putting him in fear of violence; (3) by any other overt felonious act committed in his presence and of which he was actually cognizant, provided such other act is not committed by a partner or Employee of the Insured; (4) from the person or direct care and custody of a Messenger or custodian who has been killed or rendered unconscious; or (5) under Insuring Agreement II, (a) from within the Premises by means of compelling a Messenger or Custodian by violence or threat of violence while outside the Premises to admit a person into the Premises or to furnish him with means of ingress into the Premises, or (b) from a showcase or show window within the Premises while regularly open for business , by a person who has broken the glass thereof from outside the Premises.
"Safe Burglary" means (1) the felonious abstraction of insured property from within a vault or safe, the door of which is equipped with a combination lock, located within the Premises by a person making felonious entry into such vault or such safe and any vault containing the safe, when all doors thereof are duly closed and locked by all combination locks thereon, provided such entry shall be made by actual force and violence, of which force and violence there are visible marks made by tools, explosives, electricity or chemicals upon the exterior of (a) all of said doors of such vault or such safe and any vault containing the safe, if entry is made through such doors, or (b) the top, bottom or walls of such vault or such safe and any vault containing the safe through which entry is made, if not made through such doors, or (2) the felonious abstraction of such safe from within the Premises.
"Loss", except under Insuring Agreement I and V, includes damage.

Section 4. Loss Caused by Unidentifiable Employees. If a loss is alleged to have been caused by the fraud or dishonesty of any one or more of the Employees and the Insured shall be unable to designate the specific Employee or Employees causing such loss, the Insured shall nevertheless have the benefit of Insuring Agreement I, subject to the provisions of Section 2(b) of this Policy, provided that the evidence submitted reasonably proves that the loss was in fact due to the fraud or dishonesty of one or more of the said Employees, and provided, further, that the aggregate liability of the Company for any such loss shall not exceed the Limit of Liability applicable to Insuring Agreement I.

Section 5. Ownership of Property; Interests Covered. The insured property may be owned by the Insured, or held by the Insured in any capacity whether or not the Insured is liable for the loss thereof, or may be property as respects which the Insured is legally liable; provided, Insuring Agreements II, III and IV apply only to the interest of the Insured in such property, including the Insured's liability to others, and do 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, in which event the third paragraph of Section 8 is applicable to them.

Section 6. Books and Records. The Insured shall keep records of all the insured property in such manner that the Company can accurately determine there from the amount of loss.

Section 7. Prior Fraud, Dishonesty or Cancellation. The coverage of Insuring Agreement I shall not apply to any Employee from and after the time that the Insured or any partner of officer thereof not in collusion with such Employee shall have knowledge or information that such Employee has committed any fraudulent or dishonest act in the service of the Insured or otherwise, whether such act be committed before or after the date of employment by the Insured. If, prior to the issuance of this Policy, any fidelity insurance in favor of the Insured and covering one or more of the Insured's Employees by reason of giving of written notice of cancellation by the insurer issuing such fidelity insurance, whether the Company or not, and if such Employees shall not have been reinstated under the coverage of said fidelity insurance or superseding fidelity insurance, the Company shall not be liable on account of such Employees unless the Company shall agree in writing to include such Employees within the coverage of Insuring Agreement I.

Section 8. Loss-Notice-Proof-Action Against Company. Upon knowledge or discovery of loss or of an occurrence which may give rise to a claim for loss, the Insured shall: (a) give notice thereof as soon as practicable to the Company or any of its authorized agents and except under Insuring Agreements I and V, also to the police if the loss is due to a violation of law; (b) file detailed proof of loss, duly sworn to, with the Company within four months after the discovery of loss. Proof of loss under Insuring Agreement V shall include the instrument which is the basis of claim for such loss, or if it shall be impossible to file such instrument, the affidavit of the Insured or the Insured's bank of deposit setting forth the amount and cause of loss shall be accepted in lieu thereof. Upon the Company's request, the Insured shall submit to examination by the Company, subscribe the same, under oath if required, and produce for the Company's

Jacket Page 6 (Continued on Jacket Page 7)

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. 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 ninety days after the required proofs of loss have been filed with the Company, nor at all unless commenced within two years from the date when the Insured discovers the loss. If any limitation of time for notice of loss or any legal proceeding herein contained is shorter than that permitted to be fixed by agreement under any statute controlling the construction of this Policy, the shortest permissible statutory limitation of time shall govern and shall supersede the time limitation herein stated.

Section 9. Valuation-Payment-Replacement. In no event shall the Company be liable as respects Securities for more than the actual cash value thereof at the close of business on the business day next preceding the day on which the loss was discovered, nor as respects other property, for more than the actual cash value thereof at the time of loss; provided, however, the actual cash value of such other property held by the Insured as a pledge, or as collateral for an advance or a loan, shall be deemed not to exceed the value of property as determined and recorded by the Insured when making the advance or loan, nor, in the absence of such record, the unpaid portion of the advance or loan plus accrued interest thereon at legal rates. The Company may, with the consent of the Insured, settle any claim for loss of property with the owner thereof. Any property for which the Company has made indemnification shall become the property of the Company. In case of damage to the Premises or loss of property other than Securities, the Company shall not be liable for more than the actual cash value of such property, or for more than the actual cost of repairing such Premises or property or of replacing same with property or material of like quality and value. The Company may, at its election, pay such actual cash value, or make such repairs or replacements. If the Company and the Insures cannot agree upon such cash value or such cost of repairs or replacements, such cash value or such cost shall be determined by arbitration.

Section 10. Recoveries. 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 surety ship, 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.

Section 11. Limits of Liability. Payment of loss under Insuring Agreement I or V shall not reduce the Company's liability for other losses under the applicable Insuring Agreement whenever sustained. The Company's total liability (a) under Insuring Agreement I for all loss caused by any Employee or in which such Employee is concerned or implicated or (b) under Insuring Agreement V for all loss by forgery or alteration committed by any person or in which such person is concerned or implicated, whether such forgery or alteration involves one or more instruments, is limited to the applicable amount of insurance specified in the Table of Limits of Liability or endorsement amendatory thereto. The liability of the Company for loss sustained by any or all of the Insured shall not exceed the amount for which the Company would be liable had all such loss been sustained by any of the Insured. Except under Insuring Agreements I and V, the applicable limit of liability stated in the Table of Limits of Liability is the total limit of the Company's liability with respect to all loss of property of one or more persons or organizations arising out of any one occurrence. All loss incidental to an actual or attempted fraudulent, dishonest or criminal act or series of related acts at the Premises, whether committed by one or more persons, shall be deemed to arise out of one occurrence. Regardless of the number of years this Policy shall continue in force and the number of premiums which shall be payable or paid, the limit of the Company's liability as specified in the Table of Limits of Liability shall not be cumulative from year to year or period to period.

Section 12. Limit of Liability Under This Policy and Prior Insurance. This Section shall apply only to Insuring Agreements I and V. With respect to loss caused by any person (whether one of the Employees or not) or in which such person is concerned or implicated or which is chargeable to any Employee as provided in Section 4 and which occurs partly during the Policy Period and partly during the period of other bonds or policies issued by the Company to the Insured or to any predecessor in interest of the Insured and terminated or canceled or allowed to expire and in which the period for discovery has not expired at the time any such loss there under is discovered, the total liability of the Company under this Policy and under such other bonds or policies shall not exceed, in the aggregate, the amount carried under the applicable Insuring Agreement of this Policy on such loss or the amount available to the Insured under such other bonds or policies, as limited by the terms and conditions thereof, for any such loss, if the latter amount be the larger.

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Section 13. Other Insurance. If there is available to the Insured any other insurance or indemnity covering any loss covered by Insuring Agreement I or V, the Company shall be liable hereunder only for that part of such loss which is in excess of the amount recoverable or recovered from such other insurance or indemnity, except that if such other insurance or indemnity is a bond or policy of fidelity insurance, any loss covered under both such fidelity insurance and Insuring Agreement V. Any loss covered under both Insuring Agreements I and V shall first be paid under Insuring Agreement V and the excess, if any, shall be paid under Insuring Agreement I. The Company waives any right of contribution which it may have against any forgery insurance carried by any depository bank which is indemnified under Insuring Agreement V. Under any other Insuring Agreement, if there is any valid and collectible insurance which would apply in the absence of such Insuring Agreement, the insurance under this Policy shall apply only as excess insurance over such other insurance; provided, the insurance shall not apply (a) to property which is separately described and enumerated and specifically insured in whole or in part by any other insurance; or (b) to property otherwise insured unless such property is owned by the Insured.

Section 14. Subrogation. In the event of any payment under this Policy, the Company shall be subrogated to all the Insured's rights of recovery therefore against any person or organization and the Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing after loss to prejudice such rights.

Section 15. Cancellation as to Any Employee. Insuring Agreement I shall be deemed canceled as to any Employee: (a) immediately upon discovery by the Insured, or by any partner or officer thereof not in collusion with such Employee, of any fraudulent or dishonest act on the part of such Employee; or (b) at noon, standard time as aforesaid upon the effective date specified in a written notice mailed to the Insured. Such date shall be not less than fifteen days after the date of mailing. The mailing by the Company of notice as aforesaid to the Insures at the address shown in this Policy shall be sufficient proof of notice. Delivery of such written notice by the Company shall be equivalent of mailing.

Section 16. Cancellation of Policy or Insuring Agreement. This Policy or any Insuring Agreement may be canceled by the Insured by mailing to the Company written notice stating when thereafter the cancellation shall be effective. This Policy or any Insuring Agreement may be canceled by the Company by mailing to the Insured at the address shown in this Policy written notice stating when not less than fifteen days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The effective date of cancellation stated in the notice shall become the end of the Policy Period for any affected Insuring Agreement. Delivery of such written notice either by the Insured or by the Company shall be equivalent to mailing. If the Insured cancels, earned premium shall be computed in accordance with the customary short rate table and procedure. If the Company cancels, earned premium shall be computed pro rata. Premium adjustment may be made either at the time cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

Section 17. No Benefit to Bailee. This Section shall apply only to Insuring Agreements II and III. The insurance ed by this Policy shall not inure directly or indirectly to the benefit of any carrier or other bailee for hire.

Section 18. Assignment. Assignment of interest under this Policy shall not bind the Company until its consent is endorsed hereon; if, however, the Insured shall die, this Policy shall cover the Insured's legal representative as Insured; provided that notice of cancellation addressed to the Insured named in the Declarations and mailed to the addressed shown in this Policy shall be sufficient notice to effect cancellation of this Policy.

Section 19. Changes. Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this Policy be waived or changed, except by endorsement issued to form a part of this Policy signed by a duly authorized officer or representative of the Company. Be acceptance of this Policy the Insured agrees that it embodies all agreements existing between the Insured and the Company or any of its agents relating to this Insurance.

Jacket Page 8 (Continued on Jacket Page 9)

IN WITNESS WHEREOF, the Company designated on the Declarations Page has caused this policy to be signed by its President and Secretary, but this policy shall not be valid unless countersigned on the Declarations Page by a duly authorized representative of the Company.

Manager

President

Jacket Page 9

GUAM WATERWORKS AUTHORITY

COMPREHENSIVE 3D POLICY SPECIMEN

"Terms and Conditions contained therein will be provided to the Authority without change"



MOYLAN'S INSURANCE UNDERWRITERS, INC.
Home of the Good Guys and Gals
424 W OBrien Dr Ste 102
Hagatna GU 96910

COMPREHENSIVE 3D POLICY DECLARATIONS

issued by DONGBU INSURANCE CO., LTD.

Policy Number :

Named Insured :
Address :

Policy Period : effective from 12:01 am on ____ to 12:01 am on _____ or the effective date of the cancellation or termination of this policy, standard time at the principal address as to each of said dates.

Premium and Table of Limits of Liability : The insurance afforded is only with respect to such of the following insuring agreements as are indicated by specific premium charge or charges. The limit of the Company's liability against each such insuring agreement shall be as stated herein, subject to all the terms of the policy having reference thereto.

	Insuring agreement	Limit of Liability	Premiums
I	Employee Dishonesty Coverage – Form A		
II	Loss Inside the Premises Coverage		
III	Loss Outside the Premises Coverage		
IV	Depositors Forgery Coverage		
V	Money Orders and Counterfeit Paper Currency Coverage if added by endorsement		

Total Premium :

Endorsement(s) : The liability of the Company is subject to the terms of the following endorsements attached hereto:

Territory, Service of Suit Clause, Jurisdiction Clause, Cancellation Clause, Multi Year Endorsement, Payment Schedule Agreement

Deductible :

The Insured the acceptance of this policy gives notice to the Company terminating or canceling prior bond(s) or policy(ices) number(s), if any, listed below, such termination or cancellation to be effective as of the time this policy becomes effective.

IN WITNESS WHEREOF, the Company has caused this policy to be signed by its duly authorized representative.

DONGBU INSURANCE CO., LTD.

Date:_____

By: _____
Authorized Signature
Moylan's Insurance Underwriters, Inc.
Hagatna Branch
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

TERRITORY

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, this policy applies to Guam.

Date Issued: _____ By:_____

Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

JURISDICTION

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, this insurance shall be governed by and construed in accordance with the laws of Guam and the exclusive jurisdiction of the USA including Guam Courts. The seat of arbitration shall be Guam.

Date Issued: _____

By:_____
Moylan's Insurance Underwriters, Inc.
General Agent

Payment Schedule Agreement

Insured's Name: _____

Installment No.	Amount Due	Due Date	Due Date	Due Date	Due Date	Due Date
Beginning Balance	$					
1						
2						
3						
4						
5						
6						

By acknowledging this Payment Schedule Agreement ("Agreement"), the Insured understands and agrees that failure to make payments according to the Agreement shall cause the entire unpaid balance to become due.

In the event it becomes necessary to retain the services of an attorney in our collection efforts, the Insured agrees to pay any and all attorney's fees equivalent to 15% of the unpaid balance.

Any unpaid balance shall be assessed interest at the rate of 12% per annum.

The Insured further understands and agrees that if a Total Loss claim is filed against the policy, the premium balance will be deducted from the loss proceeds. For Partial Losses, the payment schedule will remain the same. Where the payment schedule has not been followed and a claim has been filed, the Insured agrees that premium payments must be paid in FULL prior to settlement.

Nothing contained in this Agreement shall be construed to vary, alter, waive or change any of the terms, limits or conditions of the policy except as set forth herein.

This Agreement is effective _____

This Agreement shall be attached to and shall form part of Policy No._____ issued by Dongbu Insurance Company

Dongbu Insurance Co. Ltd.
By: Moylan's Insurance Underwriters, Inc.
General Agent

_____
Authorized Signature
Date:

Insured:

_____
Signature of Insured
Date:

Name Insured:_____

Policy No. _____

MULTI-YEAR POLICY ENDORSEMENT

In consideration of the % Term Discount given the Insured for the ____( ) years term of this policy, it is hereby understood and agreed that:

(A) In the event the insured elects to have policy cancelled before the expiry of the ____year term, the insured shall refund to the company the equivalent of the % discount on the premium earned; such earned premium to be computed short rate on the gross annual premium, when cancellation is effected other than on the annual anniversary date of the policy.

(B) In the event the company cancels the policy before the expiry of the _____ year term, the insured shall not be obligated to refund any part of the % term discount. Any earned premium shall be computed on pro rata basis.

All other policy terms and conditions remain unaltered.

DONGBU INSURANCE CO., LTD.

Effective Date: _____ By:_____

Moylan's Insurance Underwriters , Inc.
General Agent

Comprehensive 3D Insurance Policy

Moylan's Insurance Underwriters, Inc.
Suite 102 Julale Center, 424 West O'brien Drive
Hagatna, Guam 96910
Tel No. (671) 477-8616, 7500, 8150
Fax No. (671) 477-1837

General Agent for:

Dongbu Insurance Co., Ltd.
Seoul, Korea

PLEASE READ YOUR POLICY. If incorrect return for immediate correction. Carefully note Condition requiring immediate notice of every occurrence, claim or suit.

The Company agrees with the Insured named in the Declarations made a part hereof, in consideration of the premium and subject to the Declarations made a part hereof, the Insuring Agreements, Conditions and Limitations and other terms of this policy, to pay the Insured for:

INSURING AGREEMENTS

I. Employee Dishonesty Coverage – Form A. Loss of Money, Securities and other property which the Insured shall sustain, to an amount not exceeding in the aggregate the amount stated in the Table of Limits of Liability applicable to this Insuring Agreements I, resulting directly from one or more fraudulent or dishonest acts committed by an Employee, acting alone or in collusion with others.

Dishonest or fraudulent acts as used in this Insuring Agreement shall mean only dishonest or fraudulent acts committed by such Employee with the manifest intent:

(a) to cause the Insured to sustain such loss; and
(b) to obtain financial benefit for the Employee, or for any other person or organization intended by the Employee to receive such benefit, other than salaries, commissions, fees, bonuses, promotions, awards; profit sharing, pensions or other employee benefits earned in the normal course of employment.

II. Loss Inside the Premises Coverage. Loss of Money and Securities by the actual destruction, disappearance or wrongful abstraction thereof within the Premises or within any Banking Premises or similar recognized places of safe deposit. Loss of (a) other property by Safe Burglary or Robbery within the Premises or attempt thereat, and (b) a locked cash drawer, cash box or cash register by felonious entry into such container within the Premises or attempt thereat or by felonious abstraction of such container from within the Premises or attempt thereat.

Damage to the Premises by such Safe Burglary, Robbery or felonious abstraction, or by or following burglarious entry into the Premises or attempt thereat, provided with respect to damage to the Premises the Insured is the owner thereof or is liable for such damage.

III. Loss Outside the Premises Coverage. Loss of Money and Securities by the actual destruction, disappearance or wrongful abstraction thereof outside the Premises while being conveyed by a Messenger or any armored motor vehicle company, or while within the living quarters in the home of any Messenger.

Loss of other property by Robbery or attempt thereat outside the Premises while being conveyed by a Messenger or any armored motor vehicle company, or by theft while within the living quarters in the home of any Messenger.

IV. Money Orders and Counterfeit Paper Currency Coverage. Loss due to the acceptance in good faith, in exchange for merchandise, Money or services, of any post office or express money order, issued or purporting to have been issued by any post office or express company, if such money order is not paid upon presentation, or due to the acceptance in good faith in the regular course of business of counterfeit United Stated or Canadian paper currency.

V. Depositors Forgery Coverage. Loss which the Insured or any bank which is included in the Insured's proof of loss and in which the Insured carries a checking or savings account, as their respective interests may appear, shall sustain through forgery or alteration of, on or in any check, draft, promissory note, bill of exchange, or similar written promise, order or direction to pay a sum certain in money, made or drawn by one acting as agent of the Insured, or purporting to have been made or drawn as hereinbefore set forth, including

(a) any check or draft made or drawn in the name of the Insured, payable to a fictitious payee and endorsed in the name if such fictitious payee;

Jacket Page 1 (Continued on Jacket Page 2)

(b) any check or draft procured in a face to face transaction with the Insured, or with one acting as agent of the Insured, by anyone impersonating another and made or drawn payable to the one so impersonated and endorsed by anyone other than the one so impersonated; and
(c) any payroll check, payroll draft or payroll order made or drawn by the Insured, payable to bearer as well as to a named payee and endorsed by anyone other than the named payee without authority from such payee; whether or not any endorsement mentioned in (a), (b) or (c) be a forgery within the law of the place controlling the construction thereof.

Mechanically reproduced facsimile signatures are treated the same as handwritten signatures.

The Insured shall be entitled to priority of payment over loss sustained by any bank aforesaid. Loss under this Insuring Agreement, whether sustained by the Insured or such bank, shall be paid directly to the Insured in its own name, except in cases where such bank shall have already fully reimbursed the Insured for such loss. The liability of the Company to such bank for such loss shall be a part of and not in addition to the amount of insurance applicable to the Insured's office to which such loss would have been allocated had such loss been sustained by the Insured.

If the Insured or such bank shall refuse to pay any of the foregoing instruments are forged or altered, and such refusal shall result in suit being brought against the Insured or such bank to enforce such payment and the Company shall give its written consent to the defense of such suit, then any reasonable attorneys' fees, court costs, or similar legal expenses incurred and paid by the Insured or such bank in such defense shall be constructed to be a loss under this Insuring Agreement and the liability of the Company for such loss shall be in addition to any other liability under this Insuring Agreement.

GENERAL AGREEMENTS

A. Consolidation – Merger. If, though consolidation or merger with, or purchase of assets of, some other concern, any persons shall become Employees or if the Insured shall thereby acquire the use and control of any additional Premises, the insurance afforded by this Policy shall also apply as respects such Employees and Premises, provided the Insured shall give the Company written notice thereof within thirty days thereafter and shall pay the Company an additional premium computed pro rata from the date of such consolidation, merger or purchase to the end of the current premium period.
B. Joint Insured. If more than one Insured is covered under this Policy, the Insured first named shall act for itself and for every other Insured for all purposes of this Policy. Knowledge possessed or discovery made by any Insured or by any partner or officer thereof shall, for the purposes of Sections 7, 8 and 15 constitute knowledge possessed or discovery made by every Insured. Cancellation of the insurance hereunder as respects any Employee as provided in Section 15 shall apply to every Insured. If, prior to the cancellation or termination of this Policy, this Policy or any Insuring Agreement hereof is canceled or terminated as to any Insured, there shall be no liability for any loss sustained by such Insured unless discovered within one year from the date of such cancellation or termination. Payment by the Company to the Insured first named of any loss under this Policy shall fully release the Company on account of such loss. If the Insured first named ceases for any reason to be covered under this Policy, then the Insured next named shall thereafter be considered as the Insured first named for all purposes of this Policy.

Jacket Page 2 (Continued on Jacket Page 3)

RESOLUTION NO. 23-FY2017

EXHIBIT D

INVITATION TO BID

The GUAM WATERWORKS AUTHORITY, will receive sealed bids for **Property Insurance, General Liability Insurance, Directors and Officers Liability Insurance, Automobile, Insurance, and Crime Insurance** in **GWA IFB. NO. 2017-12.** Bids will be accepted until **3** :00 **p.m.** Chamorro Standard Time, March 03, **2017** at the GWA Procurement Office, first floor located at the Gloria B. Nelson Public Services Building in Mangilao at which time and place all bids will be publicly opened and read aloud. All bids must be accompanied by a Bid / Performance Bond, in the amount of 15 percent (15%) of the total bid price. Bid security may be bid/performance bond, Surety Bond, certified check or cashier check made payable to Guam Waterworks Authority. A non-refundable amount of $15.00 is required for the purchase price of every set of bidding documents which are available at the GWA Procurement Office. Bidders can download a bid package at www.guamwaterworks.org without charge, although vendors are strongly encouraged to contact or visit GWA Procurement Office to register to ensure that updated information, notices or bid amendments are distributed to you.

GWA reserves the right to revise or reject any or all proposals and to waive any minor imperfection in the bid proposal in the interest of the Guam Waterworks Authority.

2/10/17
Miguel C. Bordallo, P.E.
General Manager

GWA STAMP ISSUE DATE:

GUAM WATERWORKS AUTHORITY
"Better Water. Better Lives."
Gloria B. Nelson Public Service Building | 688 Route 15, Mangilao, Guam 96913
P.O. Box 3010, Hagåtña, Guam 96932
Tel. No. (671) 300-6026/6027 Fax No. (671) 649-3750

INVITATION FOR COMPETITIVE SEALED BIDS

IFB 2017-12

FOR

PROPERTY INSURANCE, GENERAL LIABILITY INSURANCE, DIRECTORS AND OFFICERS LIABILITY INSURANCE, AUTOMOBILE INSURANCE, AND CRIME INSURANCE

SECTION I: INTRODUCTION

The Guam Waterworks Authority ("GWA") is seeking competitive sealed fixed price bids for the insurance types specified above for a three or five-year period based on the lowest responsive and responsible bid commencing not later than 10 days after a Notice to Proceed from GWA is issued. All bids must be received by GWA on or before March 3, 2017 at 3:00 p.m. at the GWA Procurement Office, late bids will not be considered.

SECTION V: INSTRUCTIONS AND PROCEDURES FOR BIDDERS

1. BID SCHEDULE

The deadline for the submission of bids is March 3, 2017, at 3:00 p.m. Three (3) copies and one (1) original bid **must be physically received** by GWA at the address below (not postmarked) no later than the above date and hour. It is advisable to use courier services to expedite delivery of your bid, as Guam is served by several such courier services. It is bidder's responsibility to insure the bid is received as required above. Late bids will not be considered.

2. PREPARATION AND SUBMISSION OF BIDS

Envelopes containing Bids shall be sealed and marked on the face with the name and address of the Bidder, the Bid Number and the time and date of submission. Telegraphic Bids will not be considered, nor will modifications by telegraph of Bids already submitted be considered. Bids **must be received** at the place of opening **on or before the opening date and time**. Bids received through the mail will not be accepted if such mail is received at the address showing after the submission date and time. Facsimile or e-mailed bids will not be accepted. Bids will be opened publicly.

All submittals must strictly conform to the Invitation for Bid and any addenda, non-responsive and non-responsible bids will not be considered.

Three complete (3) copies and (1) complete original Bid must be submitted to GWA. Any and all sample documentation, including but not limited to, a complete proposed insurance policy, including

exclusions, must be submitted. No submittal shall be considered complete unless accompanied by **all** items required in this bid.

The IFB **must** be received by GWA not later than 3:00 p.m. March 3, 2017 in a sealed envelope with the IFB number clearly marked and delivered to or received by the GWA Procurement Administrator or his/her designee at the following address:

TO: Guam Waterworks Authority
Attn: Procurement Office
First Floor, Gloria Nelson Public Services Building
688 Route 15, Mangilao Guam 96913

Examination of IFB Documents: Bidders shall examine the IFB Documents to inform themselves of all conditions and requirements for the execution of the proposed work. Ignorance on the part of Bidder of any part of the IFB will in no way relieve him/her of the obligation and responsibility assumed under the Contract.

Familiarity with Laws: Bidder is assumed to be familiar with Federal and Local laws, ordinances, rules and regulations that in any manner affect the work. Ignorance on the part of Bidder of any part of the IFB will in no way relieve him/her of the obligation and responsibility assumed under the Contract.

3. EXPLANATION TO BIDDERS

No oral explanation in regard to the meaning of the specification will be made and no oral instructions will be given before the award of the Bid. Questions regarding discrepancies, omissions, or doubts as to the meaning of the specifications must be communicated in writing (either e-mail, fax or mail) to Guam Waterworks Authority for interpretation. Bidders should act promptly and allow sufficient time for a reply to reach them before the submission of their Bids. Interpretation, if required, shall be made in the form of an amendment to the specifications, which will be forwarded to all prospective bidders, and its receipt by the Bidder should be acknowledged on the Bid form.

4. CLARIFICATION ON INVITATION FOR BID

Each Bidder must carefully examine the IFB and all amendments or addenda. If any Bidder (a) finds any discrepancies, omission or ambiguities in the IFB documents, (b) is uncertain as to the intent or meaning of any provision of the IFB, or (c) has any question regarding the IFB, the Bidder must promptly notify GWA in writing no later than five (5) working days prior to the closing date of the IFB thereof in writing at the address specified for submission of Bid. Replies to such notices may be made in the form of addenda, which will be issued simultaneously to all prospective Bidders.

5. FORM

All bids must be in writing and submitted in a sealed envelope, and must be signed by an officer of the bidder having authority to submit such Bids. The bids should respond in an organized fashion to all requirements of this Invitation for Bidding.

6. MODIFICATION OR WITHDRAWAL OF BIDS

Bids may be modified or withdrawn prior to submittal date. Any bid withdrawal, or modification received at GWA after the due date is late and, as such, renders the underlying bid in compliance only as to that which is on hand at the submittal date and hour.

7. RECORDING BIDS

Bids and modifications shall be submitted to GWA officials by the GWA Procurement Office.

Bidders shall be responsible for insuring its bid is received on or before the due date. Any late bid will not be considered by GWA. After the due date, a Register of Bids shall be prepared which shall include for all initial bids the name of each bidder, the number of modifications received, if any, and an indication of the coverage proposed, i.e. coverage of all risks or perils (a) as requested by GWA, (b) less than GWA request, and/or (c) alternate coverage as requested.

8. CONFIDENTIAL DATA

Bidders should clearly and specifically designate which portion or portions of the bid contains trade secrets or other proprietary data they propose be kept confidential. GWA shall examine the request and make a determination as to each request. Unclear requests or requests that do not specifically identify the exact portion of the bid which the bidder is requesting to be kept confidential shall not be considered. Guam law shall govern the determination of confidentiality of any document or portion thereof.

9. AWARD

Award will be made to the lowest responsive and responsible bidder.

10. CANCELLATION OF INVITATION; DELAYS

GWA reserves the right to cancel or to withdraw this Invitation to Bid, to delay determination on this Invitation for Bid, or to reject all bids, in whole or in part, at any time prior to final award. The reasons for the cancellation, delay or rejection shall be made a part of the procurement file and shall be available for public inspection.

11. INSPECTION OF GWA PROPERTY AND VEHICLES

Prospective bidders may inspect any GWA property to be covered by the insurance in connection with submitting a bid upon request. However, GWA shall be afforded at least 72 hours' advance notice of any request to inspect. No inspection shall occur within 10 days prior to the due date of the bid. GWA will provide a representative to conduct the inspections and also answer questions. For inspection, please submit your request in writing address to GWA Procurement Office and can be submitted by the following: hand delivered at the first floor, Gloria B. Nelson Public Service Building in Mangilao, via fax transmittal at 649-3750 or e-mail to vincentg@guamwaterworks.org and smondina@guamwaterworks.org.

12. REQUIRED APPROVALS

A Notice to Proceed (contract) is conditioned on GWA obtaining the approval of the Guam Consolidated Commission on Utilities and the Public Utilities Commission on Guam. This process may take several weeks.

13. REPRESENTATION REGARDING GRATUITIES AND KICKBACKS

The bidder or contractor represents that it has not violated, is not violating, and promises that it

will not violate the prohibition against gratuities and kickbacks as mandated under the Guam Procurement Regulations. All Bidders shall submit an affidavit indicating that no gratuities or kickbacks have been given or made in connection with the submission of this bid.

14. REPRESENTATION REGARDING CONTINGENT FEES

The Contractor will provide a certification to GWA in the form supplied with this bid indicating that it has not retained a person to solicit or secure a territorial contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except for retention of bona fide employees or bona fide established commercial selling agencies for the purpose of securing business.

15. POLICY BINDER

The provider who is awarded the contract will be required to provide the Authority with written evidence that coverage is in place within 72 hours after notice to proceed has been issued.

16. ADDENDA TO IFB

In the event, it becomes necessary to revise any part of this IFB, addenda will be provided to all Bidders who received the basic IFB. Any addenda issued pursuant to this IFB must be acknowledged as being received by the Bidder.

17. AFFIDAVIT OF DISCLOSURE

Affidavit of Disclosure of Major Shareholders must comply with the following requirements and failure to submit an affidavit shall be basis for rejection.

(a) Bidder must use the form issued by Guam Waterworks Authority.
(b) The affidavit must be notarized and dated on the same month as the bid opening.
(c) Date signature of the person authorized to sign the bid and the notary date must be the same.
(d) At least one affidavit must be an original.

18. BID AND PERFORMANCE BOND REQUIREMENT

All bidders are required to submit bid security in the amount of **15%** of their total bid amount which must also indicate that the security is not only for a bid bond, but also for performance under this Bid as required by 5 G.C.A. 5312. Failure to submit a proper bid bond will cause the bid to be rejected.

As required by law, the bid security shall not be released upon award of the bid, but instead shall continue in full force and effect until after delivery of the supplies or services required in the Invitation for Bid have been provided.

THE BID/PERFORMANCE GUARANTEE MAY BE IN THE FORM OF:

a. Cashier's Check or Certified Check
b. Letter of Credit
c. Surety Bond – Valid only if accompanied by:
   i. Current Certificate of Authority;
   ii. Power of Attorney issued by the Surety to the Resident General Agent;

iii. Power of Attorney issued by two (2) major officers of the Surety to whoever is signing c their behalf

SECTION VII: EVALUATION AND AWARD OF BIDS

In evaluating the bids, GWA shall examine all the relevant bid documents in order to determine the capacity of the bidder to perform and for compliance with the bid requirements as well as the price. **All costs** must be included in the overall bid. GWA will award the bid to the lowest responsive and responsible bidder. The lowest bid will be determined by taking the total term of the policy (either 3 years or 5 years) and dividing it by the total price per bid option. Specifically, if a bidder is submitting a bid for both the 3 year and five year terms, the term for each will be broken down into months which shall be divided by the total price to obtain a price per month cost as outlined in the example below

Example: 36 months divided by total 3-year bid price = _____
60 months divided by total 5-year bid price = _____

The lowest blank above will be the vendor's lowest bid amount.

GWA reserves the sole right to determine the acceptability and ranking of bids. In the bid evaluation process, the following factors may be considered:

(a) Extent of hidden costs (if any).
(b) Whether the bidder meets the announced requirements of GWA in all material respects as required under the Guam Procurement Code.
(c) Cost of total package (i.e., total bid, including any hidden costs divided by the term of the bid which is either 3 years or five years).
(d) Whether the terms of proposed insurance policy meet the requirements set forth herein.
(e) Overall clarity and presentation of Bid.
(g) Ability to provide the requisite services required under the Bid.
(h) Does the bidder possess the requisite financial strength?
(i) If the bidder has a satisfactory record of performance.
(j) Whether the bidder possess a satisfactory record of integrity.
(k) Is the bidder is legally qualified to contract with GWA?
(l) Whether or not the bidder supplied all necessary information required under this Bid?

SECTION VIII: SPECIFIC INSURANCE SPECIFICATIONS

INSTRUCTIONS

1. This is not an all-or-nothing bid. Bidders may offer quotes for any one or all coverages for either three or five year terms. GWA, at its sole discretion, may elect to accept the lowest overall price for either term.

2. Bids must be in a single package and delivered to the following address no later than 3:00 PM, Friday, March 3, 2017, local time.

   Mr. Vince Guerrero, Procurement Administrator
   Guam Waterworks Authority
   Gloria B. Nelson Public Service Building
   688 Route 15
   Mangilao, Guam 96913

3. Bid Package shall include:

   a. Bid Response Forms for each coverage for which a bid is being submitted.

   b. Complete specimen policies and required endorsements for each coverage for which a bid is being submitted.

   c. Information on the claims reporting procedures for each carrier.

   d. Completed Broker Questionnaire.

   e. Copy of Broker's license(s) to transact insurance on Guam.

   f. Proof of at least $1,000,000 Professional Liability insurance.

4. GWA will only purchase insurance from insurers licensed to transact business on Guam and with financial strength ratings of at least A-IX (Excellent) by A.M Best, AA- (Strong) by Standard & Poors, or Aa3 (Excellent) by Moody's.

5. If the bid(s) is accepted the successful Bidder shall provide GWA with written evidence of placement of the insurance no later than 4:00 PM, Thursday, April 6, 2017, local time.

BID RESPONSE FORM – PROPERTY INSURANCE

Limit	Deductible	3 Year Premium	5 Year Premium
$30,000,000	$1,000,000 Cat. $100,000 all other		

Carrier	Carrier's Financial Rating

Bidder: _____

By: _____

Date: _____

BID RESPONSE FORM – LIABILITY INSURANCE

Limit	Deductible	3 Year Premium	5 Year Premium
$50,000,000 CSL	$300,000 eel		

Carrier	Carrier's Financial Rating

Bidder: _____

By: _____

Date: _____

BID RESPONSE FORM – DIRECTORS' & OFFICERS LIABILITY INSURANCE

Limit	Deductible	3 Year Premium	5 Year Premium
$2,000,000 CSL	Nil		

Carrier	Carrier's Financial Rating

Bidder: _____

By: _____

Date: _____

BID RESPONSE FORM – AUTOMOBILE INSURANCE

Limit	Deductible	3 Year Premium	5 Year Premium
$2,000,000 CSL	$100,000		

Carrier	Carrier's Financial Rating

Bidder: _____

By: _____

Date: _____

BID RESPONSE FORM – CRIME INSURANCE

Limit	Deductible	3 Year Premium	5 Year Premium
$1,000,000	Nil		

Carrier	Carrier's Financial Rating

Bidder: _____

By: _____

Date: _____

BROKER QUESTIONAIIRE

Name of Firm: _____

Address: _____

_____

Telephone: _____

Fax: _____

Email: _____

Web Site: (if any): _____

Year Established: _____

Principal: _____

Total Personnel: _____

Annual Commercial Premium: _____

BACKGROUND

The Guam Waterworks Authority (GWA), a Guam Public Corporation, is the civilian supplier of water and wastewater services for the Island of Guam. GWA operates and maintains about 200 freshwater facilities on Guam providing service to a population of over 160,000 people. It also owns 87 wastewater facilities which are operated and maintained by a private contractor. The Authority, did not carry insurance prior to April 2010. Effective April 12th that year it procured a complete portfolio of commercial insurance covering total insured assets of $477,576,875. Commencing 2013 the Authority embarked on a major replacement and renovation program that is planned to continue through 2018. The current replacement cost of insured assets is estimated at more than $483 million. Annual revenues have increased to nearly $105 million.

The Authority desires to procure a multi-year insurance portfolio that will provide coverage for the next three to five years.

PROPERTY INSURANCE

Named Insured

The Guam Waterworks Authority

Term

May 1, 2017 to 2020 at 12:01 AM Local Time (Three years), or

May 1, 2017 to 2022 at 12:01 AM Local Time (Five years)

Total Declared Values

Above ground assets	108,443,650
Below ground assets	372,571,479
Miscellaneous Unscheduled Assets, above & below ground	$1,000,000
Annual Revenue	$104,987,000
Total	$587,002,129

Claims

No claims three years.

Coverages Required

Coverage	Limits
Blanket coverage for risks of direct physical loss or damage to all real and personal property of every kind and description belonging to the Insured or in which the Insured has an insurable interest. Including: • Earthquake, Windstorm, Flood, Typhoon, and Tidal Wave • Loss of Revenue/Business Interruption and Extra Expense • Boiler and Machinery Breakdown	$30,000,000 any one occurrence
Sub Limits	
Personal Property in transit	$250,000
Valuable Papers & Records and Computer Media	$1,000,000
Automatic Acquisition	$1,000,000
Boiler Explosion and Machinery Breakdown	$5,000,000
Denial of Access	$1,000,000
Suppliers' and Customers'	$1,000,000
Debris Removal	$250,000
Mold (in the aggregate)	$250,000
Self-Insured Retention	
Each and every Loss in respect of Earthquake, Windstorm, Flood, Typhoon ,and Tidal Wave	$1,000,000
Each and Every Loss in respect of all other perils	$100,000

Required Conditions

Schedules

The schedules of Property included with these Specifications represent, to the best of the Insured's knowledge, a complete listing of the property it wishes to insure and the current replacement values thereof. The schedules are not to be used to establish sub-limits of coverage, nor are they to be considered as any form of valuation. The amount payable under this Policy shall not be limited by individual values shown on the schedules prepared for Underwriters.

Waiver of Subrogation - Tenants

In event of loss, Underwriters waive their rights of subrogation against any tenant occupying, renting or leasing property from the Insured.

Valuation

Recovery shall be made on the basis of one hundred percent (100%) of the property's current replacement value at the time and place of loss, subject to the limit of coverage provided by the Policy. The Insured shall not be required to rebuild damaged or destroyed structures on the same site nor with like kind and quality.

Misrepresentation & Fraud

The Insured shall not be prejudiced by an unintentional or inadvertent error, omission, incorrect valuation or incorrect description of the interest, risk or property; provided that notice is given to Underwriters as soon as practical after discovery of any such error or omission.

Cancellation Clause

If Underwriters desire to cancel this policy, other than for non-payment, they shall give not less than ninety (90) days prior written notice by email and Certified Mail to:

Greg P. Cruz, Chief Financial Officer
Guam Waterworks Authority
PO Box 3010
Hagatna, Guam 96923
gpcruz@guamwaterworks.org

Automatic Acquisition

This policy is extended to cover additional property which may be acquired during the term of this Policy. Values must be reported to Underwriters during the policy period for determination of additional premium. The Insured may add property up to 5% of the total schedule without any additional premium.

Waiver of Coinsurance or Average Clause

In the event of loss, there shall be no application of a coinsurance or average clause in determining the recovery due the Insured.

Demolition Cost

This policy also covers, within the sum insured, the cost of demolishing any undamaged portion of the building(s) covered under this Policy including the cost of clearing the site resulting from enforcement of

any state or municipal law or ordinance regulating the construction or repair of buildings and in force at the time of loss which necessitates such demolition.

Increased Cost of Construction

The amount of insurance includes within the sum insured the actual amount of the increased costs of repair, rebuilding or construction resulting from the enforcements of any applicable law or ordinance regulating the construction or repair of buildings.

Demolition and Increased Time to Rebuild

Underwriters will be liable for loss to the interest insured by the Policy, caused by enforcement of any state or municipal law or ordinance regulating the construction or repair of buildings and in force at the time such loss occurs, which requires the demolition of any portion of the described building(s) not damaged by the peril(s) insured against. Underwriters will also be liable for loss due to the additional period of time required for repair or reconstruction, in conformity with the minimum standard of such law or ordinance.

Business Interruption Extension

Coverage is extended to include the Actual Loss sustained by the Insured resulting directly from Interruption of Business for a period not to exceed twenty-four (24) calendar months.

Extra Expense Extension

Coverage is extended to include the necessary Extra Expense incurred by the Insured in order to continue as nearly as practicable the normal conduct of the Insured's business following loss or damage to property insured by this Policy.

Denial of Access

This Policy is extended to cover the actual loss sustained when access to the Insured's property is impaired or denied by order of civil authority, subject to a limitation of 4 weeks.

Jurisdiction

This insurance shall be governed by and construed in accordance with the laws of the Guam and the exclusive jurisdiction of the USA including Guam courts. The seat of arbitration shall be Guam.

Preservation of Property

The expenses incurred by the Insured in taking reasonable and necessary actions for the temporary protection/preservation of property insured will be added to the total physical loss or damage subject to the applicable deductible and without increase in the limit contained in the policy.

Damage to Building Exterior

Any endorsement or clause that excludes coverage for loss or damage to paint; or waterproofing material applied to the exterior of a Buildings, or shingles of any material; applied to the exterior surface of Buildings shall be waived.

Damage to Building Interior

Any endorsement or clause that excludes coverage for damage to the inside of a building or property in the building caused by rain, sand, or dust unless the wind first damages the roof or wall and enters through the resulting opening shall be waived.

Earthquake Damage

Any endorsement or clause that limits coverage to damage that weakens the structural frame or therefore the stability of the life of the building or structure shall be waived.

Any endorsement or clause that excludes loss for plaster cracks between masonry and gypsum board and any other deterioration of cement or plaster, as well as any damage caused by shrinkage, settling, deterioration and/or wear and tear shall be waived.

LIABILITY INSURANCE

Named Insured

The Guam Waterworks Authority, any Director, Officer, elected or appointed official, contract employee, servant, employee or volunteer worker while acting for or on behalf of the Authority.

Term

May 1, 2017 to 2020 at 12:01 AM Local Time (Three years), or

May 1, 2017 to 2022 at 12:01 AM Local Time (Five years)

Coverages Required

Coverage	Limits
Public Liability, combined single limit of liability each occurrence, including Products Liability	$50,000,000
Personal Injury Liability	$10,000,000
Pollution Liability	$15,000,000
Self-Insured Retention	
Each and Every loss	$300,000

Claims

No claims exceeding the deductible, five years.

Required Conditions

Territory

The Island of Guam as respects General Liability, Worldwide as respects Products Liability. Employees, Officials and Directors of GWA are covered while conducting business for the Authority Worldwide.

Additional Insureds, Waivers of Subrogation

Additional Insureds, Waivers of Subrogation, Indemnities and Contractual Agreements, Hold Harmless Agreements and Cross Liability Clauses shall be automatically included hereon as expiring and as required by the Insured; any new agreements "held covered" to be agreed by the Insurers as soon as possible.

Jurisdiction

This insurance shall be governed by and construed in accordance with the laws of the Guam and the exclusive jurisdiction of the USA including Guam courts. The seat of arbitration shall be Guam.

Waiver of Sovereign Immunity Clause

In the event of a claim under this Policy, Insurers waive the right to invoke the legal defense of Sovereign Immunity.

Cancellation Clause

If Underwriters desire to cancel this policy, other than for non-payment, they shall give not less than ninety (90) days prior written notice by email and Certified Mail to:

Greg P. Cruz, Chief Financial Officer
Guam Waterworks Authority
PO Box 3010
Hagatna, Guam 96923
gpcruz@guamwaterworks.org

DIRECTORS & OFFICERS LIABILITY

Named Insured

The Jose D. Leon Guerrero Commercial Port, Port Authority of Guam and subsidiary and associated companies in which the Insured has a controlling interest as stated in the Insured's proposal form.

Term

May 1, 2017 to 2020 at 12:01 AM Local Time (Three years), or

May 1, 2017 to 2022 at 12:01 AM Local Time (Five years)

Claims

No claims five years.

Coverages Required

Coverage	Limit of Liability
Directors and Officers Liability and Corporate Reimbursement, any one claim and in the aggregate	$2,000,000
Employment Practice Liability (part of and not in addition to the limit)	$1,000,000
Self Insured Retention	Nil

Required Conditions

Retroactive Date

April 12, 2012

Territory

Worldwide.

Jurisdiction

This insurance shall be governed by and construed in accordance with the laws of the Guam and the exclusive jurisdiction of the USA including Guam courts. The seat of arbitration shall be Guam.

Cancellation Clause

If Underwriters desire to cancel this policy, other than for non-payment, they shall give not less than ninety (90) days prior written notice by email and Certified Mail to:

Greg P. Cruz, Chief Financial Officer
Guam Waterworks Authority
PO Box 3010
Hagatna, Guam 96923
gpcruz@guamwaterworks.org

AUTOMOBILE INSURANCE

Named Insured

The Guam Waterworks Authority, and any person or entity using the insured vehicle with the Authority's permission.

Term

May 1, 2017 to 2020 at 12:01 AM Local Time (Three years), or

May 1, 2017 to 2022 at 12:01 AM Local Time (Five years)

Coverages Required

Coverage	Limits
Bodily Injury and Property Damage Liability each accident Including Hired and Non-Owned Auto Liability	$2,000,000 Combined Single Limit
Medical Payments	$1,000
Comprehensive	Not Covered
Collision, Collision & Typhoon	1,000
Uninsured Motorist – Each Person/Each Vehicle	$25,000/$50,000
Personal Accident – Each Person/Each Vehicle	Not Covered
Loss of Use	Not Covered
Passenger Risk	Not Covered

Claims

No claims three years.

Required Conditions

Valid Drivers License Waiver

The requirement that drivers possess a valid driver's license is waived as respects the Authority.

Under-Age Driver Waiver

The exclusion of Material Damage coverage should the vehicle be operated by a driver under the age of 25 is waived as respects the Authority.

Operator Waiver

Any exclusion of coverage should the vehicle be operated by a person while committing a felony or who is under the influence of intoxicating liquor or controlled drugs or substances is waived as respects the Authority.

Newly Acquired and Substitute Vehicles

Newly acquired or substitute vehicles shall be automatically covered from the date of acquisition until the expiration of the policy. The additional premium for all such vehicles, and the return premium for vehicles deleted from the schedule, will be determined by final audit adjustment following expiration of the policy.

Errors & Omissions Clause

The Insured shall not be prejudiced by an unintentional or inadvertent error, omission, incorrect valuation or incorrect description of any vehicle; provided that notice is given to Underwriters as soon as practical after discovery of any such error or omission.

Racing, Pacemaking or Speed Testing

The exclusion of coverage should the vehicle be operated for racing, pacemaking or speed testing is waived as respects the Authority.

Jurisdiction

This insurance shall be governed by and construed in accordance with the laws of the Guam and the exclusive jurisdiction of the USA including Guam courts. The seat of arbitration shall be Guam.

Waiver of Sovereign Immunity

In the event of a claim, Underwriters waive any defense of Sovereign Immunity.

Cancellation Clause

If Underwriters desire to cancel this policy, other than for non-payment, they shall give not less than ninety (90) days prior written notice by email and Certified Mail to:

Greg P. Cruz, Chief Financial Officer
Guam Waterworks Authority
PO Box 3010
Hagatna, Guam 96923
gpcruz@guamwaterworks.org

CRIME INSURANCE

Named Insured

The Guam Waterworks Authority.

Term

May 1, 2017 to 2020 at 12:01 AM Local Time (Three years), or

May 1, 2017 to 2022 at 12:01 AM Local Time (Five years)

Claims

No claims five years.

Coverages Required

Coverage	Limits	Deductible
Aggregate	$1,000,000	
Employee Dishonesty	$1,000,000	$50,000
Loss Inside the Premises	$100,000	$10,000
Loss Outside the Premises	$100,000	$10,000
Money Orders & Counterfeit Paper	$100,000	$50,000
Depositor's Forgery	$100,000	$50,000
Check Forgery	$100,000	$50,000
Third Party Computer Fraud	$100,000	$50,000
Costs	$100,000	$50,000

Required Conditions

Policy Form

The requirement that drivers possess a valid driver's license is waived as respects the Authority.

Territory

Guam

Jurisdiction

Any exclusion of coverage should the vehicle be operated by a person while committing a felony or who is under the influence of intoxicating liquor or controlled drugs or substances is waived as respects the Authority.

APPLICATIONS & SCHEDULES

- Property Schedule
- Vehicle Schedule
- Directors & Officers Liability Application
- Crime Application

Property Schedule

Description	Count	Replacement Value
Water Storage Tanks	19	62,745,000
Fresh Water Treatment Plants	1	6,798,650
Buildings & Contents	3	4,200,000
Wells	16	16,100,000
Fresh Water Booster Pump Stations	33	800,527
Fresh Water Pressure Reducing Valves	35	98,700
Fresh Water Underground Piping	2,079,780 Lineal Feet	166,382,400
Waste Water Treatments Plants	7	34,700,000
Waste Water Booster Pump Stations	164	3,456,400
Manholes	6,776	64,372,000
Waste Water Underground Piping	1,082,118 Lineal Feet	121,361,452
	Total	$481,015,129

GUAM WATERWORKS AUTHORITY
Government of Guam
578 North Marine Corps Drive
Tamuning, Guam 96913

EQUIPMENT MASTER LIST

Insurance coverage: April 12, 2016-April 12, 2017

NO.	LIC. #	MAKE	MODEL	YEAR	VIN.#	GALS	DIVISION/SECTION	COND.	LOCATION	COLOR
1	6167	FORD	F-150 P/U 4WD	2012	1FTMF1EM7BFC81831	26	WATER-TECH SUPPORT	NEW	P. Lujan	WHITE
2	N/R	YALE	FORKLIFT	1995	GP25TEJUAE2185	12	PROC. & SUPPLY	GOOD	V. Guerrero	YELLOW
3	4865	INTERNATIONAL	DUMP TRUCK	1992	1HTSHPCT8NH433383	95	WATER-TECH SUPPORT	FAIR	P. Lujan	WHITE
4	708	TOYOTA	PICKUP 4X4	1991	JT4RN01P1M7041416	19.2	WATER-TECH SUPPORT	POOR	P. Lujan	WHITE
5	1154	KENWORTH	TRACTOR TRUCK	1993	1XK0D60X0RS617680	100	WATER-TECH SUPPORT	FAIR	P. Lujan	WHITE
6	1208	WALKER	WATER TANKER	1992	1W9P82G26N1029887	72	WATER-TECH SUPPORT	FAIR	P. Lujan	SILVER
7	3100	NISSAN	FRONTIER 4X2	1998	1N6DD21S2WC317672	15.7	WW-NORTHERN DIST.	POOR	V. Pangelinan	GREEN
8	3117	TOYOTA	TACOMA 4X2	2000	4TANL42N9YZ626324	15.7	WATER-DISINFECTION	POOR	M. Miller	GREEN
9	3149	TOYOTA	TACOMA 4X2	2000	4TANL42N9YZ625318	15.7	WW-CENTRAL MAINT.	POOR	V. Pangelinan	RED
10	3162	WALKER	WATER TANKER	1992	1W9P82G24N1029886	72	WATER-TECH SUPPORT	FAIR	P. Lujan	SILVER
11	3163	WALKER	WATER TANKER	1992	1W9P82G28N1029888	72	WATER-TECH SUPPORT	FAIR	P. Lujan	SILVER
12	3164	WALKER	WATER TANKER	1992	1W9P82G22N1029885	72	WATER-TECH SUPPORT	FAIR	P. Lujan	SILVER
13	3192	TOYOTA	TACOMA 4X2	2000	4TANL42N8YZ639727	15.7	WATER-PRESSURE LINE	POOR	F. Sanchez	GREEN
14	3216	NISSAN	FRONTIER 4X2	2000	1N6DD21S6YC307391	15.7	GWA-LABORATORY	POOR	C. Denton	WHITE
15	3220	NISSAN	FRONTIER 4X2	2000	1N6DD21S1YC326172	15.7	WATER-TECH SUPPORT	POOR	P. Lujan	GREEN
16	3221	NISSAN	FRONTIER 4X2	2000	1N6DD21S4YC344911	15.7	WATER-DISINFECTION	POOR	M. Miller	SILVER
17	3230	GMC	DEISEL TANKER	1992	1GDM7H1J5NJ518041	95	WATER-TECH SUPPORT	FAIR	P. Lujan	WHITE
18	3266	GMC	CARGO VAN	2000	1GCHG39R4Y1186066	35	WATER-DEEP WELL	POOR	M. Miller	WHITE
19	3280	NISSAN	FRONTIER 4X2	2001	1N6DD21S91C300635	15.7	WW-NORTHERN TREATMENT	FAIR	D. Fletcher	BEIGE
20	3281	NISSAN	FRONTIER 4X2	2001	1N6SDD21S91C321470	15.7	WATER-PRESSURE LINE	FAIR	F. Sanchez	RED
21	3282	NISSAN	FRONTIER 4X2	2001	1N6SDD21S91C319718	15.7	GWA-LABORATORY	FAIR	C. Denton	RED
22	3290	WORK HORSE	VAN	2000	5B4KP42YX13326943	30	WATER-PRESSURE LINE	POOR	F. Sanchez	WHITE
23	3298	FORD	RANGER 4X4	2001	1FTYR15U41PA50127	19.5	WW-CENTRAL DIST.	FAIR	V. Pangelinan	WHITE
24	3365	WORK HORSE	TRAILER	N/A	CRXTT20S	N/A	WW-NORTHERN TREATMENT	FAIR	D. Fletcher	YELLOW
25	3369	FREIGHT LINER	DUMP TRUCK	2001	1FVHALCG81LJ21985	60	WW-NORTHERN TREATMENT	FAIR	D. Fletcher	WHITE
26	3399	FREIGHT LINER	TRUCK, VELOCITY	1992	1FVHBXCS71HJ21974	60	WW-CENTRAL MAINT.	FAIR	V. Pangelinan	WHITE
27	3415	TOYOTA	TACOMA 4X2	2001	5TENL42N41Z857954	15.7	WW-GRAVITY	FAIR	V. Pangelinan	WHITE
28	3416	TOYOTA	TACOMA 4X2	2001	5TENL42N31Z854448	15.7	WW-SOUTHERN DIST.	FAIR	V. Pangelinan	WHITE
29	3417	TOYOTA	TACOMA 4X2	2001	5TENL42N81Z875503	15.7	WATER-PROD/ELECTRICAL	FAIR	M. Miller	MAROON
30	3418	TOYOTA	TACOMA 4X2	2001	5TENL42N01Z861463	15.7	WW-NORTHERN DIST.	FAIR	V. Pangelinan	SILVER
31	3524	ZIEMAN 4245-A	TRAILER	2002	1ZCT35A2922P24324	N/A	WATER-TECH SUPPORT	GOOD	P. Lujan	BLACK
32	3560	FREIGHT LINER	BOOM TRUCK	2003	1FVHBXCS03HL65100	50	WATER-DEEP WELL	GOOD	M. Miller	WHITE
33	3561	FREIGHT LINER	BOOM TRUCK	2003	1FVHBXCS23HL65101	50	WATER-DISINFECTION	NEW	M. Miller	WHITE
34	3924	TOYOTA	TACOMA 4X2	1998	4TANL42N7WZ052691	15.7	WW-AGAT TREATMENT	POOR	D. Fletcher	GREEN
35	5500	NISSAN	FRONTIER 4X2	1998	1N6DD21S3WC309144	15.7	WATER-TECH SUPPORT	POOR	P. Lujan	GOLD
36	3966	NISSAN	FRONTIER 4X2	1998	1N6DD21S3WC317647	15.7	WATER-PRESSURE LINE	POOR	F. Sanchez	GOLD
37	5498	TOYOTA	TACOMA 4X2	1998	4TANL42N9NZ066028	15.7	WATER-TECH SUPPORT	POOR	P. Lujan	PURPLE
38	4243	FORD	F-150 4X4	1997	1FTDX1887VKD54525	30	WATER-DISINFECTION	POOR	M. Miller	WHITE
39	4257	FORD	RANGER	2005	1FTYR10D35PA32344	15.7	WW-CENTRAL DIST.	FAIR	V. Pangelinan	WHITE
40	4258	FORD	RANGER	2005	1FTYR10D55PA58184	15.7	USD-METER READERS	FAIR	G. Salayon	WHITE
41	4260	FORD	RANGER	2005	1FTYR10D75PA58185	15.7	WATER-DISINFECTION	FAIR	M. Miller	WHITE
42	4261	FORD	RANGER	2005	1FTYR10D55PA56824	15.7	ENGINEERING/P & I	FAIR	Tom Cruz	SILVER
43	4262	FORD	RANGER	2005	1FTYR10D35PA56823	15.7	WATER-TECH SUPPORT	FAIR	P. Lujan	BEIGE
44	4263	FORD	RANGER	2005	1FTYR10D75PA56825	15.7	WATER-PROD/ELECTRICAL	FAIR	M. Miller	WHITE
45	4279	FORD	RANGER	2005	1FTYR10D25PA71846	15.7	WATER-GWA	FAIR	A. Charguslaf	WHITE
46	4280	FORD	RANGER	2005	1FTYR10D05PA71845	15.7	WW-GRAVITY	FAIR	V. Pangelinan	WHITE

CCU March 21, 2017 Regular Meeting - NEW BUSINESS

509
Doc. No. 34GL-17-0810.*

GUAM WATERWORKS AUTHORITY
Government of Guam
578 North Marine Corps Drive
Tamuning, Guam 96913

EQUIPMENT MASTER LIST
Insurance coverage: April 12, 2016-April 12, 2017

NO.	LIC. #	MAKE	MODEL	YEAR	VIN.#	GALS	DIVISION/SECTION	COND.	LOCATION	COLOR
47	4396	NISSAN	XTERRA 4X4	2006	5N1AN08W36C517890	25	ENGINEERING/ADMIN	GOOD	Tom Cruz	BLUE
48	4404	NISSAN	XTERRA 4X4	2006	5N1AN08W96C514544	25	ENGINEERING/ADMIN	GOOD	Tom Cruz	BLACK
49	4405	TOYOTA	TUNDRA	2000	5TBBT4810YS043534	25	WATER-PRESSURE LINE	POOR	F. Sanchez	WHITE
50	4406	TOYOTA	TUNDRA 4X4	2001	5TBRN34151S165126	25	WATER-DISINFECTION	FAIR	M. Miller	BEIGE
51	4457	NISSAN	FRONTIER	2001	1N6DD26S71C375391	15.7	WATER-DEEP WELL	FAIR	M. Miller	WHITE
52	4458	NISSAN	PATHFINDER	2000	JN8AR07Y8YW436050	25	WATER-DIST/ELECTRICAL	POOR	A. Charguslaf	BEIGE
53	4476	FORD	RANGER	2006	1FTYR10D86PA11183	15.7	USD-METER TASK FORCE	GOOD	G. Salayon	BEIGE
54	5063	TOYOTA	4RUNNER	2002	JT3GN86R320234905	25	WATER-PROD/ELECTRICAL	FAIR	M. Miller	WHITE
55	4486	FORD	RANGER	2006	1FTYR10D16PA58121	15.7	WW-HAGATNA TREATMENT	GOOD	D. Fletcher	WHITE
56	4487	FORD	RANGER	2006	1FTYR10D86PA26038	15.7	GWA-LABORATORY	GOOD	C. Denton	WHITE
57	4488	FORD	RANGER	2006	1FTYR10D56PA42391	15.7	WATER-UGUM	GOOD	R. Quintanilla	BEIGE
58	4489	FORD	RANGER	2006	1FTYR10D76PA42392	15.7	USD-METER RPU	GOOD	L. San Agustin	WHITE
59	4490	FORD	RANGER	2006	1FTYR10D96PA42393	15.7	ENGINEERING/P & I	GOOD	Tom Cruz	WHITE
60	4491	FORD	RANGER	2006	1FTYR10D66PA58116	15.7	GWA-LABORATORY	GOOD	C. Denton	WHITE
61	4492	FORD	RANGER	2006	1FTYR10DX6PA58117	15.7	USD-METER SERVICES-R&D	GOOD	L. San Agustin	WHITE
62	4493	FORD	RANGER	2006	1FTYR10D16PA58118	15.7	WW-CENTRAL DIST.	GOOD	V. Pangelinan	WHITE
63	4494	FORD	RANGER	2006	1FTYR10D36PA58119	15.7	GWA-SAFETY & COMPLIANCE	GOOD	W. Tenorio	WHITE
64	5071	FORD	RANGER	2006	1FTYR10DX6PA58120	15.7	ENGINEERING/P & I	GOOD	Tom Cruz	WHITE
65	4500	TOYOTA	TACOMA 4X4	2000	4TAWN74N4YZ561144	20	WATER-DEEP WELL	POOR	M. Miller	BEIGE
66	4512	TOYOTA	4 RUNNER	2001	JT3HN86R910325048	25	USD-METER READERS	FAIR	G. Salayon	GRAY
67	4558	TOYOTA	TACOMA	2005	5TETX22N15Z062429	25	WATER-UGUM	FAIR	R. Quintanilla	BEIGE
68	5630	FORD	RANGER	2007	1FTYR10D77PA23567	15.7	WW-NORTHERN DIST.	GOOD	V. Pangelinan	WHITE
69	4575	CASE	BACKHOE	2006	N6C411522	45	WATER-TECH SUPPORT	GOOD	P. Lujan	YELLOW
70	4576	FORD	RANGER	2001	1FTYR15UO1PA50125	15.7	WATER-DEEP WELL	FAIR	M. Miller	WHITE
71	4578	TEREX	BACKHOE	2006	SMFH64TCO6EGS8603	45	WATER-TECH SUPPORT	GOOD	P. Lujan	WHITE
72	4579	FORD	F-550	2000	1FDAF56ZYEC14493	45	WATER-TECH SUPPORT	GOOD	P. Lujan	WHITE
73	4592	FORD	RANGER	2007	1FTYR10D17PA15254	15.7	USD-METER SERVICES-R&D	GOOD	L. San Agustin	WHITE
74	5902	FORD	RANGER	2007	1FTYR10D77PA13007	15.7	USD-METER TASK FORCE	GOOD	G. Salayon	DRK/GRY
75	4595	FORD	RANGER	2007	1FTYR10D97PA13008	15.7	USD-COLLECTIONS	GOOD	L. San Agustin	BEIGE
76	4601	CHEVY	3500HD	2001	3GBKC34F61M110845	45	WATER-DISINFECTION	FAIR	M. Miller	WHITE
77	4602	PETERBILT	TRACTOR	2000	1XPFDB0X2YN512802	100	WATER-TECH SUPPORT	GOOD	P. Lujan	SILVER
78	4612	INTERNATIONAL	VACTOR	2007	1HTWCADR48J667839	50	WW-GRAVITY	NEW	V. Pangelinan	WHITE
79	4637	FORD	RANGER	2007	1FTYR10DX7PA28536	15.7	WATER-NORTHERN T&D	GOOD	A. Charguslaf	WHITE
80	4686	INTERNATIONAL	VACTOR	2007	1HTTWGADT18J667832	50	WW-GRAVITY	NEW	V. Pangelinan	WHITE
81	6096	INTERNATIONAL	SLUDGE TRUCK	2008	3HTWCAAR58N581952	50	WW-NORTHERN TREATMENT	NEW	D. Fletcher	WHITE
82	4742	FORD	RANGER	2007	1FTYR10D37PA46747	15.7	WATER-NORTHERN T&D	GOOD	A. Charguslaf	WHITE
83	4743	FORD	RANGER	2007	1FTYR10D97PA54058	15.7	WATER-NORTHERN T&D	GOOD	A. Charguslaf	WHITE
84	4744	FORD	RANGER	2007	1FTYR10D67PA46744	15.7	USD-METER SERVICES-R&D	GOOD	L. San Agustin	WHITE
85	4745	FORD	RANGER	2007	1FTYR10D67PA4673	15.7	USD-METER SERVICES-R&D	GOOD	L. San Agustin	WHITE
86	4746	FORD	RANGER	2007	1FTYR10DX7PA46745	15.7	USD-METER TASK FORCE	GOOD	G. Salayon	WHITE
87	4758	CHEVY	EXPRESS	2008	1GCHG30KX81107812	35	WW-GRAVITY	GOOD	V. Pangelinan	WHITE
88	4785	NISSAN	FRONTIER	1996	1N6DD21SWC316604	15.7	WW-SOUTHERN DIST.	POOR	V. Pangelinan	GOLD
89	4795	ZEIMAN/BOMAG	TRAILER - 1120	1989	ZP15647	N/A	WATER-TECH SUPPORT	FAIR	P. Lujan	BLACK
90	4802	SUZUKI	GVITARA	2008	JS3TE944X84102282	19.2	AGM-DATA	GOOD	Victor Torres	BLUE
91	4805	SUZUKI	GVITARA	2008	JSTE94494102774	19.2	USD-ADMIN	GOOD	L. San Agustin	BLUE
92	4806	FORD	E150 CARGO/VAN	2008	1FTNE14W18DA82353	25	WATER-PROD/ELECTRICAL	GOOD	M. Miller	WHITE

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GUAM WATERWORKS AUTHORITY
Government of Guam
578 North Marine Corps Drive
Tamuning, Guam 96913

EQUIPMENT MASTER LIST
Insurance coverage: April 12, 2016-April 12, 2017

NO.	LIC. #	MAKE	MODEL	YEAR	VIN.#	GALS	DIVISION/SECTION	COND.	LOCATION	COLOR
93	4807	FORD	E150 CARGO/VAN	2008	1FTNE14W38DA82354	25	WATER-DIST/ELECTRICAL	GOOD	A. Charguslaf	WHITE
94	4827	FORD	RANGER	2008	1FTYR10UX8PA97065	15.7	USD-METER SERVICES-R&D	GOOD	L. San Agustin	WHITE
95	4829	FORD	RANGER/UT	2008	1FTYR10U78PA97069	15.7	WATER-PRESSURE LINE	GOOD	F. Sanchez	WHITE
96	4842	NISSAN	FRONTIER	2004	1N6DD26T24C466871	15.7	ENGINEERING/P & I	FAIR	Tom Cruz	BLUE
97	4847	NISSAN	FRONTIER	2000	1N6DD21S4YC304165	15.7	WATER-SOUTHERN T&D	POOR	Dave Tuitu'u	SILVER
98	5069	FORD	F-350 CREW CAB	2008	1FDWX36Y88EE21378	30	WATER-DISINFECTION	GOOD	M. Miller	WHITE
99	5070	FORD	F-350 CREW CAB	2008	1FDWX36Y08EE21375	30	WATER-PRESSURE LINE	GOOD	F. Sanchez	WHITE
100	5071	FORD	RANGER/UT	2008	1FTYR10U38PA97067	15.7	USD-METER TASK FORCE	GOOD	K. Aquiningoc	WHITE
101	5072	FORD	RANGER/UT	2008	1FTYR10U78PA97072	15.7	USD-METER TASK FORCE	GOOD	K. Aquiningoc	WHITE
102	5074	FORD	RANGER/UT	2008	1FTYR10U38PA97070	15.7	USD-METER SERVICES-R&D	GOOD	L. San Agustin	WHITE
103	5075	FORD	RANGER/UT	2008	1FTYR10U38PA97070	15.7	USD-METER TASK FORCE	GOOD	K. Aquiningoc	WHITE
104	5076	FORD	RANGER/UT	2008	1FTYR10U58PA97068	15.7	WATER-PRESSURE LINE	GOOD	F. Sanchez	WHITE
105	5077	FORD	RANGER/UT	2008	1FTYR10U58PA91643	15.7	WATER-LRG. METER SERV.	GOOD	A. Charguslaf	WHITE
106	5680	FORD	E-450 BOX VAN	2008	1FCLE49S180B44493	35	WATER-DISINFECTION	GOOD	M. Miller	WHITE
107	5676	FORD	F-350	2008	1FDWX36Y48EE21377	30	WATER-PRESSURE LINE	GOOD	F. Sanchez	WHITE
108	5677	FORD	RANGER	2008	1FTYR10U18PA97066	15.7	WATER-PRESSURE LINE	GOOD	F. Sanchez	WHITE
109	5678	FORD	F-350	2008	1FDWX36Y98EE21374	30	WATER-LRG. METER SERV.	GOOD	A. Charguslaf	WHITE
110	N/A	BOB CAT	SKID STEER LDR	2003	519030317	25	WATER-TECH SUPPORT	FAIR	P. Lujan	RED/WHT
111	T-5	400 GALLON	WATER BUFFALO	N/A	ID #28-354	N/A	WATER-TECH SUPPORT	FAIR	P. Lujan	BLUE
112	T-6	400 GALLON	WATER BUFFALO	N/A	ID #8530	N/A	WATER-TECH SUPPORT	FAIR	P. Lujan	BLUE
113	MB0901	Allmand	Mini Backhoe-4WD	2009	0015T623508	12	WATER-TECH SUPPORT	NEW	P. Lujan	ORANGE
114	MB0902	Allmand	Mini Backhoe-2WD	2009	0008T53508	12	WW-GRAVITY	NEW	V. Pangelinan	ORANGE
115	MB0903	Allmand	Mini Backhoe-2WD	2009	0009T53508	12	WATER-PRESSURE LINE	NEW	F. Sanchez	ORANGE
116	MB0904	Allmand	Mini Backhoe-2WD	2009	0010T53508	12	WATER-TECH SUPPORT	NEW	P. Lujan	ORANGE
117	5244	Marksman-Trailer	RBET80X15-99WD/904	2009	1M9BE15269L516009	N/A	WATER-TECH SUPPORT	NEW	P. Lujan	RED
118	5245	Marksman-Trailer	RBET80X15-99WD/901	2009	1M9BE15229L516010	N/A	WATER-TECH SUPPORT	NEW	P. Lujan	RED
119	5246	Marksman-Trailer	RBET80X15-99WD/903	2009	1M9BE15249L516011	N/A	WATER-PRESSURE LINE	NEW	F. Sanchez	RED
120	5247	Marksman-Trailer	RBET80X15-99WD/902	2009	1M9BE15249L516008	N/A	WW-GRAVITY	NEW	D. Fletcher	RED
121	5028	FORD	RANGER	2007	1FTYR14D87PA42333	15.7	GWA-SAFETY & COMPLIANCE	GOOD	Paul Kemp	WHITE
122	5029	FORD	RANGER	2007	1FTYR14DX7PA42334	15.7	WW-GRAVITY	GOOD	V. Pangelinan	WHITE
123	5030	FORD	RANGER	2007	1FTYR14D37PA42336	15.7	WW-CENTRAL MAINT.	GOOD	V. Pangelinan	WHITE
124	5031	FORD	RANGER	2007	1FTYR14D17PA42335	15.7	WW-CENTRAL MAINT.	GOOD	V. Pangelinan	WHITE
125	5032	FORD	RANGER	2007	1FTYR14DX7PA44553	15.7	WW-CENTRAL DIST.	GOOD	V. Pangelinan	WHITE
126	5033	FORD	RANGER	2007	1FTYR14D37PA44555	15.7	WW-CENTRAL MAINT.	GOOD	V. Pangelinan	WHITE
127	5034	FORD	RANGER	2007	1FTYR14D17PA44554	15.7	WW-NORTHERN DIST.	GOOD	V. Pangelinan	WHITE
128	5035	FORD	RANGER	2007	1FTYR14D77PA44557	15.7	WW-SOUTHERN DIST.	GOOD	V. Pangelinan	WHITE
129	5025	FORD	RANGER	2007	1FTYR14D57PA44556	15.7	WW-CENTRAL MAINT.	GOOD	V. Pangelinan	WHITE
130	5036	FORD	RANGER	2007	1FTYR14D97PA44558	15.7	WW-CENTRAL MAINT.	GOOD	V. Pangelinan	WHITE
131	5037	FORD	RANGER	2008	1FTYR10D18PA43900	15.7	WW-AGAT TREATMENT	GOOD	V. Pangelinan	BLUE
132	5038	FORD	RANGER	2008	1FTYR10DX8PA81540	15.7	WW-CENTRAL MAINT.	GOOD	V. Pangelinan	SILVER
133	6072	FREIGHT LINER	DUMPSTER R/O M2106	2014	3ALHCYDJ9EDFZ8338	80	WW-HAGATNA TREATMENT	NEW	D. Fletcher	WHITE
134	5040	FORD	RANGER	2011	1FTKR1AD2BPA82488	15.7	GWA-SAFETY & COMPLIANCE	NEW	Paul Kemp	WHITE
135	5041	FORD	RANGER	2011	1FTKR1AD2BPA82491	15.7	ENGINEERING/P & I	NEW	Tom Cruz	WHITE
136	5042	FORD	ESCAPE	2011	1FMCU9C7XCKA60888	15.7	ENGINEERING/P & I	NEW	Tom Cruz	WHITE
137	5423	LARK	VT612SA / TRAILER	2011	5RTBE1212BD024543	N/A	WW-GRAVITY	NEW	V. Pangelinan	WHITE
138	6087	FORD	RANGER XCAB P/U 2WD	2011	1FTLR1EE7BPA84941	18	WATER-DISINFECTION	NEW	M. Miller	WHITE

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GUAM WATERWORKS AUTHORITY
Government of Guam
578 North Marine Corps Drive
Tamuning, Guam 96913

EQUIPMENT MASTER LIST

Insurance coverage: April 12, 2016-April 12, 2017

NO.	LIC. #	MAKE	MODEL	YEAR	VIN#	GALS	DIVISION/SECTION	COND.	LOCATION	COLOR
139	6103	FORD	ESCAPE, WAGON	2011	1FMCU9C70BKB62759	18	WATER-PRESSURE LINE	NEW	F. Sanchez	SILVER
140	6104	TOYOTA	TACOMA 4WD, DBL. CAB	2011	5TFLU4EN8BX018972	26	WATER-PRESSURE LINE	NEW	F. Sanchez	GREEN
141	6105	TOYOTA	TACOMA 4WD, DBL. CAB	2011	5TFLU4EN9BX018682	26	WATER-PRESSURE LINE	NEW	F. Sanchez	GREEN
142	6158	FORD	F-150 P/U 2WD	2011	1FTMF1CM4BKE05631	26	WATER-NORTHERN T&D	NEW	A. Charguslaf	SILVER
143	6159	FORD	F-150 P/U 2WD	2011	1FTMF1CM8BKE05639	26	WATER-SOUTHERN T&D	NEW	Dave Tuitu'u	WHITE
144	6160	FORD	F-150 P/U 2WD	2011	1FTMF1CM7BKE05638	26	WATER-TECH SUPPORT	NEW	P. Lujan	WHITE
145	6161	FORD	F-150 P/U 2WD	2011	1FTMF1CM3BKE05636	26	WATER-PRESSURE LINE	NEW	F. Sanchez	WHITE
146	6163	FORD	F-150 P/U 2WD	2011	1FTMF1CM2BKE05630	26	WATER-SOUTHERN T&D	NEW	Dave Tuitu'u	SILVER
147	6168	FORD	F-150 P/U 2WD	2011	1FTMF1CM6BKE05632	26	WATER-NORTHERN T&D	NEW	A. Charguslaf	SILVER
148	6169	FORD	F-150 P/U 2WD	2011	1FTMF1CMXBKE05634	26	WATER-NORTHERN T&D	NEW	A. Charguslaf	SILVER
149	6170	FORD	RANGER XCAB P/U 2WD	2011	1FTLR1EEXBPA83055	18	WATER-SOUTHERN T&D	NEW	Dave Tuitu'u	WHITE
150	6171	FORD	RANGER XCAB P/U 2WD	2011	1FTLR1EE6BPA83053	18	WATER-TECH SUPPORT	GOOD	P. Lujan	WHITE
151	6172	FORD	RANGER XCAB P/U 2WD	2011	1FTLR1EE8BPA83054	18	USD-COLLECTIONS	NEW	L. San Agustin	WHITE
152	6173	FORD	RANGER XCAB P/U 2WD	2011	1FTLR1EE1BPA83056	18	USD-METER SERVICES-R&D	NEW	L. San Agustin	WHITE
153	6174	FORD	RANGER XCAB P/U 2WD	2011	1FTLR1EE5BPA84940	18	WATER-DISINFECTION	NEW	M. Miller	WHITE
154	6179	FORD	RANGER XCAB P/U 2WD	2011	1FTLR1EE3BPA83057	18	WATER-DISINFECTION	NEW	M. Miller	WHITE
155	5421	FORD	ESCAPE XLS	2012	1FMCU0C74CKA80863	2.5L	WATER-PROD/ELECTRICAL	NEW	M. Miller	GRAY
156	5422	FORD	ESCAPE XLT	2012	1FMCU0D71CKA80883	2.5L	WATER-NORTHERN T&D	NEW	A. Charguslaf	GRAY
157	5424	FORD	ESCAPE XLT	2012	1FMCU0D76CKA80880	2.5L	GM'S OFFICE-ADMIN.	NEW	Ann Borja	WHITE
158	5425	FORD	ESCAPE XLS	2012	1FMCU9C75CKA80889	2.5L	USD-METER READERS	NEW	G. Salayon	SILVER
159	5426	FORD	ESCAPE XLS 4X4, AWD	2012	1FMCU9C73CKA80888	2.5L	USD-METER READERS	NEW	G. Salayon	SILVER
160	5427	FORD	ESCAPE XLS FWD	2012	1FMCU0C76CKA80876	2.5L	USD-METER READERS	NEW	G. Salayon	RED
161	5428	FORD	ESCAPE XLS FWD	2012	1FMCU0C72CKA80878	2.5L	USD-METER READERS	NEW	G. Salayon	BLUE
162	5429	FORD	ESCAPE XLS FWD	2012	1FMCU0C79CKA80874	2.5L	USD-METER READERS	NEW	G. Salayon	GREEN
163	5430	FORD	ESCAPE XLS FWD	2012	1FMCUOC70CKA80875	2.5L	USD-METER READERS	NEW	G. Salayon	BLUE
164	5431	FORD	ESCAPE XLS FWD	2012	1FMCU0C75CKA80869	2.5L	USD-METER RPU	NEW	L. San Agustin	GOLD
165	6030	CHEVROLET	VAN CG33705	2012	1GCZGUBG4C1152625	33	WW-GRAVITY	NEW	V. Pangelinan	WHITE
166	6162	FORD	E150 CARGO VAN	2012	1FTNE1EW0CDA07473	33	WATER-PROD/ELECTRICAL	NEW	M. Miller	WHITE
167	6164	FORD	E150 CARGO VAN	2012	1FTNE1EW7CDA07471	33	WATER-PRESSURE LINE	NEW	F. Sanchez	WHITE
168	6165	FORD	ESCAPE XLT, AWD	2012	1FMCU9C74CKC57848	18	WATER-TECH SUPPORT	NEW	P. Lujan	WHITE
169	6113	OVERBILT	TILT TAG/TRAILER-Pintle	2013	1Z9KD3129CO058445	N/A	WATER-TECH SUPPORT	NEW	P. Lujan	BLACK
170	6114	OVERBILT	TILT TAG/TRAILER-Fixed	2013	1Z91D3523CO058446	N/A	WATER-TECH SUPPORT	NEW	F. Lujan	BLACK
171	MC1301	GROVE	Crane, 30T RT530E-2	2013	232329	80	WATER-DEEP WELL	NEW	M. Miller	YELLOW
172	6112	KENWORTH	DUMP TRUCK	2014	1NKDLOEX0ER385558	80	WATER-TECH SUPPORT	NEW	P. Lujan	WHITE
173	42	KENWORTH	DUMPSTER TRUCK	2001	2NK0HZ8X10M882398	50	WW-HAGATNA TREATMENT	GOOD	D. Fletcher	WHITE
174	6166	FORD	E150 CARGO VAN	2012	1FTNE1EW2CDA07474	33	WATER-TECH SUPPORT	NEW	P. Lujan	WHITE
175	6177	FORD	F-150 XCAB P/U 4WD	2012	1FTEX1EM0CKD41104	26	WATER-SOUTHERN T&D	NEW	A. Charguslaf	WHITE
176	6023	FREIGHT LINER	JETTER M2106V	2013	1FVHC3DJ1DHFB6022	80	WW-GRAVITY	NEW	V. Pangelinan	WHITE
177	95	Black Dot	Trailer MODEL#WS58SALD	2009	4P2FB0814RY098898		WW-NORTHERN TREATMENT	GOOD	D. Fletcher	YELLOW
178	6024	FREIGHT LINER	DUMPSTER R/O M2106	2013	3ALHCYDJXDDFD5509	80	WW-NORTHERN TREATMENT	NEW	Dave Fletcher	WHITE
179	6093	JOHN DEERE	410, BACKHOE, 4WD	N/A	1T0410KXKCD234952	30	WATER-TECH SUPPORT	NEW	P. Lujan	YELLOW
180	6094	JOHN DEERE	410, BACKHOE, 4WD	N/A	1T0410KXLCD234957	30	WATER-TECH SUPPORT	NEW	P. Lujan	YELLOW
181	N/R	YALE	FORKLIFT 2.5T	2003	YALE GPT25RH	12	SUPPLY/AGUM	GOOD	V. Guerrero	YELLOW
182	N/R	TOYOTA	FORKLIFT	1995	8FGU32-62009/2517584		PROC. & SUPPLY	Operational	Albert Perez	ORANGE
183	N/R	HYUNDAI	FORKLIFT 2.5T	2003	HHKHHF23CE0000259		WW-HAGATNA TREATMENT	Operational	D. Fletcher	YELLOW
184	ORV010	CASE	TRENCHER	2002	JAF0353150	30	WATER-TECH SUPPORT	FAIR	P. Lujan	YELLOW

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DIRECTORS & OFFICERS INSURANCE APPLICATION

NAMED INSURED:

Guam Waterworks Authority
578 North Marine Corps Drive
Tamuning, Guam 96913

MAILING ADDRESS:

PO Box 3010 Hagatna,
Guam 96932

CONTACT:

Greg P. Cruz 671/300-6860
Gilda Mafnas 671/300-6862

NATURE OF BUSINESS:

Public Water & Wastewater System

COVERAGE REQUESTED

	Amount
Directors & Officers Liability and Corporate Reimbursement Insurance including Employment Practices Liability	
any one claim and in the annual aggregate	$1,000,000
Retention	
as repects Directors & Officers - each claim	NIL
as respects the Company	$20,000

POLICY PERIOD REQUESTED

From 12:01 A.M. April 12, 2017 to 12:01 A.M. April 12, 2022 both at Local Standard Time

CONTINUITY DATES:

ALTERNATE QUOTE REQUESTED:

1) 3 year term: April 12, 2017 to April 12, 2020

REFER TO INSURANCE SPECS FOR REQUIRED CONDITIONS AND CLAUSES.

PROPOSAL FORM FOR DIRECTORS & OFFICERS LIABILITY AND COMPANY REIMBURSEMENT INSURANCE

Proposer Details:

1. Name of Proposer:
   Guam Waterworks Authority
2. Address of Head Office:
   Gloria B. Nelson Building, 688 Route 15, Mangilao, Guam 96913
3. Country of Registration:
   United States , Territory of Guam
4. Date of incorporation/formation:
   October 15, 1971 (became a Guam corporation on March 12, 2002)
5. Contact Email Address:
   gpcruz@guamwaterworks.org
6. (a) How long has the Proposer continually carried on business?
   40 yrs. plus
   (b) State the principal business activities of the Proposer and its subsidiaries?
   Providing public water and sewer services to customers on the Island of Guam
7. Limit(s) of Liability being requested:
   $1,000,000 - Alternate quotes for limits of $2,000,000, $4,000,000 and $10,000,000
8. (a) Give a complete list of all subsidiary companies including country of registration and percentage owned by Proposer. Please use attachment.
   (b) Does the Proposer have any subsidiary(ies) incorporated/formed in the United States of America? no
   (c) Is the Proposer requesting Directors and Officers insurance for each subsidiary listed in (a) above? n/a

If "no" to question 8(c) please list those subsidiaries for which insurance is not being requested.

Hereinafter the Proposer and its subsidiaries shall be known as the "Company."

9. (a) Please provide total (consolidated) annual gross assets of the Company from the most recent year-end report:
   (b) Please provide total (consolidated) annual revenues/turnover of the Company from the most recent year-end report:
   (c) Please provide the total (consolidated) net worth of the Company for the past two years:
   (d) Please provide the total (consolidated) net income of the Company for the past two years:

10. During the last five years has:

(a) the name of the Proposer changed? no

(b) any acquisition or merger taken place of the Proposer or any subsidiary occurred? no

(c) any subsidiary been sold or ceased trading? no

(d) the Company undergone a management buyout, leveraged buyout or other change in capital structure of the Parent Company changed? no

If "yes" to any of the above please give details.

11. Does the Company or any director or officer have Directors & Officers Liability Insurance currently in force? yes

If "yes" please state:

(a) Insurer: Dongbu

(b) Indemnity Limit: $2,000,000 Aggregate

(c) Expiry Date: April 17, 2017

(d) Premium:

(e) Retention(s): $20,000 as repects Company reimbursement

12. Has the Company ever had any Insurer decline a proposal or cancel or refuse to renew a Directors & Officers Liability Insurance? no

If "yes" please give details.

13. Is the Proposer:

(a) Privately Held? no

(b) Publicly Traded (equity or debt)? no

14. If "yes" to question 13(b) then please specify the following for the Proposer:

Each country listed	Each securities exchange/market per country	Type of listing (direct, ADR and level, OTC)	Percentage of all securities traded	Type of security

(a) Is the Proposer publicly listed on an Unlisted Securities Market? no

(b) Traded in any other way? no

Please specify:

15. Are any subsidiaries publicly traded (equity or debt)? n/a

16. If "yes" to question 15 then please specify the following for each such subsidiary:

Name of subsidiary	Country of formation or incorporation	Each country listed	Each securities exchange/ market per country	Type of listing (direct, ADR and level, OTC)	Percentage of all securities traded and type of security

17. Please list for the Company:

(a) Total number of shareholders: n/a

(b) Total number of shares issued: n/a

(c) Total number of shares (percentage) held by each director and officer of the Company (both direct and beneficial): 0

(d) Total number of shares (percentage) held by institutional investors: 0 %

(c) All security holders, holding a 5% or more ownership interest in the Proposer, or any subsidiary that is publicly traded, giving the holder's name and the percentage held:

Holder	Entity	Percentage of Ownership
Government of Guam		100%

18. (a) Is the Proposer or any subsidiary considering any acquisition, tender offer, merger, buy-out or other change in equity structure? no

(b) Is the Proposer or any subsidiary aware of whether any other company or entity is considering an acquisition, tender offer, merger, buy-out or other change in equity structure of which the Proposer or any subsidiary would be a target?

no

(c) Is the Proposer or any of its subsidiaries intending either a new public offering of securities (equity or debt), or a change in the listing status of its existing securities, within the next year? no

If "yes" to any of the above, please provide specific details.

19. (a) Have any Directors and / or Executive Officers of the Proposer or of any publicly traded subsidiary of the Proposer resigned or been replaced in the past 12 months? No

If "Yes," who, title and why?

See attached

(b) Is the Company considering a replacement or addition of any Directors and Officers of the Proposer or of any publicly traded subsidiary of the Proposer? Yes

If "Yes," who, title and why?

Martin L. Roush, General Manager
Mr. Roush, was GWA's Chief Engineer for two years and three months, before he applied and was selected by our CCU board, to be General Manager

20 (a) Who is the company's external auditing firm? Deloitte & Touche LLP

(b) Has the Company changed its external auditing firm in the past three years? No

If "yes," why and when?

21. Does the Company have any plans to remove or replace its external auditor in the next 12 months? No

If "Yes," why and to whom?

22. (a) Have all revenue recognition practices of the Company been approved by your existing external auditor, without qualification?

If "no," please provide specific details.

It would be a violation of Government Auditing Standards for GWA's auditors to approve our revenue recognition practices; these are approved by GWA. GWA's external auditors have never questioned the appropriateness of GWA's practices.

(b) Have the Company's external auditors recommended changes to the revenue recognition or other significant accounting practices in the past 12 months? NO

(c) Has the Company changed or considered changes to the revenue recognition or other significant accounting practices in the past 12 months? NO

(d) Is the Company considering changes to the revenue recognition or other significant accounting practices? NO

If "yes," to (b), (c) or (d) please provide specific details.

23. Does the Company or any of directors and/or officers thereof have any interests in any partnerships or Special Purpose Vehicles or Entities? NO

If "yes," please provide details.

24. Has the Company ever restated its financial results? YES

If "yes," please provide details.

Restated in 2012 relative to amortization of debt (bond) issuance costs

25. Does the Company anticipate having to take a significant one-time charge to earnings, or restate earnings, within the next 12 months? NO

If "yes," please provide details.

If "yes" to question 25, it is agreed that the proposed policy shall not provide any coverage for loss in connection with any claim, investigation, proceeding or action alleging or arising from such event, unless an endorsement is added to the proposed policy specifically extending coverage to such arising.

26. Does the Company have specific written corporate policies with respect to directors', officers' and employees' ability to purchase or sell the Company's stock, including the ability to exercise stock options? N/A

Cover for the United States of America

Please complete questions 27-34 if the Proposer is requesting any coverage for claims brought in the United States of America or claims made elsewhere arising out of the Company's operations in the United States of America.

27. (a) Please provide the total gross assets of the Company in the United States of America: $1,072,913,636 (FYE 09/2016)

(b) Please provide the total revenues of the Company derived from its activities in the United States of America: $106,415,000 (FYE 09/2016)

(c) Total number of employees in the United States of America and three US states with the largest number of such employees: 333

28. Does the Company have any ownership interest of 50% or less in any entity located or incorporated in the United States of America? NO

If "yes":

(a) Please provide in an attachment the name of the entity, type of industry, whether public or private, and if publicly traded, type of securities (equity or debt) and the name of exchange or market on which such securities are traded:

(b) Does the Company have any representation on the Board of Directors, or as an Executive Officer, on any entity listed in question 27(a) above? NO

If "yes" to 28(b), please provide name of entity, name of individual and position.

29. Does the Company treat stock options as an expenses in its financial statements? N/A

30. Does the Proposer or any of its subsidiaries have any stock, shares or debentures issued in North America? N/A
If "yes":

(i) Are such stocks, shares or debentures publicly traded? N/A

If "Yes," then list:

Name of entity	Type of security (equity or bond)	Each securities exchange /market per country	Type of listing (direct, ADR and level, OTC)	Percentage traded as a total of all issued share capital

31. Does the Company have an internal Audit Committee pursuant to U.S. statutes, rules or regulations? YES

If "no," why?

If "yes,"

(a) Does the Audit Committee meet more than four times a year? Yes

(b) Has any member of the audit committee resigned or been replaced within the past two years? YES

If "yes" to question 31(b), who and why?

Pedro Guerrero, CCU term expired

32. Is the company required to follow U.S. Generally Accepted Accounting Principles (GAAP)? YES

If "Yes," are the company's financial statements generally in accordance with US GAAP? YES

33. Is the Company or any director or officer of the Company presently, or has the company or any director or officer of the Company been in the past 5 years, the subject of a U.S. Securities and Exchange Commission (SEC) enforcement action or a U.S. Internal Revenue Service (IRS) enforcement action? NO

If "yes," please provide details.

34. Is the SEC or IRS investigating or requesting information from the Company of any of the Company's directors, officers or employees? NO

If "yes," please provide details.

The following questions are to be completed by all applicants.

Claims Information

35. Has there been or is there now pending any claim(s) or actions against or investigation(s) of: (i) the Company thereof; and/or (ii) any person proposed for insurance in his or her capacity as a director or officers of any Company? NO

If "yes," please provide details.

36. The directors or officers of the company, the General Counsel (or equivalent person) of the company and the risk manager of the company have no knowledge or information of any act, error or omission which could reasonably give rise to a claim, investigation or action under the proposed policy, except as follows: (Attach complete details? NONE

If the directors or officers, the General Counsel (or equivalent position) or the risk manager of the company have no such knowledge or information state "None":

It is agreed that with respect to Questions 35 and 36 above, that if such claim, proceeding, action, knowledge, information or involvement exists, then such claim, proceeding or action and any claim or action arising from such claim, proceeding, action, knowledge, information or involvement is excluded from the proposed coverage.

Documentation

37. Provide copies of the following for the Company.

(a) Latest annual report.

(b) Latest audited financials

(c) Latest interim financials available

(d) Copy (certified by organization's Secretary) of the indemnification provisions of the charter and the by-laws. Also attach a copy of organization's indemnification agreement.

(e) Latest CPA management letter along with Proposer's responses to any recommendations made therein.

If the Company has any securities (equity or debt) listed or traded in the United States of America, then:

(f) Latest 10K report filed with the Securities and Exchange Commission (SEC) (or similar state or foreign agency).

(g) All registration statements filed with the SEC (or similar state or foreign agency) within the last twelve months.

(h) Copies of financial statements certified by the CEO and CFO. All proxy statements and notices of annual meeting of stockholders within the last 12 months

It is agreed that the Proposer will file with the Insurer, as soon as it becomes available, a copy of each registration statement and annual or interim report which the Proposer or any subsidiary may from time to time file with any local or foreign governmental, regulatory body or agency that regulates securities (including but not limited to the US Securities and Exchange Commission).

SIGNING THIS PROPOSAL DOES NOT BIND THE PROPOSER TO COMPLETE THIS INSURANCE.

ATTACHMENT

Question No.	Comment
11	The Guam Waterworks Authority (GWA) is a semi-autonomous agency of the Government of Guam. GWA is managed by a five member elected commission that oversees the operations of both GWA and the Guam Power Authority. The coverage requested herein shall apply solely to the activities of the named Directors and Officers as respects their activities for the Guam Waterworks Authority.

Declaration

I declare on behalf of all insureds, after inquiry, that the statements and particulars in this supplemental proposal are true and no material facts have been misstated or suppressed. I agree that this proposal form, any attachment, any information submitted therewith and any and all other information supplied or requested, shall form the basis of any Contract of Insurance effected thereon. I further undertake to inform Insurers of any material alteration to any information, statements, representations or facts presented in this proposal form occurring after the date this proposal form is signed and before the inception date of the proposed policy.

A material fact is one which would influence the acceptance or assessment of the risk.

All written statements and materials furnished to the insurer in conjunction with this application are hereby incorporated by reference into this application and made a part hereof.

Signing this proposal does not bind the Guam Waterworks Authority

Signed _____

Title General Manager, P.E.

CEO or Chairman of the Board of Directors

(authorised signatory of the insured)

Company Guam Waterworks Authority

Date 02/06/2017

DIRECTORS & OFFICERS INSURANCE APPLICATION

NAMED INSURED:

Guam Waterworks Authority

LIST OF PERSONS TO BE INSURED AT INCEPTION OF THE POLICY

NAME	POSITION
Miguel C. Bordallo	General Manager, P.E.
Greg P. Cruz	Chief Financial Officer (GWA)
Gilda Mafnas	Assistant Chief Financial Officer (GWA)
Joseph (Joey) T. Duenas	Chairman,Consolidated Commission on Utilities
J. George Bamba	Secretary, CCU
Simon Sanchez	CCU Vice Chairman, Water
Francis Santos	CCU Vice Chairman, Power
Kelly Clark	GWA/CCU Legal Counsel
Paul Kemp	Assistant GM Compliance
Judith Gutherz	Treasurer, CCU

CRIME INSURANCE APPLICATION

NAMED INSURED:

Guam Waterworks Authority

MAILING ADDRESS:

PO Box 3010 Hagatna
Guam 96932

CONTACT:

Greg P. Cruz, Chief Financial Officer
671/300-6860

NATURE OF BUSINESS:

Water and Sewer Services

SALES OR REVENUE	TOTAL # OF EMPLOYEES	CLASS I EMPLOYEES	ALL OTHERS
$10,000,000	333		333

COVERAGE REQUESTED

		Limit	Deductible
	Aggregate	$1,000,000	
1.	Employee Dishonesty	$ 20,000	$1,000
2.	Loss Inside Premises	$ 10,000	$1,000
3.	Loss Outside Premises	$ 10,000	$1,000
4.	Money Orders and Counterfeit Currency	$ 10,000	$1,000
5.	Depositors Forgery	$ 10,000	$1,000
6.	Check Forgery	$ 10,000	$1,000
7.	Third Party Computer and Funds Transfer Fraud	$ 10,000	$1,000
8.	Costs	$ 10,000	$1,000

POLICY PERIOD REQUESTED

From 12:01 A.M. April 12, 2017 to 12:01 A.M April 12, 2022 both at Local Standard Time

RETROACTIVE DATE:

ALTERNATE QUOTE REQUESTED:

1) 3 year term: April 12, 2017 to March 1, 2020

REFER TO INSURANCE SPECS FOR REQUIRED CONDITIONS AND CLAUSES.

GENERAL INFORMATION

LOCATION OF PREMISES:

Gloria B. Nelson Building, 688 Route 15, Mangilao, Guam 96913

PROXIMITY TO NEAREST POLICE STATION:

30 minutes from location

DESCRIPTION OF MERCHANDISE:

cash, along with tangible and non-tangible merchandise

SECURITY MEASURES

EXTERNAL DOORS:

Light Wood	☐Yes ☑No
Glass Panels (reinforced)	☑Yes ☐No
Heavy Wood, metal	☑Yes ☐No
Cylinder deadlock	☑Yes ☐No
Grills	☑Yes ☐No
Shutters	☑Yes ☐No

WINDOWS:

Glass Panes (reinforced)	☑Yes ☐No
Grills	☑Yes ☐No
Shutters	☑Yes ☐No

BURGLAR ALARM:

Motion Detectors	☑Yes ☐No
Closed circuit	☑Yes ☐No
Connected to central station	☑Yes ☐No
Policy connection	☐Yes ☑No

SECURITY GUARD SERVICE:

Name of Security Agency	G4S Security Services (Guam), Inc.
Number of Guards	1
Service Hours	17:00 - 24:00 00:01 - 07:00 hours
24/7	☐Yes ☑No
After Business Hours	☑Yes ☐No

CLOSED CIRCUIT TV MONITORS:

Recorded	☑Yes ☐No
Inside Premises	☑Yes ☐No
Outside Premises	☑Yes ☐No

SAFE/ VAULTS:

Brand/Make (including number, style or letter)	
Manufacturer	unknown
Type/Description	
Metal filing cabinet with safe	☐Yes ☐No
Safe, with 1" steel door & walls	☐Yes ☐No
Safe, with 1½" steel door & walls	☐Yes ☐No
Vault, with 1½" steel door and 12" reinforced concrete walls	☑Yes ☐No
Other:	
Number of Cashiers/ Custodians, while premises is open for business	7

BANK DEPOSITS:

Frequency	Daily
Number of Messengers used	2
Number of Accompanying Guards	0
Armed guards	☑Yes ☐No
Means of Transportation	Armored vehicle
Number of Alternative Routes taken at random	
Armored car service	☑Yes ☐No

CASH COLLECTION:

Number of Authorized Collectors	1
Means of Transportation	Privately Owned Vehicle
Overnight custody allowed (Yes/No)	☐Yes ☑No

EMPLOYEES:

Background checks	☑Yes ☐No
Bonded	☐Yes ☑No
Required Annual Leaves (minimum 5 consecutive days)	☑Yes ☐No

ACCOUNTING PROCEDURES:

GAAP	☑Yes ☐No

Accounting software (Name)	JD Edwards
External audits Frequency:	☑Yes ☐No Yearly
Internal audits Frequency	☑Yes ☐No Random
Cash Count Frequency	☑Yes ☐No Daily
Merchandise/ Office Equipment physical inventory Frequency	☑Yes ☐No Yearly
Incoming checks - stamped for deposit only immediately upon receipt	☑Yes ☐No
Number of check signatories required	Over $10,000.00 (2) required
Regular bank reconciliations	☑Yes ☐No
Purchase orders and stock inventory reconciliations	☑Yes ☐No

CLAIMS HISTORY

None

PRESENT INSURER

Do you currently have Crime Insurance?	☑Yes ☐No
Name of present insurer?	Dongbu
What is the current limit?	$1million aggregate
Has cover continually been in force since inception?	☑Yes ☐No
Has any insurer ever declined, cancelled, refused to renew, or reduced the limits of insurance during the last five years?	☐Yes ☑ No

DECLARATION

I hereby declare that I am authorized to complete this proposal on behalf of the Named Insured and that, to the best of my knowledge and belief, the statements and particulars in this proposal are true and complete and no material facts have been mis-stated or suppressed. I undertake to inform Underwriters of any material alteration or addition to these statements or particulars which occurs before any contract of insurance based on this proposal is effected and acknowledge that this proposal (together with any other information supplied to Underwriters shall be the basis of such contract.

Signed _____ Name Miguel C. Bordallo, P.E.

Title General Manager, P.E. Date 02/06/2017

NON-COLLUSION AFFIDAVIT

Guam)
)ss:
Tamuning)

I, _____ first being duly sworn, depose and say:
(Name of Declarant)

1. That I am the _____ of _____.
(Title) (Name of Company or Person Bidding/RFP

2. That in making the foregoing proposal or bid, that such proposal or bid is genuine and not collusive or sham, that said bidder/offeror has not colluded, conspired, connived or agreed, directly or indirectly, with any bidder or person, to put in a sham or to refrain from bidding or submitting a proposal and has not in any manner, directly or indirectly, sought by agreement or collusion, or communication or conference, with any person, to fix the bid price of affiant or any other bidder, or to secure any overhead, project or cost element of said bid price, or of that of any bidder, or to secure any advantage against the GUAM WATERWORKS AUTHORITY or any person interested in the proposed contract; and

3. That all statements in said proposal or bid are true.

4. This affidavit is made in compliance with 2 G.A.R. § 3126(b).

So sayeth _____
(Declarant)

Signed on this ____ day of ____201__, before me a Notary Public in and for Guam, personally appeared _____, known to me to be the authorized representative of _____, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed on behalf of _____, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the date last above written.

) Seal (

Notary Public

CERTIFICATION OF NON-EMPLOYMENT OF CONVICTED SEXUAL OFFENDERS

Pursuant to Guam Public Law 28-24, as amended by Guam Public Law 28-98, if a contract for services is awarded to the bidder or offeror, then the service provider must warrant that no person in its employment who has been convicted of a sex offense under the provisions of Chapter 25 of Title 9 of the Guam Code Annotated or of an offense defined in Article 2 of Chapter 28 of Title 9 of the Guam Code Annotated, or who has been convicted in any other jurisdiction of an offense with the same elements as heretofore defined, or who is listed on the Sex Offender Registry, shall provide services on behalf of the service provider while on government of Guam property, with the exception of public highways. If any employee of a service provider is providing services on government property and is convicted subsequent to an award of a contract, then the service provider warrants that it will notify the Government of the conviction within twenty-four hours of the conviction, and will immediately remove such convicted person from providing services on government property. If the service provider is found to be in violation of any of the provisions of this paragraph, then the Government will give notice to the service provider to take corrective action. The service provider shall take corrective action within twenty-four hours of notice from the Government, and the service provider shall notify the Government when action has been taken. If the service provider fails to take corrective steps within twenty-four hours of notice from the Government, then the Government in its sole discretion may suspend temporarily any contract for services until corrective action has been taken.

I, _____ being a duly authorized representative acknowledge the
(print name)

directive as describe above and ensure the Bid Proposal as submitted addresses the directive.

_____
(Company Name)

_____
(Title)

_____ _____
(Signature) (Date)

MAJOR SHAREHOLDER DISCLOSURE AFFIDAVIT

TERRITORY OF GUAM }
}
HAGATNA, GUAM }

I, the undersigned _____, being first duly sworn, depose and says:

1. That the persons who have held more than ten percent (10%) of the company's share during the past twelve months preceding the submission of the bid are as follows (**if none, so state**):

NAME	ADDRESS	PERCENTAGE OF SHARES HOLD

TOTAL NUMBER OF SHARES _____

2. Persons who have received or are entitled to receive a commission, gratuity or other compensation for procuring or assisting in obtaining business related to the bid for which this affidavit is submitted are as follows:

NAME	ADDRESS	AMOUNT OF COMMISSIONS, GRATUITY OR OTHER COMPENSATION

Further, affiant sayeth naught.

Date: _____ _____
Signature of individual if bidder is a sole proprietorship; partner, if the bidders is a partnership; officer, if the bidder is a corporation (or other authorized person).

Subscribed and sworn to before me this ____day of _____, 201__.

Notary Public
In and for the Territory of Guam

My commission expires

BID AND PERFORMANCE BOND FOR GOODS AND SERVICES AS REQUIRED UNDER 5 G.C.A. § 5212

KNOW ALL MEN BY THESE PRESENTS, that

_____
(Name of Contractor)
as Principal, herein after called the Principal and

_____
(Name of Surety)
as duly admitted insurer under the laws of the Territory of Guam, as Surety, hereafter called the Surety, are held and firmly bound unto the Guam Waterworks Authority for the sum of_____
Dollars ($_____), for payment of which sum will and truly to be made, the said Principal and the said Surety bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally firmly by these presents:

WHEREAS, the Principal has submitted a bid for and is anticipated to enter into a contract in the amount specified below, _____
_____

NOW, THEREFORE, if the Guam Waterworks Authority shall accept the bid and the Principal shall not withdraw said bid within sixty (60) calendar days after the opening of bids, and shall within twenty one (21) calendar days after the prescribed forms are presented to him for signature, enter into a Contract with the Guam Waterworks Authority in accordance with the terms of such bid. This bond shall also be held by the Guam Waterworks Authority to secure the faithful performance of such Contract and for the prompt payment of labor, goods, services and materials furnished in the prosecution thereof. In the event of the failure of the Principal to enter into such Contract, or if the Principals (Contractor) fails to perform in accordance with the requirements set out under the Bid or any other written instrument requirement performance thereunder, the Surety, on behalf of the Principals shall pay to the Guam Waterworks Authority the differences not to exceed the penalty hereof between the amounts specified in said bid and such larger amount for which the Guam Waterworks Authority may in good faith contract with another party to perform work covered by said bid or an appropriate

liquidated amount as specified in the Invitation for Bids then this obligation shall be null and void, otherwise to remain in full force and effect.

NOW, THEREFORE, THE CONDITIONS OF THIS OBLIGATION is such that, if the contractor shall promptly and faithfully perform said Contract, and shall promptly make payment to all claimants as hereinafter defined for all labor and material used or reasonably required for use in the performance of the Contract, then this obligation shall be void; otherwise it shall remain in full force and effect, subject, however, to the following conditions:

A. The Surety hereby waives notice of any alteration or extension of the time made by the Authority provided the same is within the scope of the Contract or any modification thereto.

B. Whenever the contractor shall be and is declared in default by the Authority to be in default under the Contract, the Authority having performed its obligations hereunder, the Surety may promptly remedy the default or shall promptly:

1. Complete the Contract in accordance with its terms and conditions; or

2. Obtain a bid or bids for completing the Contract in accordance with its terms and conditions, and upon determination by the Authority and the Surety of the lowest responsible bidder, arrange for a Contract between such bidder and the Authority, and make available as work progresses (even though there should be a default or a succession of defaults under the Contract or Contracts or completion arranged under this paragraph) sufficient funds to pay the cost of completion, less than balance of the Contract price, but not exceeding, including other costs and damages for which the Surety may be liable hereunder, the amount set forth in the first paragraph hereof. The term "balance of the Contract Price," as used in this paragraph shall mean the total amount payable by the Authority to Contractor under the Contract and any amendments thereto, less the amount properly paid by the Authority to Contractor. No right of action shall accrue on this bond to or for use of any person or corporation other than the Authority or successors of the Authority.

C. A claimant is defined as one having a direct contract with the Contractor or with a subcontractor of the Contractor for labor, material, or both, used or reasonably required for use in the performance of the Contract, labor and material

being construed to include that part of water, gas, power, light, heat, oil, gasoline, telephone service or rental of equipment directly applicable to the Contract.

D. The above named Contractor and Surety hereby jointly and severally agree with the Authority that every claimant as herein defined, who has not been paid in full before the expiration of a period of ninety (90) days after the date of which the last of such claimant's work or labor was done or performed, or materials were furnished by such claimant, may sue on this bond for use of such claimant, prosecute the suit to final judgment to final judgment for such sum or sums as may be justly due the claimant, and have execution thereon. The Authority shall not be liable for the payment of any costs or expenses of any such suit.

E. No suit or action shall be commenced hereunder by any claimant:

1. Unless claimant, other than one having a direct contract with the contractor, shall have given written notice to any two (2) of the following entities named below:

(a) the Contractor; (b) the Guam Waterworks Authority, or (c) the Surety above named, within ninety (90) days after such claimant did or performed the last of the work or labor, or furnished the last of the materials for which said claim is made, stating with substantial accuracy the amount claimed and the name of the party to whom the materials were furnished, or for whom the work or labor was done or performed. Such notice shall be personally served by mailing the same by registered mail or certified mail, postage prepaid, in an envelope addressed to the Contractor at any place the principal maintains an office or conducts its business.

2. After the expiration of one (1) year following the date on which the last of the labor was performed or material was supplied by the party bringing suit.

3. Other than in a court of competent jurisdiction in and for the Territory of Guam.

F. The amount of the bond shall be reduced by and to the extent of any payment or payments made in good faith hereunder.

SIGNED AND SEALED THIS _____ day of _____, 20___, A.D.

IN THE PRESENCE OF:
(Note: If the Principals are Partners, each must execute the Bond)

_____	_____
(WITNESS)	(CONTRACTOR) (SEAL)
_____	_____
(TITLE)	(TITLE)
_____	_____
(MAJOR OFFICER OF SURETY)	(MAJOR OFFICER OF SURETY)
_____	_____
(TITLE)	(TITLE)

_____
(RESIDENT GENERAL AGENT)

FEB 17 2017

GUAM WATERWORKS AUTHORITY
"Better Water. Better Lives."
Gloria B. Nelson Public Service Building | 688 Route 15, Mangilao, Guam 96913
P.O. Box 3010, Hagåtña, Guam 96932
Tel. No. (671) 300-6026/27 Fax No. (671) 649-3750

RESPONSE TO QUESTIONS AND BID AMENDMENT# 1

The Guam Waterworks Authority ("GWA") received the following questions from a potential bidder on February 6, 2017 relative to **GWA IFB No. 2017-12.** GWA's Answers ("A's") to the Questions ("Q's") as set forth below the perspective question. To the extent that GWA's answers amend the Bid, please deem as such.

Inquiry:

The current Insurer on the Authority's Property Insurance would like to request for an inspection of the GWA Properties in order to provide an updated inspection report to the reinsuring underwriters.

GWA Response:

Site inspection date is schedule for **February 20, 2017**, interested firms shall meet at the Gloria B. Nelson Public Services Building, in 688 Route 15 Mangilao first floor procurement office at **9:00 am**.

Vince Guerrero
Supply Management Adm.

GUAM WATERWORKS AUTHORITY
"Better Water. Better Lives."
Gloria B. Nelson Public Service Building | 688 Route 15, Mangilao, Guam 96913
P.O. Box 3010, Hagåtña, Guam 96932
Tel. No. (671) 300-6027/28 Fax No. (671) 649-3750

RESPONSE TO QUESTIONS AND BID AMENDMENT# 2

The Guam Waterworks Authority ("GWA") received the following questions from a potential bidder on February 15, 16, 2017 relative to **GWA IFB No. 2017-12.** GWA's Answers ("A's") to the Questions ("Q's") as set forth below the perspective question. To the extent that GWA's answers amend the Bid, please deem as such.

Q#1: Regarding Property Insurance:

- Building and Contents
  - Value is $4,200,000, split between 3 buildings. Please provide a description and breakdown of the value per building/contents.

A#1:

No.	Description	Area	Story	Construction	Building
1	Admin Bldg.	15,000	2	Concrete	$2,500,000
2	Laboratory	2,550	1	Concrete	$550,000
3	Meter Test Facility	4,800	2	Concrete walls with steel roof	$1,150,000

Q#2: Water Storage Tanks

- Value is $62,745,000 for 19 tanks. Please provide a schedule of the tanks including the value per tank.

A#2: Answer: Attachment A is available at GWA website at guamwaterworks.org

Listed on "Property Schedule" first item "Water Storage Tanks Reads: 19 is hereby changed to 31 Water Storage Tanks.

- Are all tanks fully repaired, and what is the construction of each?

  A#2: Answer: Not all tanks are fully repaired. Refer to Attachment A for additional information

- If steel construction, are they braced and warranted full in the event of an approaching typhoon?

  A#2: Answer: A few tanks have bracing, such as anchor bolts and support plates but any warranty of a steel tank would have been only one year after construction. Tanks beyond this period would be considered un-warrantied. Please refer to attachment A

Q#3: **Regarding Automobile Insurance:**

- Under Coverages Required, the 4th item listed is "Collision, Collision & Typhoon" Please clarify.

Answer #3:
Under "AUTOMOBILE INSURANCE" line 4, reads "Collision, Collision &Typhoon" is hereby deleted. And now reads: **"Collision subject to deducted of"**

Q#4: **Regarding Automobile Insurance:**

- May we please have a copy of the Equipment Master List provided in the Bid specs in Excel format? This is for rating purposes.

  A#4: Answer: Attachment B is available at GWA website at guamwaterworks.org.

- On the Coverages Required Section, the deductible specified is **$1,000.00** for Collision & Typhoon Coverage, however, on the Bid Response Form, the Deductible indicated is **$100,000.00**. Please clarify the correct deductible.

- **A#4:**

  - Refer to answer #3

Amendment to Include the following:

On all section of the bid specifying "Cancellation Clause" is hereby to include the following:

Miguel C. Bordallo, P.E. GWA General Manager
Guam Waterworks Authority
PO Box 3010
Hagåtña, Guam 96923
mcbordallo@guamwaterworks.org

Amendment to change the following:

On Section of the bid **"DIRECTORS & OFFICER LIABILITY"** Under Name Insured reads:

The Jose D. Leon Guerrero Commercial Port, Port Authority of Guam and subsidiary and associated companies in which the Insured has a controlling interest as stated in the Insured's proposal form. Is hereby deleted:

Now to Read:

The Guam Waterworks Authority and subsidiary and associated companies in which the Insured has a controlling interest as stated in the Insured's proposal form.

End of Questions and Bid Amendment:

2-20-17
Miguel C. Bordallo, P.E.
GWA General Manager

GUAM WATERWORKS AUTHORITY
Water Storage Tanks Schedule - January 2017

ATTACHMENT A

	Reservoir	Capacity (mg)	Height (ft)	Const.	Yr. Built / Rebuilt	Repl. Cost	Comments
1	Kaiser Dededo	2.5	40	Steel	1992	$ 1,950,000	
2	Mangilao #1	1	40	Steel	2009	$ 1,400,000	
3	Mangilao #2	2	40	Steel	1991	$ 1,800,000	CIP project completed in 2015: major repairs to the steel tank and new coating.
4	Nissan (Tumon #2)	1	40	Steel	Unk.	$ 1,350,000	Deactivated due to deterioration. To be replaced with concrete tank 2017.
5	Yigo #1	0.5	40	Steel	Unk.	$ 900,000	To be replaced in 2017 with a 2MG concrete tank.
6	Yigo #2	2.5	40	Steel	1995	$ 1,950,000	To be replaced in 2017 with a 2MG concrete tank.
7	Manenggon	2	40	Steel	1992	$ 1,800,000	
8	Nimitz Hill (Upper)	0.01	0	Steel	1998	$ 45,000	
9	Inarajan (Gura)	0.2	24	Steel	1980	$ 700,000	Not in use and will not be placed back on line. GWA intends to construtc new BPS to provide pressure to higher elevated areas.
10	Santa Ana Lower (Agat #1)	1	40	Steel	1981	$ 1,350,000	
11	Santa Ana Upper (Agat #2)	0.5	40	Steel	1995	$ 900,000	
12	Ugum	2	40	Steel	2009	$ 2,100,000	
	~~Barrigada #3 (replaced)~~	~~3~~	~~40~~	~~Steel~~	~~1993~~	$ -	Tank demolished and replaced with Barrigada #1 tank.
13	Barrigada #1	2	40	concrete	2015	$ 4,500,000	Concrete tank completed 2014
14	Barrigada #2	2	40	concrete	2016	$ 4,500,000	Concrete tank completed 2015
16	Chaot#1	0.5	40	concrete	2016	$ 2,500,000	Concrete tank completed 2016
17	Santa Rosa	1	40	Steel	N/A	$ 3,500,000	To be replaced in 2017 with a 1MG concrete tank.
18	Airport (Tumon #1)	1	40	Steel	1969	$ 4,500,000	To be replaced in 2018 with a 2MG concrete tank.
19	Hyundai	1	40	Steel	1973	$ 3,500,000	To be replaced in 2017 with a 1MG concrete tank.
20	Ysengsong (Astumbo #1)	1	40	Steel	N/A	$ 1,400,000	
21	Ysengsong (Astumbo #2)	2	40	Steel	1993	$ 4,500,000	To be replaced in 2017 with a 2MG concrete tank.
22	Agana Heights	0.5	40	concrete	2016	$ 2,500,000	Concrete tank completed 2016
23	Windward Hills	1	40	Steel	N/A	$ 1,400,000	
24	Sinifa	1	40	Steel	N/A	$ 3,500,000	To be replaced in 2017 with a 1MG concrete tank.
25	Santa Rita	1	40	Steel	N/A	$ 3,500,000	To be replaced in 2017 with a 1MG concrete tank.
26	Malojloj	1	40	Steel	N/A	$ 1,400,000	
27	Merizo	0.5	40	Steel	N/A	$ 900,000	
28	Umatac Subdivision	0.5	40	Steel	N/A	$ 900,000	
29	Agat Umatac	0.2	35	Steel	N/A	$ 700,000	
30	Santa Rita Springs P.S.	0.104	15	concrete	N/A	$ 300,000	
31	Piti	0.5	40	Steel	1969	$ 2,500,000	Tank not in use. GWA conducting engineeirng design to replace existing tank with new one with same size but is evalauted relocation options.
			Total Replacement Cost			**$ 62,745,000**	

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Tel No. (671) 300-6027/28 Fax No. (671) 649-3750

RESPONSE TO QUESTIONS AND BID AMENDMENT# 3

The Guam Waterworks Authority ("GWA") received the following questions from a potential bidder on February 17, 2017 relative to **GWA IFB No. 2017-12.** GWA's Answers ("A's") to the Questions ("Q's") as set forth below the perspective question. To the extent that GWA's answers amend the Bid, please deem as such.

Q#1:

1. Will someone be available to provide:
   Risk information for each of the properties (for example: what material are each of the wells/tanks made out of?)

   GWA Response: Please refer to Amendment #2

   What precautionary measures are taken in the event of an oncoming typhoon for each of the properties?

   GWA Response: SOP's are in place for such events. Since inception of GWA's insurance program in 2010, several major typhoons have passed through Guam and GWA has not made any claims on its policies.

2. Are we able to view the underground piping areas?

   GWA's Response: The assets are underground, thus from a practical sense, they are not physically observable. However, additional information on those assets are provided below:

Type	Diameter	Length	Unit Cost	Replacement Cost
Water System Underground Piping				
Class C-900 PVC	4"	2,079780	$80	$166,382,400
Wastewater Underground Piping				
Class C-900 PVC	8"	1,082,118	$114	$123,361,452

3. If we feel the need for an additional day for inspections – will that be possible?

   GWA's Response: GWA is willing to accommodate an additional day for inspection, however all bids must be received by GWA on or before March 3, 2017 at 3PM at the GWA Procurement Office

End of Questions and Bid Amendment:

2.4.17

Miguel C. Bordallo, P.E.
GWA General Manager

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February 28, 2017

Amendment Number 4

Subject: Invitation for Bid # GWA IFB-2017-12 for: **PROPERTY INSURANCE, GENERAL LIABILITY INSURANCE, DIRECTORS AND OFFICERS LIABILITY INSURANCE, AUTOMOBILE INSURANCE, AND CRIME INSURANCE**

Bid opening schedule for March 3, 2017 at 3: p.m. as been re-scheduled.

New Bid opening date is scheduled on March 7, 2017 at 10: a.m. at the GWA Procurement Office first floor located at the Gloria B. Nelson Public Service Building in Mangilao.

Vince Guerrero

Supply Management Adm.

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RESPONSE TO QUESTIONS AND BID AMENDMENT# 5

The Guam Waterworks Authority ("GWA") received the following questions from a potential bidder on February 22, 27 2017 relative to **GWA IFB No. 2017-12.** GWA's Answers ("A's") to the Questions ("Q's") as set forth below the perspective question. To the extent that GWA's answers amend the Bid, please deem as such.

Q#1:

Is it possible that GWA can use Google Earth with some pin drops indicating all their "above ground properties" on island?

A# This type display is not feasible at this time. See the Property schedule for the location of the tanks.

Q#2:

- Regarding Attachment, A – Water Storage Tanks Schedule – Please provide some further explanation as to the inclusion of deactivated tanks on the schedule
    - Item No. 4 - Nissan (Tumon #2) Deactivated due to deterioration.

      A# Delete item number 4, refer to Exhibit C, updated schedule

    - Item No. 9 – Inarajan (Gura) Not in use, will not be placed back on line

      A# Delete item number 9, refer to Exhibit C, updated schedule

- Please clarify Response to Question #4, Automobile Insurance Deductible:
    - Please confirm, the only deductible amount is $1,000.00 each Collision Loss.

      A# Confirmed.

1

- Please confirm – No deductible amount for Third Party Liability Losses

A# Confirmed.

Q#3:

Regarding Bid Amendment, No 3:

- Response to Question #1 refers to an SOP for precautionary measures taken in the event of an oncoming Typhoon. Please provide a copy of the SOP's with regards to the Water Storage Tanks.

A# Refer to Exhibit A

Q#4:

With respects to Bid Amendment No. 2:

- Regarding Attachment, A – Water Storage Tanks Schedule:
  Please provide an Island map of where tanks are located.

A# Refer to Exhibit D

Q#5:

With respects to Bid Amendment No 3:

- Regarding Response to Question #2:
  Please provide an Island map of underground pipes

A# Refer to Exhibit B.

Q#6:

Bid/Performance Bond- Since this is a delivery of service, will GWA consider to waive the Performance Bond requirement? We have seen instance of this in other Gov't procurements.

A# Amendment for the following:

SECTION V: INTRODUCTION

Line number 18, **BID AND PERFORMANCE BOND REQUIREMENT**
Reads the following:

All bidders are required to submit bid security in the amount of **15%** of their total bid amount which must also indicate that the security is not only for a bid bond, but also for performance under this Bid as required by 5 G.C.A. 5312. Failure to submit a proper bid bond will cause the bid to be rejected.

Now to Read:

All bidders are required to submit a bid bond in the fix amount **$1,000.00**, as required by 5 G.C.A. 5312. Failure to submit a proper bid bond will cause the bid to be rejected.

THE BID BOND GUARANTEE MAY BE IN THE FORM OF:

a. Cashier's Check or Certified Check
b. Letter of Credit
c. Surety Bond – Valid only if accompanied by:
   i. Current Certificate of Authority;
   ii. Power of Attorney issued by the Surety to the Resident General Agent;
   iii. Power of Attorney issued by two (2) major officers of the Surety to whoever is signing on their behalf

Q#7:

Request for Extension of deadline to Submit Proposals to 3/13/17- In order to engage competitive insurance markets and deliver the best pricing and terms to GWA, we respectfully request a 1 week extension of the deadline to submit proposals (to 3/13/17).

A# refer to amendment # 4

Q#8:

AM Best Rating Requirement (Sec VIII #4)- As has been allowed in other Government Procurements, will GWA allow for policy placement (fronting) by a locally admitted carrier with B++ rating by AM Best, provided 100% of their reinsurance is placed with carriers rated "A or better"?

3

A# Commensurate with Section VIII, Specific Insurance Specifications (4), "GWA will only purchase insurance from insurers licensed to transact business on Guam with financial strength ratings of at least A-1X (Excellent) by A.M> Best, AA- (Strong) by Standard and Poors, or Aa3 (Excellent) by Moody's

Q#9:

Broker- Who is the current Broker? Will a broker be engaged to manage the insurance program? If there is no Broker, is there any intent to hire one in the future?

A# GWA is not engaging a broker to manage the program.

Q#10:
Risk Manager- Who is the current Risk Manager? Will GWA engage a Risk Manager to manage the insurance program/Broker?

A# GWA has not engaged a risk manager at this time.

Q#11:
Please detail GWA's evaluation/selection criteria?

A# The IFB is regarded in its entirety as the evaluation and selection criteria

Q#12:

Auto Insurance- The Auto Insurance specs reflect Collision Coverage, but not Comprehensive. Is this a correct? It seems odd that they are separated from each other.

A# Yes, this is correct

Q#13:

Auto Insurance- If Physical Damage Cover is required for your vehicles, please provide estimated values for each vehicle.

A# The Vehicle Schedule (Equipment Master List) is the best available information GWA can provide for its vehicles

Q#14:

Property (Business Interruption) – Please advise if there is any wait-period (deductible) for the Business Interruption Coverage.

A# GWA does not desire to include a deductible.

Terrorism- Please advise if terrorism is required.

A# No

Q#15:

Property Surveys- Please provide latest property surveys/appraisals, that might include valuation and discussion about the current condition of the GWA assets. (Basically, what property is there and what condition is it in?)

A# The values presented in the Property schedules are the replacement values derived from historical and recent costs of constructing or replacing assets. Any comments concerning condition have been included in the data.

Q#16:

Loss Experience- Please provide the loss experience, specifically for the Property and General Liability policies

A# Please see the statements regarding claims experience in the Specifications; i.e. "No claims five years".

Q#17:

Construction/System Improvements- The news media constantly talk about GWA system upgrades & construction. This IFB does not appear to include any discussion about construction risks. How will this be accounted for in the future? Does GWA have the in-house insurance capabilities to navigate this properly?

A# Insurance for construction activities is typically carried by the contractor(s) involved, GWA intends to continue this process.

Q#18:

New Tanks & Locations- Do the values presented include upgrades recently made to the Agana Sewer facility and the new water tanks in Latte Heights?

A# Yes

Q#19:

Cyber Insurance- Considering the "Pay online" and "Pay over the phone" services, A breach to your servers and/or GPA's may open GWA to liabilities not covered by your General Liability Policy. How does GWA manage its Cyber Risk exposure?

A# Refer to Amendment below.

Q#20:

I understand that GWA's requirement for Insurer's rating is Aa3 (by Moody's), would it be possible if GWA can consider to accept a bid from an Insurance Carrier with an A3 (by Moody's) rating?

A# Refer to answer #8

Amendment to include the following on Section VIII:

To Include CYBER INSURANCE (Optional)

Refer to the attached Bid Response Form & Coverage/Limits/Deductible.

End of Questions and Bid Amendment:

Miguel C. Bordallo, P.E.
GWA General Manager

6

2

CYBER INSURANCE (Optional)

COVERAGE	LIMIT	DEDUCTIBLE / WAITING PERIOD
Security and Privacy Liability	$5,000,000 in the aggregate, incl. claims expenses	$50,000 each and every loss incl. claims expenses
Multimedia & Intellectual Property Liability	$5,000,000 in the aggregate, incl. claims expenses	$50,000 each and every loss incl. claims expenses
Network Interruption & Recovery	$5,000,000 each claim & in the aggregate	Network Expenditure $50,000 each claim Loss of Business Income Coverage: 8 hours waiting period
Event Support Expenses	$5,000,000 each claim & in the aggregate	$50,000 each and every claim
Privacy Regulation Defense & Penalties	$5,000,000 each claim & in the aggregate incl. claims expenses	$50,000 each and every claim incl. claims expenses
Network Extortion	$5,000,000 each claim & in the aggregate	$50,000 each and every claim
Electronic Theft, Computer Fraud and Telecommunications Fraud	$100,000 each claim & in the aggregate	$50,000 each and every claim
Social Engineering Fraud	$25,000 each claim & in the aggregate	$50,000 each and every claim
Reputational Damage	$5,000,000 each claim & in the aggregate	$50,000 each and every claim
Payment Card Industry Fines or Penalties	$1,000,000 each claim & in the aggregate incl. claims expenses	$50,000 each and every claim incl. claims expenses

1

BID RESPONSE FORM – CYBER INSURANCE (OPTIONAL)

Limit	Deductible	3 Year Premium	5 Year Premium
$5,000,000	$50,000		

Carrier	Carrier's Financial Rating

Bidder: _____

By: _____

Date: _____

Exhibit A.

CRISIS MANAGEMENT PLAN

Water Distribution

OPERATIONAL STAFF CHECKLIST

The status of the crisis (pre-storm preparation, stand down and post storm restoration) will be advised through the chain of command: Head of CMT – Operations, Distribution Manager – Superintendents – Supervisors via I-connect.

PRE- STORM COR 3

1. Setting up all the systems and laying out resources.
2. Provide listing of available tools and equipment to Crisis Management Team
3. Conduct operational test on POWER TOOLS & EQUIPMENT for Pressure Line Unit:
4. SECURE GAS CANS FILL UPAND MIX GAS ON HAND.
5. PREVENTIVE MAINTENANCE ON EQUIPMENTS:
6. GENERATORS, TRASH PUMPS, PORTABLE CUTTERS, CHAIN SAWS ETC.
7. Checking and securing the base station offices, perform generator and ATS test with load, install shutters etc...
8. Checking and securing all other sites, perform generator and ATS test with load, install shutters etc...
9. Verify fuel level for all generators, add fuel as required
10. Verify with GPA to top off all generators; diesel fuel; Top off all necessary generator fluids (e.g. water, coolant, engine oil) at all sites.
11. List all deficiencies with generators and ATS, notify supervisor ASAP to report to CMT
12. Verify levels for reservoirs and report to CMT
13. Ensure availability for fuel delivery from vendors with FMES and Procurement
14. Ensure availability heavy equipment with vendors
15. Secure Meter Testing Facility
16. Top off fuel for all vehicles
17. Pressure Line Unit – Assist FMES with securing GWA Main Compound
18. Stock food supplies & Coolers. (e.g. MRE, Water, Soda, etc.)
19. Secure misc. equipment for each duty station (Northern District, Central, Southern-Ugum TP)
20. Gas Powered Chain Saws (3)
21. Emergency Flashlights and Battery powered Lamps for each Duty Station (3)
22. Car Chargers for I Connect phones (12)
23. Rain Gear and PPE for Stand Down Crew.
24. Digital Camera's at each duty station

25. Spare D & AA batteries
26. I Connect Phones & Portable Radios (as are available)
27. First Aid Kits (each duty station)
28. Two Emergency Response Vehicles (each duty station)
29. Ice
30. Cots, Pillows, Blankets for Stand Down Crew
31. Spare Gas Cans (25 gallons), Satellite locations
32. Two Cycle Oil (2 quarts) each Satellite locations
33. Checking and testing communication equipment (Motorola Radios, I-connects, etc...)
34. Park official vehicles at designated areas assigned by Water Distribution Manager
35. Report readiness of Duty Station to Water Distribution Manager

PRE- STORM COR 2

1. Activate Shift Schedule for Typhoon Duty and Post Typhoon Recovery **(see Appendix J)**
2. Checking key sites and switch these to operate on generator power **(see Appendix O for key sites list)**, also secure these key sites i.e. install shutters etc....
3. Park remaining official vehicles at designated areas assigned by Water Distribution Manager
4. Secure/ Dismiss Operators on Typhoon Recovery Schedule
5. Report readiness of Duty Station to Water Distribution Manager

DURING STORM – STAND DOWN CONDITION IMPOSED

Personnel assigned to a Duty Station will remain on duty during the duration of the storm. All other personnel will remain at home **(see Appendix J)**. No shift changes occur during storm conditions.

POST STORM

1. Conduct Level checks at all water reservoirs and report to CMT
2. All operational sites to be checked in turn starting with key sites **(see Appendix O)**.
3. If a site is not operating, check site is safe for further inspection. Once this is established, check most likely causes i.e. damage to assets, power on or power generation on, ATS switch, pump trips. Report all findings through appropriate chain of command.

NOTE

Unless directed otherwise, facilities found to be without power will be evaluated and then passed over until power (Island or emergency) can be restored. The initial phase of inspection requires all facilities to be inspected and reported on. Don't stay at any one location longer than is required to make a complete status report to the appropriate chain of command.

CAUTION

Where personnel find access to a facility obstructed by debris, evaluate the risk of removal and contact management if serious risks of injury exist from trying to clear out obstructions. Where serious blow down of trees has occurred it may be necessary to by-pass inspection until access is cleared. Contact your chain of command for instructions.

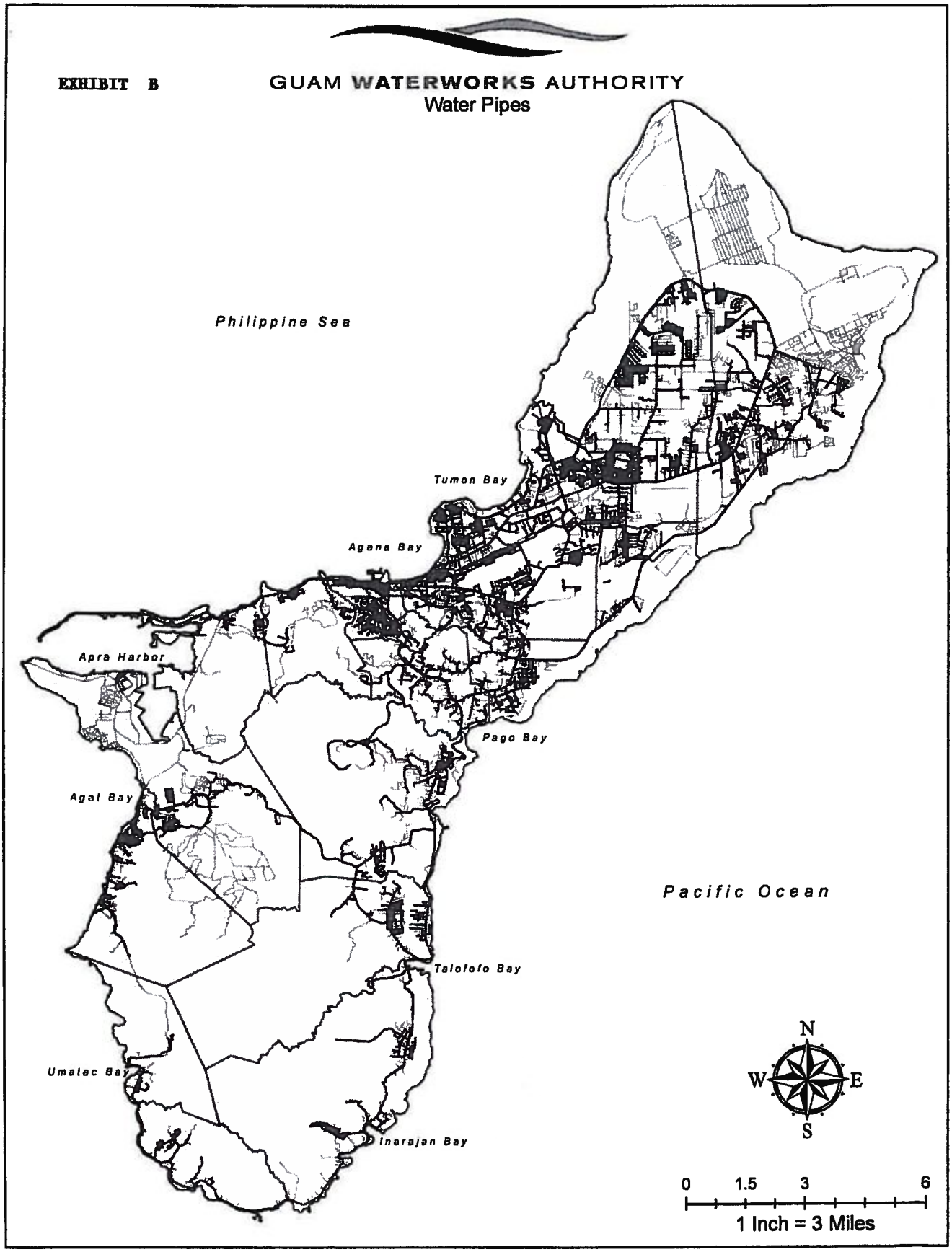
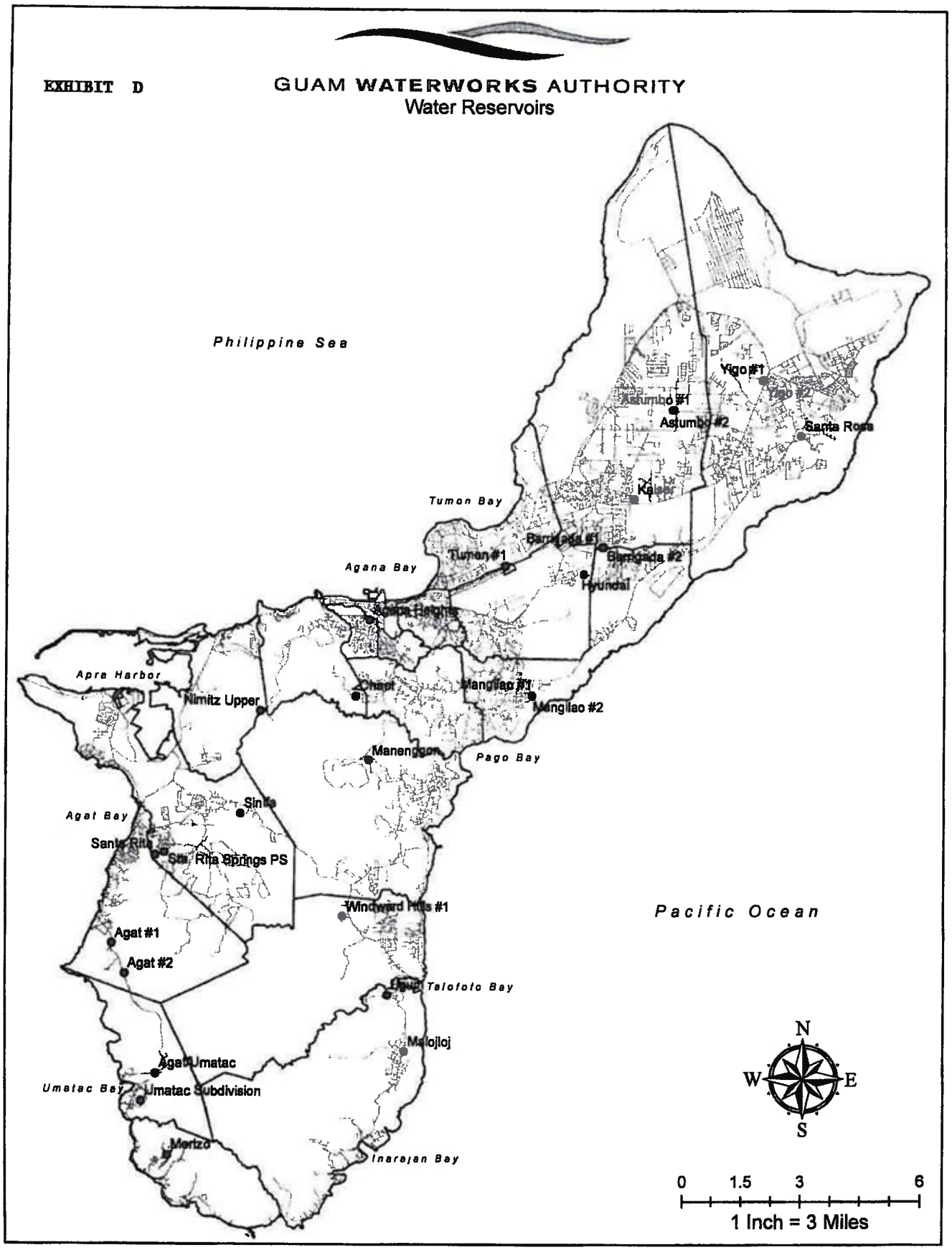

EXHIBIT B
GUAM WATERWORKS AUTHORITY
Water Pipes
Philippine Sea
Tumon Bay
Agana Bay
Apra Harbor
Pago Bay
Agat Bay
Pacific Ocean
Talofofo Bay
Umatac Bay
Inarajan Bay
N
W
E
S
0 1.5 3 6
1 Inch = 3 Miles

EXHIBIT C

Water Storage Tanks Schedule - January 2017

	Reservoir	Capacity (mg)	Height (ft)	Current Constr.	Yr. Built / Rebuilt	Current Repl. Cost
1	Kaiser Dededo	2.5	40	Steel	1992	$ 1,950,000
2	Mangilao #1	1	40	Steel	2009	$ 1,400,000
3	Mangilao #2	2	40	Steel	2015	$ 1,800,000
4	Yigo #1	0.5	40	Steel	Unk.	$ 900,000
5	Yigo #2	2.5	40	Steel	1995	$ 1,950,000
6	Manenggon	2	40	Steel	1992	$ 2,000,000
7	Nimitz Hill (Upper)	0.01	0	Steel	1998	$ 45,000
8	Santa Ana Lower (Agat #1)	1	40	Steel	1981	$ 1,400,000
9	Santa Ana Upper (Agat #2)	0.5	40	Steel	1995	$ 900,000
10	Ugum	2	40	Steel	2009	$ 2,000,000
11	Barrigada #1	2	40	concrete	2015	$ 4,500,000
12	Barrigada #2	2	40	concrete	2016	$ 4,500,000
13	Chaot#1	0.5	40	concrete	2016	$ 2,500,000
14	Santa Rosa	1	40	Steel	N/A	$ 1,400,000
15	Airport (Tumon #1)	1	40	Steel	1969	$ 1,400,000
16	Hyundai	1	40	Steel	1973	$ 1,400,000
17	Ysengsong (Astumbo #1)	1	40	Steel	N/A	$ 1,400,000
18	Ysengsong (Astumbo #2)	2	40	Steel	1993	$ 2,000,000
19	Agana Heights	0.5	40	concrete	2016	$ 2,500,000
20	Windward Hills	1	40	Steel	N/A	$ 1,400,000
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24	Merizo	0.5	40	Steel	N/A	$ 900,000
25	Umatac Subdivision	0.5	40	Steel	N/A	$ 900,000

26	Agat Umatac	0.2	35	Steel	N/A	$ 700,000
27	Santa Rita Springs P.S.	0.104	15	concrete	N/A	$ 300,000
				Total		**$ 44,345,000**


EXHIBIT D
GUAM WATERWORKS AUTHORITY
Water Reservoirs
Philippine Sea
Tumon Bay
Agana Bay
Apra Harbor
Pago Bay
Agat Bay
Umatac Bay
Talofofo Bay
Inarajan Bay
Pacific Ocean
Yigo #1
Yigo #2
Astumbo #1
Astumbo #2
Santa Rosa
Kaiser
Barrigada #1
Barrigada #2
Tumon #1
Hyundai
Asopa Heights
Nimitz Upper
Chalan
Mangilao #1
Mangilao #2
Manenggon
Sinifa
Santa Rita
Sta Rita Springs PS
Windward Hills #1
Agat #1
Agat #2
Malojloj
Agat/Umatac
Umatac Subdivision
Merizo
N
W
E
S
0 1.5 3 6
1 Inch = 3 Miles

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RESPONSE TO QUESTIONS AND BID AMENDMENT# 5

The Guam Waterworks Authority ("GWA") received the following questions from a potential bidder on February 22, 27 2017 relative to **GWA IFB No. 2017-12.** GWA's Answers ("A's") to the Questions ("Q's") as set forth below the perspective question. To the extent that GWA's answers amend the Bid, please deem as such.

Q#1:

Is it possible that GWA can use Google Earth with some pin drops indicating all their "above ground properties" on island?

A# This type display is not feasible at this time. See the Property schedule for the location of the tanks.

Q#2:

- Regarding Attachment, A – Water Storage Tanks Schedule – Please provide some further explanation as to the inclusion of deactivated tanks on the schedule
    - Item No. 4 - Nissan (Tumon #2) Deactivated due to deterioration.

      A# Delete item number 4, refer to Exhibit C, updated schedule

    - Item No. 9 – Inarajan (Gura) Not in use, will not be placed back on line

      A# Delete item number 9, refer to Exhibit C, updated schedule

- Please clarify Response to Question #4, Automobile Insurance Deductible:
    - Please confirm, the only deductible amount is $1,000.00 each Collision Loss.

      A# Confirmed.

1

- Please confirm – No deductible amount for Third Party Liability Losses

A# Confirmed.

Q#3:

Regarding Bid Amendment, No 3:

- Response to Question #1 refers to an SOP for precautionary measures taken in the event of an oncoming Typhoon. Please provide a copy of the SOP's with regards to the Water Storage Tanks.

A# Refer to Exhibit A

Q#4:

With respects to Bid Amendment No. 2:

- Regarding Attachment, A – Water Storage Tanks Schedule:
  Please provide an Island map of where tanks are located.

A# Refer to Exhibit D

Q#5:

With respects to Bid Amendment No 3:

- Regarding Response to Question #2:
  Please provide an Island map of underground pipes

A# Refer to Exhibit B.

Q#6:

Bid/Performance Bond- Since this is a delivery of service, will GWA consider to waive the Performance Bond requirement? We have seen instance of this in other Gov't procurements.

A# Amendment for the following:

SECTION V: INTRODUCTION

Line number 18, **BID AND PERFORMANCE BOND REQUIREMENT**
Reads the following:

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Request for Extension of deadline to Submit Proposals to 3/13/17- In order to engage competitive insurance markets and deliver the best pricing and terms to GWA, we respectfully request a 1 week extension of the deadline to submit proposals (to 3/13/17).

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Auto Insurance- If Physical Damage Cover is required for your vehicles, please provide estimated values for each vehicle.

A# The Vehicle Schedule (Equipment Master List) is the best available information GWA can provide for its vehicles

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Property (Business Interruption) – Please advise if there is any wait-period (deductible) for the Business Interruption Coverage.

A# GWA does not desire to include a deductible.

Terrorism- Please advise if terrorism is required.

A# No

Q#15:

Property Surveys- Please provide latest property surveys/appraisals, that might include valuation and discussion about the current condition of the GWA assets. (Basically, what property is there and what condition is it in?)

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Loss Experience- Please provide the loss experience, specifically for the Property and General Liability policies

A# Please see the statements regarding claims experience in the Specifications; i.e. "No claims five years".

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Construction/System Improvements- The news media constantly talk about GWA system upgrades & construction. This IFB does not appear to include any discussion about construction risks. How will this be accounted for in the future? Does GWA have the in-house insurance capabilities to navigate this properly?

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New Tanks & Locations- Do the values presented include upgrades recently made to the Agana Sewer facility and the new water tanks in Latte Heights?

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I understand that GWA's requirement for Insurer's rating is Aa3 (by Moody's), would it be possible if GWA can consider to accept a bid from an Insurance Carrier with an A3 (by Moody's) rating?

A# Refer to answer #8

Amendment to include the following on Section VIII:

To Include CYBER INSURANCE (Optional)

Refer to the attached Bid Response Form & Coverage/Limits/Deductible.

End of Questions and Bid Amendment:

Miguel C. Bordallo, P.E.
GWA General Manager

2

CYBER INSURANCE (Optional)

COVERAGE	LIMIT	DEDUCTIBLE / WAITING PERIOD
Security and Privacy Liability	$5,000,000 in the aggregate, incl. claims expenses	$50,000 each and every loss incl. claims expenses
Multimedia & Intellectual Property Liability	$5,000,000 in the aggregate, incl. claims expenses	$50,000 each and every loss incl. claims expenses
Network Interruption & Recovery	$5,000,000 each claim & in the aggregate	Network Expenditure $50,000 each claim Loss of Business Income Coverage: 8 hours waiting period
Event Support Expenses	$5,000,000 each claim & in the aggregate	$50,000 each and every claim
Privacy Regulation Defense & Penalties	$5,000,000 each claim & in the aggregate incl. claims expenses	$50,000 each and every claim incl. claims expenses
Network Extortion	$5,000,000 each claim & in the aggregate	$50,000 each and every claim
Electronic Theft, Computer Fraud and Telecommunications Fraud	$100,000 each claim & in the aggregate	$50,000 each and every claim
Social Engineering Fraud	$25,000 each claim & in the aggregate	$50,000 each and every claim
Reputational Damage	$5,000,000 each claim & in the aggregate	$50,000 each and every claim
Payment Card Industry Fines or Penalties	$1,000,000 each claim & in the aggregate incl. claims expenses	$50,000 each and every claim incl. claims expenses

1

BID RESPONSE FORM – CYBER INSURANCE (OPTIONAL)

Limit	Deductible	3 Year Premium	5 Year Premium
$5,000,000	$50,000		

Carrier	Carrier's Financial Rating

Bidder: _____

By: _____

Date: _____

Exhibit A.

CRISIS MANAGEMENT PLAN

Water Distribution

OPERATIONAL STAFF CHECKLIST

The status of the crisis (pre-storm preparation, stand down and post storm restoration) will be advised through the chain of command: Head of CMT – Operations, Distribution Manager – Superintendents – Supervisors via I-connect.

PRE- STORM COR 3

1. Setting up all the systems and laying out resources.
2. Provide listing of available tools and equipment to Crisis Management Team
3. Conduct operational test on POWER TOOLS & EQUIPMENT for Pressure Line Unit:
4. SECURE GAS CANS FILL UPAND MIX GAS ON HAND.
5. PREVENTIVE MAINTENANCE ON EQUIPMENTS:
6. GENERATORS, TRASH PUMPS, PORTABLE CUTTERS, CHAIN SAWS ETC.
7. Checking and securing the base station offices, perform generator and ATS test with load, install shutters etc...
8. Checking and securing all other sites, perform generator and ATS test with load, install shutters etc...
9. Verify fuel level for all generators, add fuel as required
10. Verify with GPA to top off all generators; diesel fuel; Top off all necessary generator fluids (e.g. water, coolant, engine oil) at all sites.
11. List all deficiencies with generators and ATS, notify supervisor ASAP to report to CMT
12. Verify levels for reservoirs and report to CMT
13. Ensure availability for fuel delivery from vendors with FMES and Procurement
14. Ensure availability heavy equipment with vendors
15. Secure Meter Testing Facility
16. Top off fuel for all vehicles
17. Pressure Line Unit – Assist FMES with securing GWA Main Compound
18. Stock food supplies & Coolers. (e.g. MRE, Water, Soda, etc.)
19. Secure misc. equipment for each duty station (Northern District, Central, Southern-Ugum TP)
20. Gas Powered Chain Saws (3)
21. Emergency Flashlights and Battery powered Lamps for each Duty Station (3)
22. Car Chargers for I Connect phones (12)
23. Rain Gear and PPE for Stand Down Crew.
24. Digital Camera's at each duty station

25. Spare D & AA batteries
26. I Connect Phones & Portable Radios (as are available)
27. First Aid Kits (each duty station)
28. Two Emergency Response Vehicles (each duty station)
29. Ice
30. Cots, Pillows, Blankets for Stand Down Crew
31. Spare Gas Cans (25 gallons), Satellite locations
32. Two Cycle Oil (2 quarts) each Satellite locations
33. Checking and testing communication equipment (Motorola Radios, I-connects, etc...)
34. Park official vehicles at designated areas assigned by Water Distribution Manager
35. Report readiness of Duty Station to Water Distribution Manager

PRE- STORM COR 2

1. Activate Shift Schedule for Typhoon Duty and Post Typhoon Recovery **(see Appendix J)**
2. Checking key sites and switch these to operate on generator power **(see Appendix O for key sites list)**, also secure these key sites i.e. install shutters etc....
3. Park remaining official vehicles at designated areas assigned by Water Distribution Manager
4. Secure/ Dismiss Operators on Typhoon Recovery Schedule
5. Report readiness of Duty Station to Water Distribution Manager

DURING STORM – STAND DOWN CONDITION IMPOSED

Personnel assigned to a Duty Station will remain on duty during the duration of the storm. All other personnel will remain at home **(see Appendix J)**. No shift changes occur during storm conditions.

POST STORM

1. Conduct Level checks at all water reservoirs and report to CMT
2. All operational sites to be checked in turn starting with key sites **(see Appendix O)**.
3. If a site is not operating, check site is safe for further inspection. Once this is established, check most likely causes i.e. damage to assets, power on or power generation on, ATS switch, pump trips. Report all findings through appropriate chain of command.

NOTE

Unless directed otherwise, facilities found to be without power will be evaluated and then passed over until power (island or emergency) can be restored. The initial phase of inspection requires all facilities to be inspected and reported on. Don't stay at any one location longer than is required to make a complete status report to the appropriate chain of command.

CAUTION

Where personnel find access to a facility obstructed by debris, evaluate the risk of removal and contact management if serious risks of injury exist from trying to clear out obstructions. Where serious blow down of trees has occurred it may be necessary to by-pass inspection until access is cleared. Contact your chain of command for instructions.

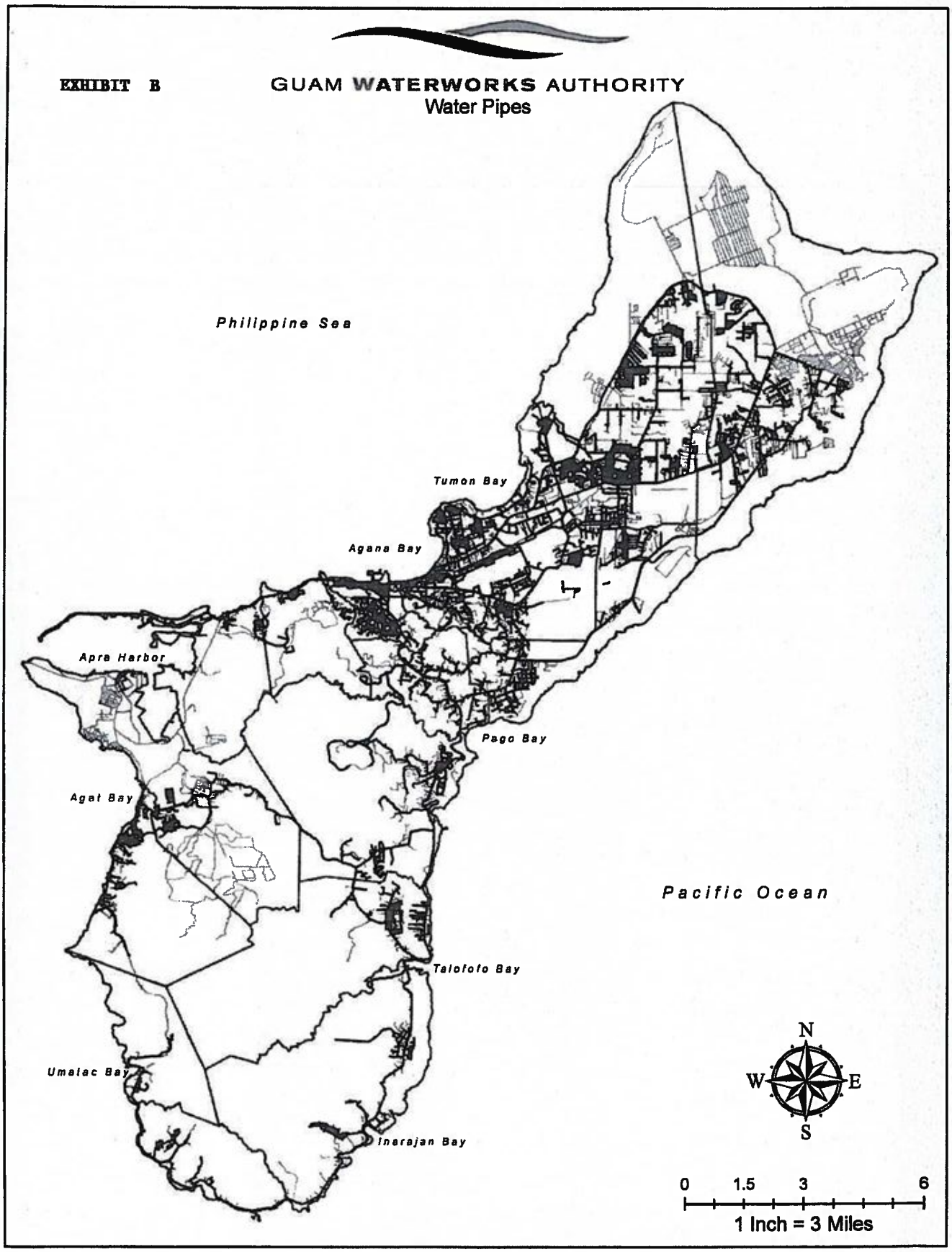
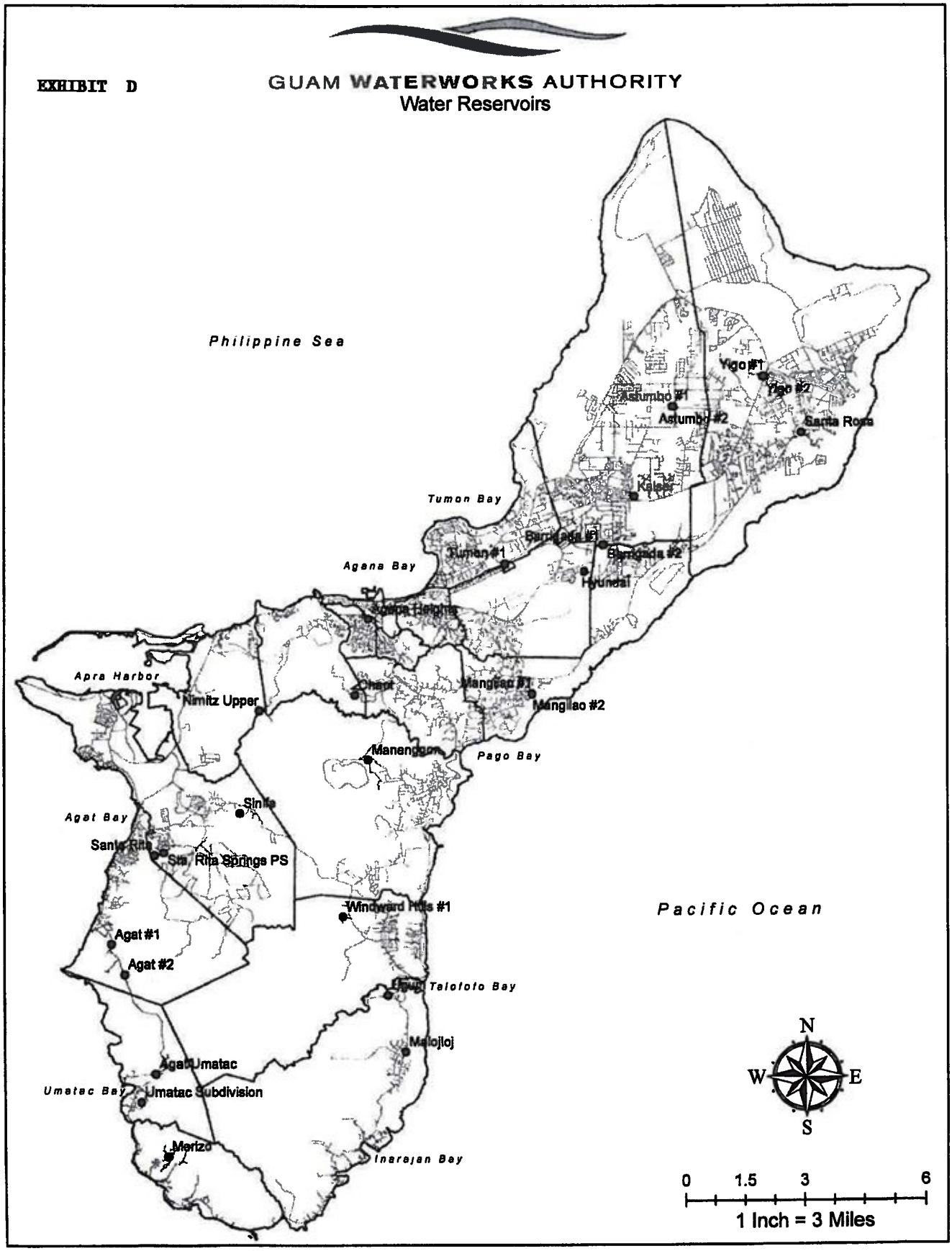

EXHIBIT B
GUAM WATERWORKS AUTHORITY
Water Pipes
Philippine Sea
Tumon Bay
Agana Bay
Apra Harbor
Pago Bay
Agat Bay
Pacific Ocean
Talofofo Bay
Umatac Bay
Inarajan Bay
N
W
E
S
0
1.5
3
6
1 Inch = 3 Miles

EXHIBIT C

Water Storage Tanks Schedule - January 2017

	Reservoir	Capacity (mg)	Height (ft)	Current Constr.	Yr. Built / Rebuilt	Current Repl. Cost
1	Kaiser Dededo	2.5	40	Steel	1992	$ 1,950,000
2	Mangilao #1	1	40	Steel	2009	$ 1,400,000
3	Mangilao #2	2	40	Steel	2015	$ 1,800,000
4	Yigo #1	0.5	40	Steel	Unk.	$ 900,000
5	Yigo #2	2.5	40	Steel	1995	$ 1,950,000
6	Manenggon	2	40	Steel	1992	$ 2,000,000
7	Nimitz Hill (Upper)	0.01	0	Steel	1998	$ 45,000
8	Santa Ana Lower (Agat #1)	1	40	Steel	1981	$ 1,400,000
9	Santa Ana Upper (Agat #2)	0.5	40	Steel	1995	$ 900,000
10	Ugum	2	40	Steel	2009	$ 2,000,000
11	Barrigada #1	2	40	concrete	2015	$ 4,500,000
12	Barrigada #2	2	40	concrete	2016	$ 4,500,000
13	Chaot#1	0.5	40	concrete	2016	$ 2,500,000
14	Santa Rosa	1	40	Steel	N/A	$ 1,400,000
15	Airport (Tumon #1)	1	40	Steel	1969	$ 1,400,000
16	Hyundai	1	40	Steel	1973	$ 1,400,000
17	Ysengsong (Astumbo #1)	1	40	Steel	N/A	$ 1,400,000
18	Ysengsong (Astumbo #2)	2	40	Steel	1993	$ 2,000,000
19	Agana Heights	0.5	40	concrete	2016	$ 2,500,000
20	Windward Hills	1	40	Steel	N/A	$ 1,400,000
21	Sinifa	1	40	Steel	N/A	$ 1,400,000
22	Santa Rita	1	40	Steel	N/A	$ 1,400,000
23	Malojloj	1	40	Steel	N/A	$ 1,400,000
24	Merizo	0.5	40	Steel	N/A	$ 900,000
25	Umatac Subdivision	0.5	40	Steel	N/A	$ 900,000

26	Agat Umatac	0.2	35	Steel	N/A	$	700,000
27	Santa Rita Springs P.S.	0.104	15	concrete	N/A	$	300,000
				Total		**$**	**44,345,000**


EXHIBIT D
GUAM WATERWORKS AUTHORITY
Water Reservoirs
Philippine Sea
Pacific Ocean
Tumon Bay
Agana Bay
Apra Harbor
Pago Bay
Agat Bay
Umatac Bay
Inarajan Bay
Yigo #1
Yigo #2
Astumbo #1
Astumbo #2
Santa Rosa
Kaleo
Barrigada #1
Barrigada #2
Tumon #1
Hyundai
Nimitz Upper
Chapt
Mangilao #1
Mangilao #2
Manenggon
Sinifa
Santa Rita
Sta. Rita Springs PS
Windward Hills #1
Agat #1
Agat #2
Talofofo Bay
Malojloj
Agat Umatac
Umatac Subdivision
Merizo
N
W
E
S
0
1.5
3
6
1 Inch = 3 Miles

GUAM WATERWORKS AUTHORITY
"Better Water. Better Lives."
Gloria B. Nelson Public Service Building | 688 Route 15, Mangilao, Guam 96913
P.O. Box 3010, Hagåtña, Guam 96932
Tel. No. (671) 300-6027/28 Fax No. (671) 649-3750

RESPONSE TO QUESTIONS AND BID AMENDMENT# 6

The Guam Waterworks Authority ("GWA") received the following questions from a potential bidder on February 28, 2017 relative to **GWA IFB No. 2017-12.** GWA's Answers ("A's") to the Questions ("Q's") as set forth below the perspective question. To the extent that GWA's answers amend the Bid, please deem as such.

Q#1: Are the tanks filled up to prevent wind pressure from building up inside the tank?

A# Tank level rise and fall throughout the day. In times of pending typhoons, the practice of operations is to have tanks filled as best as possible.

Q#2: Are the tanks roofs the type that can be lowered in case of an incoming typhoon?

A# No

Q#3 Some of the underwriters want a survey done on some of the older tanks included in the coverage. Can we set this up urgently?

A# No

Q#4 As we have some key information to gather, we would like to formally request an extension of the deadline for submission of this bid to March 10. The insurance coverage expires on April 1st so a submission of a bid on March 10 would give you three weeks to go over the bids and make a recommendation to the board. The three weeks should provide sufficient time to accomplish the finalization of the program in ample time for renewal.

A# Refer to amendment number 4. Additionally, GWA management is under strict timelines relative to obtaining approval of procurements of this size and value from the Consolidated Commission on Utilities (CCU) and the Guam Public Utilities Commission (PUC) Contract Review Protocol.

End of Questions and Bid Amendment:

Miguel C. Bordallo, P.E.
GWA General Manager

GUAM CONSOLIDATED COMMISSION ON UTILITIES

RESOLUTION NO. 24-FY2017

RELATIVE TO THE CREATION OF THE CROSS CONNECTION CONTROL MANAGER POSITION

WHEREAS, under 12 G.C.A. § 14105, the Consolidated Commission on Utilities ("CCU") has plenary authority over financial, contractual and policy matters relative to the Guam Waterworks Authority ("GWA"); and

WHEREAS, the Guam Waterworks Authority ("GWA") is a Guam Public Corporation established and existing under the laws of Guam; and

WHEREAS, the GWA General Manager requests the CCU to approve the creation of the Cross Connection Control Manager position; and

WHEREAS, the GWA General Manager requests the CCU to approve the classification standard of the Cross Connection Control Manager position in the classified status (Exhibits A and B); and

WHEREAS, Public Law 28-112 and 4 GCA §6303 (d) authorizes the creation of positions in Autonomous Agencies and Public Corporations; and

WHEREAS, GWA Personnel Rules and Regulations as amended by Public Law 28-159 Section 3 (C) authorizes the CCU to amend, modify or add a position to the list of certified, technical and professional positions;

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NOW BE IT THEREFORE RESOLVED, the Consolidated Commission on Utilities does hereby approve the following:

1. The recitals set forth above hereby constitute the findings of the CCU.
2. The creation and the job classification standards for the Cross Connection Control Manager position in the classified status is hereby approved and attached herein as Exhibits A and B.
3. The Cross Connection Control Manager position is hereby added to the certified, technical and professional list of positions at GWA.

RESOLVED, that the Chairman certified and the Board Secretary attests to the adoption of this Resolution.

DULY AND REGULARLY ADOPTED, this 21st day of March, 2017.

Certified by: Attested by:

_____ _____

JOSEPH T. DUENAS
Chairperson

J. GEORGE BAMBA
Secretary

I, J. George Bamba, Board Secretary of the Consolidated Commission on Utilities as evidenced by my signature above do hereby certify as follows:

The foregoing is a full, true and accurate copy of the resolution duly adopted at a regular meeting by the members of the Guam Consolidated Commission on Utilities, duly and legally held at a place properly noticed and advertised at which meeting a quorum was present and the members who were present voted as follows:

AYES: _____

NAYS: _____

ABSTENTIONS: _____

ABSENT: _____

GUAM WATERWORKS AUTHORITY
"Better Water. Better Lives."
Suite 200; Gloria B. Nelson Public Service Building | 688 Route 15, Mangilao, Guam 96913
P.O. Box 3010, Hagatna, Guam 96932
Tel. No. (671) 300-6073-6 Fax No. (671) 300-6896

Issues for Decision

Resolution No. 24-FY2017
Relative to the Creation of the Cross Connection Control Manager Position

What is the project's objective and is it necessary and urgent?
The Guam Waterworks Authority (GWA) has determined a need to create the Cross Connection Control Manager position to carry out its mission towards providing *"Better Water Better Lives"* to the people of Guam.

The Cross Connection Control Manager will work under the general direction of the Assistant General Manager for Compliance and Safety to help manage GWA's wide range of regulatory activities pursuant to further compliance to correct the "Findings of Significant Deficiencies in Guam Waterworks Authority's Public Water Systems. This is also pursuant to the Safe Drinking Water Act's Ground Water Rule and Surface Water Treatment Rule (SF) Finding No. 23 *"Inadequate cross connection control program exists within GWA" (pp. 27, 36-37.).*

The creation of the Cross Connection Control Manager is for the efficient and effective performance of duties and functions of the Guam Waterworks Authority. The creation of this position will provide a variety of technical work in managing the development and implementation of the GWA's Cross Connection Control and Backflow Prevention Program in the water operations, including administrative, CCU and PUC proceedings.

Where is the location?
The Cross Connection Control Manager will be organizationally located within the Compliance and Safety Department, under the general direction of the General Manager and the Assistant General Manager for Compliance and Safety.

How much will it cost?
There is no cost to create the position.

When will it be completed?
Public Law 28-159, Section 7.0.3 (c) requires GPA and GWA to post a petition on their websites for ten (10) days (not including Saturdays, Sundays and government of Guam holidays). After the 10 days posting, the petition can then be forwarded to the CCU for their disposition at any regularly scheduled meeting. GWA has met the posting requirements.

Additionally, Guam law requires notice of such posting to each newspaper of general circulation and broadcasting station, which airs regular news programs within Guam.

What is the funding source?
GWA will certify funding for the position available for the filling and retention of its certified, technical and professional newly created position. The funding of this position does not have an impact on the General Fund.

The RFP/BID responses (if applicable):
N/A

EXHIBIT A

GUAM WATERWORKS AUTHORITY
"Better Water. Better Lives."
Suite 200; Gloria B. Nelson Public Service Building | 688 Route 15, Mangilao, Guam 96913
P.O. Box 3010, Hagåtña, Guam 96932
Tel. No. (671) 300-6073-6 Fax No. (671) 300-6896

PRESS RELEASE

Creation of Position

The General Manager of Guam Waterworks Authority (GWA) hereby petitions the Consolidated Commission on Utilities (CCU) for the creation of position pursuant to Public Law 28-112, Section 9 (4GCA, Chapter 6, §6303 (d) in the classified service; Section 10 (4GCA, Chapter 6, §6303.1Transparency and Disclosure and to add the position to the Certified, Technical, and Professional (CTP) List B:

CROSS CONNECTION CONTROL MANAGER

For more information, please visit GWA's website at www.guamwaterworks.org/careers/petition or you may contact the Personnel Services Division at 300.6074-6

MIGUEL C. BORDALLO, P.E.
General Manager

Cross Connection Control Manager

Justification for the new position:

The Guam Waterworks Authority (GWA) has determined a need to create the Cross Connection Control Manager position to carry out its mission towards providing *"Better Water Better Lives"* to the people of Guam.

The Cross Connection Control Manager will work under the general direction of the Assistant General Manager for Compliance and Safety to help manage GWA's wide range of regulatory activities pursuant to further compliance to correct the "Findings of Significant Deficiencies in Guam Waterworks Authority's Public Water Systems. This is also pursuant to the Safe Drinking Water Act's Ground Water Rule and Surface Water Treatment Rule (SF) Finding No. 23 *"Inadequate cross connection control program exists within GWA" (Pp. 27, 36-37.).*

The creation of the Cross Connection Control Manager is for the efficient and effective performance of duties and functions of the Guam Waterworks Authority. A "cross connection" is a physical arrangement where the public potable (drinking) water supply is threatened by the introduction of an unwanted foreign substance or contaminant due to an illegal or incorrect connection.

In order to protect the public, we need to locate and to monitor for illegal or incorrect connections and institute a backflow prevention program to successfully improve the safety, efficiency and the reliability of the water and wastewater infrastructures. This will also result in improved services to our rate payers.

Analysis of similarities and differences between the positions to be created and the positions listed pursuant to 4GCA §4101.1:

The above position is new for GWA. The duties and responsibilities of Cross Connection Control Manager position will provide a variety of technical work in the management, development and implementation of the GWA's Cross Connection Control and Backflow Prevention Program. The position also includes to ensure the compliance with all applicable established laws, policies, regulations and principles of the program.

Position Description: See attached

Compensation:

Proposed pay range and demonstration of compliance with 4GCA §6301. Also, the minimum and maximum range of compensation will be in accordance with the Strategic Pay Methodology when the job description and qualification factors are taken into consideration and the new position is slotted. The resultant new pay grade under the implemented compensation structure and per annual is as follows:

Position	Determining Implementation Ranges								
	JE Points	Structural Adjustment - MIN				Structural Adjustment - MAX			
	0	Base Salary	Grade	Step	Sub Step	Base Salary	Grade	Step	Sub Step
Cross Connection Control Manager	978	62,143	M	5	A	67,292	M	7	A

As indicated in the table above, the salary ranges shown in minimum and maximum are at the 15th market percentile for this classified, certified, technical and professional position and are comparable with other US jurisdictions and/or the American Water Works Association (AWWA) salary surveys.

Fiscal note as required by 2GCA §9101 et seq.:

GWA certifies that this position is budgeted and that funding is available for the creation, filling and retention of its certified, technical and professional newly created position. The funding of this position does not have an impact on the General Fund.

MIGUEL C. BORDALLO, PE
GENERAL MANAGER

EXHIBIT B

CROSS CONNECTION CONTROL MANAGER

NATURE OF WORK IN THIS CLASS:

The Cross Connection Control Manager will work under the general direction of the Assistant General Manager for Compliance and Safety to help direct and manage GWA's wide range of regulatory activities. Performs a variety of technical work in managing the development and implementation of the GWA's Cross Connection Control and Backflow Prevention Program.

ILLUSTRATIVE EXAMPLES OF WORK: (These examples do not list all the duties which may be assigned; any one position may not include all the duties listed)

Supervises, plans, and coordinates operations and activities to eliminate cross connections within the water distribution system.

Enforces the Cross Connection Control and Backflow Prevention Program in accordance with Guam and Federal laws, rules, and regulations (as amended) to assure a safe drinking water supply.

Supervises subordinate Cross Connection Control Inspectors; provides technical assistance to architects, engineers, and plumbers; provides supervision and trainings to GWA staff; and maintains a variety of records, files and related documents.

Develops and implements a Cross Connection Control (CCC) and Backflow Prevention Program in accordance with Guam and Federal laws, rules, and regulations as amended, including the Federal Safe Drinking Water Act of 1974, Title 12 Guam Code Annotated Chapter 14 (Guam Waterworks Authority Act); Title 22 G.A.R.R. Chapter 7, Part II (GEPA Guidelines for Water Works Development; Title 28 G.A.R.R. Chapter 2, GWA Rules and Regulations; and the HAWAII WATER SYSTEM STANDARDS 2002, as adopted by the Consolidated Commission on Utilities through the GWA Water Resources Master Plan (WRMP) 2007. [CCU RESOLUTION NO. 11-FY2007].

Protects the public water supply from contamination or pollution due to the backflow of contaminants and/or pollutants through water service connections.

Coordinates the organization, staffing and operational activities to enforce and administer the Cross Connection Control Program. Certifies work of staff to comply with Guam and Federal laws, rules and regulations, and inspections.

Coordinates the regular surveys of industrial, agricultural and commercial facilities to determine that adequate maintenance of back-flow preventions devices are properly maintained and certified.

Coordinates the regular surveys of industrial, agricultural and commercial facilities to determine the degree of hazard that may exist to the potable water system and recommends/enforces procedures for compliance with Guam and Federal legal requirements.

Recommends appropriate action when test reports are not received within specified time limits.

Participates in the development and implementation of goals, objectives, policies, and priorities. Recommends and implements resulting policies and procedures.

Identifies opportunities for improving methods and procedures for administration of the Cross Connection Control Program. Identifies resource needs, reviews with appropriate management staff and implement improvements.

Reviews current and pending Guam and Federal laws, rules, and regulations concerning Cross Connection Control and backflow prevention to ensure that the GWA's Cross Connection Control Program meets government requirements.

Participates in the development and administration of assigned budget. Forecast funds needed for staffing, equipment, materials and supplies. Monitors and approves expenditures. Recommend adjustments as necessary.

Prepares and maintains records and reports on the Cross Connection Control Program and all backflow preventers installed in the public water system. Ensures compliance with applicable laws and regulations.

Monitors the cross connection control and backflow prevention. Oversees customer information system database.

Acts as GWA liaison with all consumers and provides technical support as needed to achieve Cross Connection Control and Backflow Prevention Program compliance.

Serves as GWA liaison with United States Environmental Protection Agency (USEPA) and Guam Environmental Protection Agency (GEPA) in matters of Cross Connection Control and Backflow Prevention.

Works with the Public Affairs Director to provide Public Outreach Training and Public Service Announcements related to Cross Connection Control and Backflow Prevention Program compliance and performance goals.

Investigates complaints related to issues with the Cross Connection Control and Backflow Prevention Program.

Recommends to the General Manager of GWA any revisions to Guam laws, rules, or regulations pertaining to the Cross Connection Control and Backflow Prevention Program.

Analyzes inspection data and other reports for compliance with Cross Connection Control and Backflow Prevention Program requirements.

Works with GWA Engineering to ensure adequate design review of new construction plans and drawings related to the Cross Connection Control and Backflow Prevention Program requirements.

Consults with, and explain cross connection control requirements, to property owners, managers, contractors, government agencies and the general public.

Coordinates Cross Connection Control Program activities with other government and non-government agencies or departments.

Meets with private, business or industrial representatives to discuss inspection findings and recommends actions to comply with Cross Connection Control and Backflow Prevention Program requirements.

Prepares and maintains records and files, including field test data, surveys, cross connection locations, approved backflow assembly inventories, etc. Maintain a log of customer contacts and inspections.

Composes correspondence, prepare forms and write reports relating to the Cross Connection Control Program.

Issues written warnings and/or fees and penalties to customers as necessary.

Participates in the employee interview/selection process. Trains, motivates and evaluates assigned staff. Provides or coordinates training. Works with employees to correct deficiencies. Implements discipline as needed.

Demonstrates various types of backflow prevention devices and train other staff in recognizing cross connection.

Oversees certified testers.

Oversee and participate in the enforcement of the Cross Connection Control Program.

Oversee, direct and coordinate the work of lower level staff.

Supervises, trains and evaluates staffs.

Analyze problems, identify alternative solutions, project consequences of proposed actions and implement recommendations in support of goals.

Ensure compliance with applicable Guam and Federal laws, rules, and regulations governing cross connection control and backflow prevention.

Participate in the development and administration of division goals, objectives and procedures.

Performs other related duties as assigned.

MINIMUM KNOWLEDGE, ABILITIES AND SKILLS:

Knowledge of methods and techniques of water distribution and systems maintenance and repair.

Knowledge of occupational hazards and standard safety practices, Guam and Federal and ensure compliance with applicable laws, rules and regulations governing cross connection control and backflow prevention.

Knowledge of operation, procedures, installation and inspection of cross connection and backflow preventive devices as applied to water distribution systems.

Knowledge of principles and practices of backflow prevention and cross connection control.

Knowledge of principles of budget preparation and control.

Ability to make decisions in accordance with appropriate program guidelines.

Knowledge of troubleshoot field inspection and customer information system database issues/problems.

Ability to operate computer programs, including Microsoft Office and the customer information system database.

Ability to bring diverse stakeholders (e.g. U.S. Environmental Protection Agency, Guam Environmental Protection Agency, local business leaders, general public, GWA management, Dept. of Public Health, etc.) together in order to develop and implement an effective Cross Connection Control and Backflow Prevention Program for GWA.

Ability to coordinate duties assigned to support staff.

Ability to interpret and apply Guam and Federal policies, laws, rules, and regulations as it relates to Guam's Cross Connection Control and Backflow Prevention Programs.

Ability to communicate effectively both orally and in writing.

Skill in the supervision, training and performance evaluations of subordinates.

Skill in business letter writing and report preparation.

MINIMUM EXPERIENCE AND TRAINING:

A. Graduation from a recognized college or university with a Bachelor's Degree in engineering, science or public administration from a US accredited college ***and*** four (4) years of experience in water operations management and maintenance ***to include*** two (2) years of direct supervisory experience in a management and/or administrative capacity; **or**

B. Any equivalent combination of experience and training which provides the minimum knowledge, skills and abilities required for the position.

NECESSARY SPECIAL QUALIFICATIONS:

Possession of a valid Water Distribution or Water Treatment Operator's Certificate Level IV; ***and***

Possession of a valid AWWA or ABPA Cross-Connection Control Specialist Certification; ***and***

Possession of a valid Guam Driver's License.

ESTABLISHED:	MARCH 2017	
JOB EVALUATION POINTS:	978	
PAYGRADE:	MINIMUM:	M5-A: $62,143.00
	MAXIMUM:	M7-A: $67,292.00

JOSEPH T. DUENAS, Chairman
Consolidated Commission on Utilities

EXHIBIT B

CONSOLIDATED
COMMISSION ON UTILITIES
Guam Power Authority • Guam Waterworks Authority
P.O.BOX 2977 • Agana,Guam 96932

GUAM CONSOLIDATED COMMISSION ON UTILITIES

GPA RESOLUTION 2017-08

GWA RESOLUTION 25-FY2017

RELATIVE TO THE CONSOLIDATED COMMISSION ON UTILITIES EXPRESSING TO CONGRESS ITS SUPPORT OF TAX EXEMPT MUNICIPAL BONDS

WHEREAS, Congress is considering changes to the tax exempt municipal bonds program, and the Consolidated Commission on Utilities desires to advise Congress that it supports the tax exempt municipal bond program for both Guam Power Authority and Guam Waterworks Authority; and

WHEREAS, both the American Public Power Association (APPA) and the American Water Works Association (AWWA) have requested that their member organizations ask house members in their congressional delegation to join in signing a letter in support of municipal bonds; and

WHEREAS, the CCU strongly supports these congressional efforts to ensure the tax exempt municipal bond program continues to allow for public financing by GPA and GWA; and

NOW, THEREFORE BE IT RESOLVED, the following policy is adopted by the Consolidated Commission on Utilities;

1. The Chairman of the Consolidated Commission on Utilities is authorized to send a letter to Congresswoman Bordallo requesting that a letter be send in support of the municipal bond program to the House Municipal Finance Caucus.

RESOLVED, that the Chairman certifies and the Board Secretary attests to the adoption of this Resolution.

DULY AND REGULARLY ADOPTED AND APPROVED THIS 21st DAY OF MARCH 2017.

Certified by:	Attested by:
_____	_____
JOSEPH T. DUENAS Chairperson Consolidated Commission on Utilities	**J. GEORGE BAMBA** Secretary Consolidated Commission on Utilities

I, J. George Bamba, Secretary for the Consolidated Commission on Utilities (CCU), as evidenced by my signature above do certify as follows:

The foregoing is a full, true, and accurate copy of the resolution duly adopted at a regular meeting of the members of Guam Consolidated Commission on Utilities, duly and legally held at a place properly noticed and advertised at which meeting a quorum was present and the members who were present voted as follows:

Ayes: _____

Nays: _____

Absent: _____

Abstain: _____

GUAM POWER AUTHORITY
ATURIDÅT ILEKTRESEDÅT GUAHAN
P.O.BOX 2977 • AGANA, GUAM U.S.A. 96932-2977

Issues for Decision

Resolution No. 2017-08
Resolution No. 25-FY2017:

Relative to Support of Tax Exempt Bonds

What is the project's objective? Is it necessary and urgent?

Congress is considering changes to the tax exempt municipal bonds program, and the Consolidated Commission on Utilities desires to advise Congress that it supports the tax exempt municipal bond program for both Guam Power Authority and Guam Waterworks Authority.

Both the American Public Power Association (APPA) and the American Water Works Association (AWWA) have requested that their member organizations ask house members in their congressional delegation to join in signing a letter in support of municipal bonds. The CCU strongly supports these congressional efforts to ensure the tax exempt municipal bond program continues to allow for public financing by GPA and GWA.

Affordable Water Infrastructure Relies on Municipal Bonds

Congress Must Preserve the Municipal Bond Tax Exemption

Our nation's water infrastructure needs are well documented. The Environmental Protection Agency reports that cities and towns across the country need to invest more than **$650 billion** in drinking water and wastewater infrastructure over the next two decades just to maintain current levels of service.

The vast majority of water infrastructure improvements are paid for at the local level, and communities primarily look to tax-exempt municipal bonds as the most affordable and accessible financing source. Since 1913 municipal bond interest earnings have been exempt from the federal income tax, leading investors to offer lower borrowing rates to communities. This translates into millions of dollars in savings for local water ratepayers every year.

In 2016 communities nationwide issued nearly **$38 billion** in municipal bonds to pay for water, sewer, and sanitation infrastructure projects. Fully taxing municipal bond interest would have increased total water infrastructure debt service costs by **$16 billion** over expected loan repayment periods – an increase of **25%** – effectively imposing a new tax on municipalities and utility ratepayers.

It is appropriate for the federal government to help subsidize local water infrastructure spending.

Communities must comply with scores of federal drinking water and wastewater quality mandates and regulations. It is therefore reasonable for the federal government to help offset some compliance costs by offering a low-cost way of financing necessary state and local borrowing.

A tax exemption is the right way to deliver this subsidy.

Federal water infrastructure aid takes many forms, including rural USDA grant programs, loans through EPA's SRF programs and direct low cost financing through WIFIA. However, tax-exempt municipal bonds are the primary mechanism to promote clean and safe water — and one that can be efficiently accessed without a lengthy federal application and review process.

The current tax treatment of municipal bond interest is efficient and equitable.

Reducing financing expenses lowers the cost of water infrastructure improvements, thus reducing the amount of funding required from local ratepayers – and sought from federal grant and loan programs. Reducing rate pressure boosts the affordability of water and wastewater service to everyone in the community, but especially to individuals and families on fixed incomes.

AMWA and NACWA urge you to preserve tax-exempt municipal bonds.

ASSOCIATION OF METROPOLITAN WATER AGENCIES

NACWA
A Clear Commitment to America's Waters

AMERICAN PUBLIC POWER ASSOCIATION
Powering Strong Communities

ISSUE BRIEF January 2017

Municipal Bonds and Public Power

Summary

Tax-exempt municipal bonds have financed $2 trillion in new investments in infrastructure in the last decade, including $112 billion in new investments in electric power generation, transmission and distribution, and should be the cornerstone of any plan to address the significant challenges of funding and financing new investments in public infrastructure. Federal tax exemption reduces costs at the margin, but municipal bonds are subject to local control and responsibility. Therefore, the American Public Power Association (Association or APPA) opposes any efforts to limit or eliminate municipal bonds given these adverse impacts on our public power utility members and their customers.

Background and History

The first recorded municipal bond was issued in 1812. Today, there are $3.7 trillion in municipal bonds outstanding, with more than $200 billion funding new projects every year. Close to five percent of those issuances (as much as $11 billion every year) finance new investments in power generation, distribution, reliability, demand control, efficiency, and emissions control: all needed to deliver safe, affordable, and reliable electricity.

In addition to infrastructure for public power utilities, these bonds finance roads, bridges, sewers, hospitals, libraries, schools, town halls, police stations, and every other sort of government-purpose investment made by state and local governments. In fact, nearly three-quarters of the infrastructure investment in the U.S. is financed by state and local government bonds.

Since the creation of the federal income tax in 1913, interest on government purpose municipal bonds has been excluded from federal income tax. This dates back to a series of U.S. Supreme Court decisions in the 1800s concluding first, that a state tax on a federal enterprise inherently violated the Constitution and, second, that a federal tax on municipal bond interest likewise would be unconstitutional. Subsequently, the U.S. Supreme Court has given the federal government the right to regulate government purpose municipal bonds—for example, requiring issuers to register bonds for the interest to be exempt from tax—and to tax the interest on bonds determined not to be for governmental purposes. By way of example of the latter, the 1986 Tax Reform Act substantially revised the tax treatment of private activity bonds.[1] In 1988, a slim U.S. Supreme Court majority in South Carolina v. Baker found that municipal bonds could be taxed, but Congress has been unwilling to overturn decades of precedent by changing the tax treatment of government purpose bonds.

Strengths and Benefits of Municipal Bonds

State and local governmental entities—including public power utilities—have limited means to raise funds for their communities' capital needs. The municipal bond market gives close to 42,000 governmental issuers access to investors. This is particularly important to the vast majority of small towns, counties, cities, and publicly owned utilities that issue municipal bonds. The median corporate bond issue is $210 million. Conversely, while roughly five percent of municipal bond issuances are for $200 million or more, the vast majority of municipal bonds, including for public power investments, are far smaller: the median municipal bond issuance is $7 million.

The federal tax exclusion of bond interest means issuers can finance their investments affordably. Over the past 20 years, the average yield of Standard & Poor's Corporate Bond (Aaa) Index has been 130 basis points higher than that of Moody's High-Grade Municipal Bond Index. Adjusting for the cost of call provisions common in municipal bonds, but rare in corporate

1 Private activity bonds differ from government purpose municipal bonds in that they can be issued by a state or local government to finance certain private projects. Interest on qualifying private activity bonds is exempt from regular federal income tax, but subject to the federal Alternative Minimum Tax (AMT). The volume of private activity bonds that can be issued in a state is subject to an annual cap. While power generation and distribution are among the qualified private activity bond activities, other restrictions and considerations make the use of tax-exempt private activity bonds rare for such purposes. Of 1,150 municipal bonds issued for public power projects from 2007-2011, just 30 were private activity bonds.

taxable bonds, the spread is closer to 180 basis points. The difference can save municipal bond issuers 25 percent over the 30-year life of a project. These savings result in more critical investments in infrastructure and essential services by state and local governments and lower costs for the services they provide. Also, municipal bonds are ideally suited to finance capital-intensive and long-lived public infrastructure, such as the assets of a public power utility.

Investors purchase municipal bonds in part because of tax considerations, accepting a lower rate of return because the interest is exempt from federal income tax. Municipal bonds are also valued for their ability to generate a steady stream of revenue for fixed-income households. Individual households are the investors in over 70 percent of municipal bonds. Nearly 60 percent of this household tax-exempt interest is earned by taxpayers over 65 years old. In 2012, 48 percent of all municipal bond interest paid to individuals went to those with incomes of less than $250,000.[2]

Recent market performance and the "flight to quality" underscore that municipal bonds are also valued as stable financial investments. Now more than 200-years old, the U.S. municipal bond market is well-established, with a robust and comprehensive federal legislative and regulatory system that protects investors. Likewise, municipal bonds themselves are typically extremely secure investment vehicles: the default rate for investment grade municipal bonds is far less than 0.1 percent, a fraction of the default rate for comparably rated corporate bonds.

Congressional and Administration Actions—Threats to Municipal Bonds

Calls to tax municipal bonds to pay for federal income tax rate cuts or deficit reduction are on the rise. All would have the same effect: limiting or eliminating the income tax exemption for interest from municipal bonds would reduce investments in vital infrastructure across the country and increase the cost of electricity for public power customers. Ultimately, a disproportionate share of this burden will be shouldered by those who can least afford it.

For example:

- A repeal of the tax exemption for municipal bonds would increase borrowing costs by 47 percent;
- A surtax on municipal bond interest to create a "cap" on the tax value of the exclusion for municipal bonds would increase borrowing costs by 32 to 35 percent; and
- Replacing the exclusion for municipal bonds with a direct payment bond would increase borrowing costs by 16 percent (assuming a direct payment percentage of 25 percent of the issuer's interest expenses). Direct payment bond issuers would also be vulnerable to the annual budget process, as evidenced by the ongoing sequestration order for Build America Bond payments. (See APPA's fact sheet, "Sequestration for Build America Bonds' Credit Payments" for additional information.)

To put these numbers in perspective, a $250 million power plant would cost $80 million more to finance if the tax exemption for municipal bonds were repealed; $40 million more if the tax exemption were "capped" and $30 million more if municipal bonds were replaced with direct payment bonds.

American Public Power Association Position

The Association believes municipal bonds are the single most effective tool for financing investments in public infrastructure. Taxing municipal bonds would impose higher borrowing costs that would limit investment in critical infrastructure and, ultimately, impose higher electric rates on our residential and business customers. In sum, any such change would simply shift costs from the federal government onto the backs of state and local residents. As a result, the Association believes that the federal tax exclusion for municipal bond interest should not be limited or replaced.

American Public Power Association Contact

John Godfrey, Senior Government Relations Director,
202-467-2929 / jgodfrey@publicpower.org

The American Public Power Association is the voice of not-for-profit, community-owned utilities that power 2,000 towns and cities nationwide. We represent public power before the federal government to protect the interests of the more than 49 million people that public power utilities serve, and the 93,000 people they employ. Our association advocates and advises on electricity policy, technology, trends, training, and operations. Our members strengthen their communities by providing superior service, engaging citizens, and instilling pride in community-owned power.

2 Internal Revenue Service, "Statistics of Income—2010: Individual Income Tax Returns" (2012).

Dear Chairman Brady and Ranking Member Neal:

As Congress considers tax reform and infrastructure financing, we, the undersigned, write to express our strong support for an already potent tool already in hand – the tax-exempt municipal bond. For more than a century, states and local governments have depended on this reliable and efficient means of financing.

Nearly two-thirds of core infrastructure investments in the United States are financed with municipal bonds. In 2015 alone, more than $400 billion in municipal bonds were issued to finance the projects that touch the daily lives of every American citizen and business. They are the roads we drive on, schools for our children, affordable family housing, water systems that supply safe drinking water, courthouses, hospitals and clinics to treat the sick, airports and ports that help move products domestically and overseas, and, in some cases, the utility plants that power our homes, businesses, and factories. These are the pro-growth investments which spur job creation, help our economies grow, and strengthen our communities.

A combination of local control and local responsibility makes municipal bonds an incredibly effective and efficient tool. Voters throughout the country overwhelmingly support tax-exempt municipal bonds, which are either approved by locally-elected officials or directly through bond referenda – fiscal federalism at its finest. This must help explain why the default rate is less than 0.01%. Federal tax exemption reduces the cost of issuing municipal bonds, but it is these voters who will pay the interest and principle on this debt. As a result, over the last decade overall state and local borrowing has actually declined in proportion to the economy, while still financing more than $2 trillion in new infrastructure investments. And, if simply left alone, municipal bonds likely will finance another $3 trillion in new infrastructure investments by 2026.

Furthermore, millions of Americans depend on municipal bonds for their economic security, and invest in them because of their low-risk nature. Nearly three-quarters of individual investors earn less than $200,000 per year and more than three-quarters are 55 or older. Businesses also rely on municipal bonds as a safe, stable, long-term investment.

In conclusion, changes to the tax-code should recognize the vital role of tax-exempt municipal bonds. Any changes under consideration to the tax exempt status that would increase the cost of financing for states and local government should be provided very careful consideration. We believe the current tax-exempt status contributes to efficient economic growth that benefits all Americans.

Sincerely,

CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority • Guam Waterworks Authority
P.O.BOX 2977 • Agana,Guam 96932

Regular Board Meeting
CCU Conference Room, Gloria B. Nelson Public Service Building
5:30 p.m., February 21, 2017

MINUTES

1. **CALL TO ORDER**

The Chairman called the regular monthly meeting of February 21, 2017 to order at 5:33p.m. He announced that all (5) Commissioners are present.

Others present at the meeting include:

Commissioners:

Joseph T. Duenas	CCU Chairman
Francis Santos	CCU Vice Chairman
George Bamba	CCU Secretary
Judith Guthertz	CCU Treasurer
Simon Sanchez	Member

Executive Mgmt.:

John Benavente	GM / GPA
Miguel Bordallo	GM / GWA
John Kim	CFO / GPA
Greg Cruz	CFO / GWA
Kelly Clark	Staff Attorney / GWA
Graham Botha	Staff Attorney / GPA

Management & Staff:

Paul Kemp	AGM Compliance & Safety / GWA
Vangie Lujan	Compliance & Safety / GWA
Ron Topasna	GWA
Heidi Ballendorf	PIO / GWA
Art Perez	PIO / GPA
Joyce Sayama	Mgmt. Analyst / GPA Ex. Office
Ann Borja	Mgmt. Analyst / GWA Ex. Office
Lou Sablan	Board Secretary / CCU
Dave Fletcher	GWA
Vicente Pangelinan	GWA

Guest:

Angelica Perez	AM Insurance
Annmarie Muna	AM Insurance
Andy Niven	PUC
Nestor Licanto	KUAM
Kurt Bilz	Brown & Caldwell
George Watson	Brown & Caldwell

2. **APPROVAL OF MINUTES**

The Minutes of January 12, 2017 and January 24, 2017 were presented for approval.

Comm. Bamba motioned to approve the Minutes subject to verification and written correction; Comm. Sanchez seconded. There was no further discussion or objection and the motion passed.

3. **COMMUNICATIONS**

3.1 Public Comments - none

4. **NEW BUSINESS**

4.1 GWA

4.1.1 GM Report Update

GM Bordallo said there is no change to the General Manager's Report presented at the GWA Work Session and has nothing to add. The government water and wastewater meetings are ongoing and the quarterly meeting is happening this afternoon.

Comm. Bamba asked management to update the Commission relative to the water - question update on water outage in the south. The GM reported that there was a main break in Talofofo, a substantial leak and management did not want to lose all that water so it was decided to close the schools and fix the break. All is fixed and back to normal now.

Also, Comm. Santos commented about a complaint that aired at one of the local talk shows about referencing Public Works how construction on road work never goes back to original condition after GWA tears up the road. He said he is sure GWA has the same problem. GM Bordallo concurred that GWA does have the same issue and that he has met with the DPW director to discuss this matter. He said a list of about 100 incidences were noted and GWA checked to see if any of them were GWA's responsibility. For those that were, it was agreed that GWA would handle the repair. The result of this process determined that not all of these types of incidents are GWA's; some are private contractors. He added that management released a Request for Information for bidders to do the repair work but there was no responsive bidders. He said the basic response from bidders is that the project is not big enough for the big companies and too big a project for smaller companies by way of bonding. In the meantime, GWA has implemented immediate remedies for projects that are going on from now forward. Our recent performance is significantly better than past performance and this is the pattern that management is holding until we find a responsive bidder or decide to make it part of our standard operating procedure permanently. The GM said that management is

Comm. Guthertz asked if GWA corrected the problem in Inarajan by the Talofofo bridge. She said it's been several months and the mayor said she was promised that it would be prepared. The GM said management is waiting for the contractor to mobilize repair. The Commissioner asked if management could please push the contractor along because the Mayor is very upset.

Comm. Santos asked what does management do to contractor that break lines that belong to GWA. The GM said the work orders issued to respond to the incident is listed and the work is billed to the contractor. When this happens the contractor is put on notice and they are advised strongly that there are costs related to the incident.

Some suggestions to try to resolve this problem is the approach the Contractors Licensure Board or to black list contractors who are culprits or repeat offenders. If it is a federal contractor then management can initiate a dialog with the feds to come to terms with these types of issues.

Comm. Sanchez said that perhaps legal counsel can review and determine what can be done legally afford relief and address these types of problems. The penalty has to be substantial for it to be prohibitive. Perhaps the legislation needs to be revisited.

Comm. Santos said let's be proactive to ensure that contractors are held accountable. Management will have discussion with DPW Glenn Leon Guerrero since they too are guilty of this, not just independent contractors.

Comm. Guthertz asked if communication companies have impacted the community in the same way. Management said not as much as DPW and other independent contractors.

4.1.2 Financials – None

4.1.3 Resolution No. 18-FY2017 Relative to Approval of the Route 1 (Asan-Adelup-Hagatna) Sewer Rehabilitation and Asan Sewer Break Repair Construction Project

Resolution 18-Y2017 was a poll vote item. The poll vote was taken on Feb. 15, 2017 and passed by a vote of four (4) ayes, zero (0) nays and one (1) no response.

For the record, the objective of this project is to rehabilitate, repair or replace deteriorating gravity sewer lines in Asan. Approximately 88 linear feet of 18-inch diameter gravity sewer line near Harley-Davidson has collapsed and needs to be replaced. A potential collapse has occurred across the Asan "War in the Pacific" National Historical Park which also requires attention. This project will assist GWA in addressing these issues and any other potential collapses that may arise within the project area of Route 1, from the Asan "War in the Pacific" National Historic Park to the Agana Main Pump Station.

The construction services contract was proposed by Pacific Rim Constructors for $757,302.00 for the base bid, and 1,713,356.00 for the additive bid, for a total basis of award amount of $2,470,658.00. This contract amount, which is primarily based on unit pricing, includes the furnishing of all labor, tools, equipment and materials, and agency coordination needed to complete the sewer infrastructure rehabilitation in the locations noted.

GWA management is seeking a total authorized funding amount to a maximum of Two Million Four Hundred Seventy Thousand Six Hundred Fifty-Eight Dollars ($2,470,658.00) - $757,302 base bid and $1,713,356.00 for additional bid. The funding for this project will be from USEPA Grant Funds. The estimated completion is September 2017.

Comm. Bamba motioned to ratify Resolution 18-FY2017 as per poll vote; Comm. Guthertz seconded. There was no further discussion or objection and the motion passed.

4.1.4 Resolution No. 19-FY2017 Relative to Approval of the Critical Wastewater Pump Station Repairs and High Water Alarms Construction Project

If approved, Resolution 19-FY2017 will improve operation functionality at certain sewer pump stations that are currently being monitored on a rotating basis by GWA personnel. The plan is to install an alarm system that would reduce GWA's response time, operation and maintenance cost, and potential environmental impact.

The sewer pump stations included in this project are: Southern Link, Yigo, Harmon, Ypao, Agana Main, Mamajanao, Barrigada, Dairy Road, Mangilao, Tai Mangilao, Pago Double, New Chaot, Asan, Piti, #13, #16, #17, Inarajan Lift and Inarajan Main.

The winning bid was from Pacific Rim Constructors, Inc., considered the lowest and most responsive with bid amount of One Million Four Hundred Forty-Four Thousand Eight Hundred Eighty-Eight Dollars ($1,444,888.00). With the normal ten percent (10%) contingency in the amount of One Hundred Forty-Four Thousand Four Hundred Eighty-Eight Dollars and Eighty Cents ($144,488.80), the total authorized funding amount is One Million Five Hundred Eighty-Nine Thousand Three Hundred Seventy-Six Dollars and Eighty Cents ($1,589,376.80). Funding for this project will be from USEPA SRF Grant Funds and, if necessary, GWA 2013 and 2016 Bond Funds applicable to the project. Completion expected to be September 2017.

Comm. Bamba motioned to approve Resolution 19-FY2017; Comm. Guthertz seconded. There was no further discussion or objection and the motion passed.

At this point, Chairman Duenas recognized PUC representatives and Mr. Tom Connor from USEPA.

4.1.5 Resolution No. 20-FY2017 Relative to Approval of 2016 Bond Fund as an Alternative Funding Source to PMO Amendment No. 5

Resolution 20-FY2017 provides an alternative funding source to fund work authorization related to Amendment #5 to the PMO contract. GWA management seeks to approve and implement remaining portions of authorizations that were part of Amendment #5, which were not executed at the time, through future contract change orders but now seeks CCU approval to include as a funding source the 2016 Bond proceeds that are applicable to the PMO's work and which are eligible to be used.

The CCU approved the PMO amendment #5 previously via Resolution No. 39-FY2015 but Resolution 39 only cited the funding source for the Amendment #5 "will be from the 2010 and 2013 bond series proceeds…". This resolution will amend the funding source to include 2016 Bond proceeds. Completion date of work remaining under Amendment #5 is December 2018.

Comm. Bamba motioned to approve Resolution 20-FY2017; Comm. Guthertz seconded. There was no further discussion or objection and the motion passed.

4.1.6 Resolution No. 21-FY2017 Relative to the Amendment of the Classification Standards of the Water Meter Repairer and the Water Meter Repairer Supervisor Positions

It is necessary and urgent for the CCU to approve the above request to support the amendment of the Water Meter Repairer and Water Meter Repairer Supervisor positions to read Water Meter Maintenance and Repair Worker I and Water Meter Maintenance and Repair Worker Supervisor respectively. Resolution No. 57-FY2016 approved the creation of the Water Meter Maintenance and Repair Worker series of positions on September 27, 2016. GWA subsequently requests to amend the positions' titles to allow the Department of Administration to appropriately assign position classification

codes to the amended positions in order for the Authority to move forward with its recruitment efforts to optimize the operations and maintenance of the Test Bench Facility. These positions are to staff the Meter Calibration section of the Authority, specifically the Test Bench Facility and will be funded by revenue funds.

Comm. Bamba motioned to approve Resolution 21-FY2017; Comm. Guthertz seconded. There was no further discussion or objection and the motion passed.

4.1.7 Resolution No. 22-FY2017 Ratification of Purchases Under Indefinite Quantity Contract with JMI-Edison for the Purchase of Submersible Pumps and Motors for GWA Deep Wells

With Resolution 22-FY2017, management is requesting the Commission to purchase pumps and motors to improve reliability of GWA's water supply system. The project is to provide submersible pumps and motors to GWA Deep Wells to ensure adequate stock is available at all times and bring back online existing down wells. The cost is $963,018.62, for the purchases of submersible pumps and motors during the initial contract term of three (3) years and purchase orders as listed below:

Cost Summary

PO Purchases	$736,164.47
Additional Purchases	$226,854.15
TOTAL	**$963,018.62**

The indefinite quantity contract will be in place for an initial term of three (3) years and purchases will be ongoing on an as-needed basis over the life of the contract term and will be funded by Bond Fund Programs Budget and Water Production O&M Budget.

Comm. Bamba motioned to approve Resolution 22-FY2017; Comm. Guthertz seconded. There was no further discussion or objection and the motion passed.

Comm. Guthertz commented that at the last work session this was discussed and we need to determine why our pumps burn out. Is it the pumps, motors or design of installation. It might also warrant a consideration of a redesign to cut down burn out of motors. The lifetime of these motors is 7 years and it seems we are running then down in 3 years. The GM said GWA has a working group at looking at grounding and analyzers and quality of the power and any equipment on the front end all these options trying to find a solution.

Comm. Bamba added with this purchase, what is GWA's total inventory- once completed . The GM said GWA has 105 wells and these purchases will replenish GWA's inventory which we have depleted. We are getting to a critical point with stock on hand.

4.2 GPA

4.2.1 GM Report Update

Investment Conference date change is tomorrow at 2:30 p.m. with welcoming reception at 5:30 p.m. Other highlights the GM mentioned is that management is working on Dededo CT plant and will be commissioned by the end of March.

Chairman asked other than that just scheduled regular maintenance and the response was yes. He also said reserves would be back up to par. He said his report is available for review.

4.2.2 Financials

CFO John Kim reported that January revenues are better than expected – 12.8 compared to PY at 12.6. KwH sales is $131,000 vs. budget of $121,000, the demand was much higher than previous year. Customer numbers increased to 50,700 vs. 50,100 for prior year, primarily residential. Comm. Santos asked the CFO to update the commercial residential sales by quarter so the Commission can see the trend. The GM said that the figures provided will include those in the pipeline. Fuel Revenue is $11.8M

dropped slightly compared to December. O&M is ranging at $5M, consistent and better than last year and more favorable than budget projections. Debt service ratio is 2.21 which is still good. Net income is $1.19M and YTD is $6.39M.

Comm. Bamba asked about on the debt service ratio – if it was calendar or fiscal year; the CFO clarified it was Fiscal Year.

4.2.3 Resolution 2017-07 Relative to Approval of the Contract Extension for Korean East-West Power (KEWP) for the Management, Operation and Maintenance of the GPA Cabras 3&4 Power Plants

GPA intends to issue a 12-month contract extension to Korea East West Power (KEWP) until such time that the Insurance claim is settled or a final agreement with the Insurers as to the valuation of the loss due to the August 31, 2015 incident is determined. The contract extension period is from March 2017 to February 2018. If the insurance settlement is reached sooner, GPA will exercise its option to terminate the contract earlier. GPA needs to preserve the Cabras 3&4 Plant during the insurance process. KEWP has a vast historical knowledge of the operations of the Plant, and GPA has relied on them to direct the operations and maintenance of the Plant. There have been and continues to be numerous data requests from GPA's Insurers regarding the Cabras 3&4 Plant. GPA has a duty to cooperate with its Insurers under the policy. GPA continues in such cooperation. KEWP has proven to be instrumental in addressing the inquiries by the Insurers as GPA moves forward with its insurance claim. It is of special note that the Insurers themselves have hired their own technical experts to counter GPA's claim. GPA is taking reasonable efforts to protect its interests. The Cabras 3&4 Plant suffered severe and extensive damage. It has proven difficult in the aftermath of the plant explosion and fire to perform some of the repairs needed to facilitate the some required work. KEWP will continue to perform historical plant expertise / insurance claim technical support, damage assessment, plant preservation and expedited procurement, where needed, until the claim is settled.

GPA is currently negotiating the contract costs with KEWP. The fixed management fee, which includes travel, living allowances, wages, and applicable taxes, is expected to cost $65,820 which is approximately 30% less than the Fixed Management Fee in 2015 (before the Cabras 3&4 Plant fire). Additionally, to expedite the routine preservation efforts, a portion of the contract under Preservation Management Services as a reimbursable item will also be included in the amount not to exceed $25,000.

The anticipated costs for the 12-months extension are $*789,840* for *Fixed Management Fee* and $300,000 for *Preservation Management Services* (Reimbursable) for a total of *$1,089,840.*

The following constitutes the Preservation Management Services:

Preservation Management Services (Reimbursable Routine O&M)

Object Code	Description	Amount
15	Heavy Equipment Rental	$ 2,309.23
25	Technical Services	$ 841.75
26	EPA Compliance	$ 536.34
35	Other Maintenance	$ 3,337.21
40	Communication	$ 600.40
46	Accessory equipment	$ 14,145.14
62	Other Materials	$ 1,849.62
65	Office Supplies	$ 1,361.70
66	Safety Supplies	$ 18.62
	TOTAL	$ 25,000.00

Comm. Bamba motioned to approve Resolution 2017-07; Comm. Guthertz seconded. There was no further discussion or objection and the motion passed.

5. OLD BUSINESS - None

6. ANNOUNCEMENTS

6.1 Next CCU Meetings: GWA WS – March 15; GPA WS – March 16; CCU Meeting – March 21

The Chairman announced that the next meeting would be a work session for GWA on March 15 and GPA on March 16 followed by the CCU meeting on March 21.

He then called for a motion to move the meeting to Executive Session to discuss personnel matters.

Comm. Bamba motioned to move the meeting to executive session; Comm. Guthertz seconded. It was 6:06p.m.

7. EXECUTIVE SESSION

7.1 Personnel Matter

This matter was discussed.

At around 7:10 p.m., Chairman Duenas announced that the meeting has now moved back to Regular Session from Executive Session. Four (4) Commissioners were still present – Comm. Duenas, Santos, Bamba and Guthertz along with General Manager John Benavente and Legal Counsel Graham Botha. The Chairman said he will entertain a motion to approve what was adopted in Executive Session.

Comm. Bamba motioned that the Commission concur with the recommendation of the General Manager, John Benavente to hire Mrs. Beatrice Perez Limtiaco for position of Asst. General Manager of Administration at the salary of $128,282; Second by Comm. Guthertz. All were in favor and the motion passed.

Comm. Bamba motioned to concur with the recommendation of the General Manager, John Benavente, to promote Mr. John Cruz, Manager of SPORD to Asst. General Manager of Engineering and Technical at the proposed salary of $145,000; second by Comm. Guthertz All were in favor and the motion passed.

Comm. Santos motion to increase the salary of current Asst. General Manager of Operations, Mrs. Melinda Mafnas from $138,871 to proposed salary of $145,000; Seconded by Comm. Guthertz. All were in favor and the motion carried.

Comm. Santos moved to adjourn; Comm. Bamba seconded.

8. ADJOURNMENT

There was no further business to bring before the Commission and the meeting was adjourned at 7:35 p.m.

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bls

Attested:

JOSEPH T. DUENAS, Chairman

J. GEORGE BAMBA, Secretary

CONSOLIDATED
COMMISSION ON UTILITIES
Guam Power Authority • Guam Waterworks Authority
P.O.BOX 2977 • Agana,Guam 96932

GUAM CONSOLIDATED COMMISSION ON UTILITIES

GPA RESOLUTION 2017-08

GWA RESOLUTION 25-FY2017

RELATIVE TO THE CONSOLIDATED COMMISSION ON UTILITIES EXPRESSING TO CONGRESS ITS SUPPORT OF TAX EXEMPT MUNICIPAL BONDS

WHEREAS, Congress is considering changes to the tax exempt municipal bonds program, and the Consolidated Commission on Utilities desires to advise Congress that it supports the tax exempt municipal bond program for both Guam Power Authority and Guam Waterworks Authority; and

WHEREAS, both the American Public Power Association (APPA) and the American Water Works Association (AWWA) have requested that their member organizations ask house members in their congressional delegation to join in signing a letter in support of municipal bonds; and

WHEREAS, the CCU strongly supports these congressional efforts to ensure the tax exempt municipal bond program continues to allow for public financing by GPA and GWA; and

NOW, THEREFORE BE IT RESOLVED, the following policy is adopted by the Consolidated Commission on Utilities;

1. The Chairman of the Consolidated Commission on Utilities is authorized to send a letter to Congresswoman Bordallo requesting that a letter be send in support of the municipal bond program to the House Municipal Finance Caucus.

RESOLVED, that the Chairman certifies and the Board Secretary attests to the adoption of this Resolution.

DULY AND REGULARLY ADOPTED AND APPROVED THIS 21st DAY OF MARCH 2017.

Certified by:

JOSEPH T. DUENAS
Chairperson
Consolidated Commission on Utilities

Attested by:

J. GEORGE BAMBA
Secretary
Consolidated Commission on Utilities

I, J. George Bamba, Secretary for the Consolidated Commission on Utilities (CCU), as evidenced by my signature above do certify as follows:

The foregoing is a full, true, and accurate copy of the resolution duly adopted at a regular meeting of the members of Guam Consolidated Commission on Utilities, duly and legally held at a place properly noticed and advertised at which meeting a quorum was present and the members who were present voted as follows:

Ayes: 4

Nays: 0

Absent: 1

Abstain: 0

GUAM CONSOLIDATED COMMISSION ON UTILITIES
RESOLUTION NO. 23–FY2017

RELATIVE TO APPROVING THE PROPERTY INSURANCE, GENERAL LIABILITY INSURANCE, DIRECTORS AND OFFICERS LIABILITY INSURANCE, AUTOMOBILE INSURANCE, CYBER INSURANCE AND CRIME INSURANCE BID IN GUAM WATERWORKS AUTHORITY ("GWA") BID NUMBER GWA 2017-12 AND AUTHORIZING GWA TO PETITION THE GUAM PUBLIC UTILITIES COMMISSION ("PUC") FOR APPROVAL UNDER THE CONTRACT REVIEW PROTOCOL

WHEREAS, under 12 G.C.A. § 14105, the Consolidated Commission on Utilities ("CCU") has plenary authority over financial, contractual and policy matters relative to the Guam Waterworks Authority ("GWA"); and

WHEREAS, the Guam Waterworks Authority ("GWA") is a Guam Public Corporation established and existing under the laws of Guam; and

WHEREAS, under Sections 6.05 and 6.06 of the Bond Indenture for GWA's 2010, 2013, 2016 System Revenue Bond Series and 2014 Refunding Bonds respectively, GWA is required to maintain or cause to be maintained insurance with responsible insurers in types and amounts that is usually maintained by prudent operators of systems similar and similarly situated to GWA's system; and

WHEREAS, on December 06, 2016, the CCU adopted Resolution No. 08–FY2017 relative to authorizing GWA to deploy an invitation to bid to procure property insurance and authorizing GWA to petition the PUC for approval under the contract review protocol; and

WHEREAS, on December 12, 2016, GWA petitioned the Guam Public Utilities Commission (PUC) for approval of GWA's Invitation to Bid; and

WHEREAS on December 29, 2016, after careful consideration of GWA's December 12, 2016 Petition to the PUC and the December 27, 2016 ALJ report, GWA's Petition was approved pursuant to PUC GWA Docket No. 17-01; and

WHEREAS, on February 14, 2017 GWA issued Bid No. GWA 2017-12 which sought competitive sealed bids for three (3) and or five (5) year terms for property insurance, general liability insurance, directors and officers liability insurance, automobile insurance, cyber insurance and crime insurance to cover GWA's system, assets, and key officers and personnel with coverage amounts, deductibles and terms deemed appropriate by GWA's Risk Consultant, Iris Limited; and

WHEREAS, at the bid opening held on March 07, 2017, AM Insurance, a local insurance brokerage firm, and the sole bidder, submitted a firm and fixed bid (Exhibit A, Exhibit B and Exhibit C – Parts 1 – 4) to provide the aforementioned lines of insurance; and

WHEREAS, GWA's Risk Consultant, GWA's Chief Financial Officer and GWA's Procurement Administrator have reviewed the bid and determined that the bid presented by AM Insurance was a responsive and responsible bid; and

WHEREAS, given the fact that AM Insurance bid was responsive and responsible, GWA's Management recommends that the Bid be awarded to AM Insurance for a Five (5) Year Term and total combined premium of Four Million Five Hundred Twenty Eight Thousand Eight Hundred Four Dollars ($4,528,804) subject to approval of the bid by the PUC under the Contract Review Protocol; and

Line of Insurance	Annual Premium		Total Premium	
	3 Year Term	5 Year Term	3 Year Term	5 Year Term
Property	$ 760,681	$ 701,530	$ 2,282,043	$ 3,507,650
Liability	115,000	115,000	345,000	575,000
D & O	17,213	15,921	51,638	79,606
Auto	47,906	40,065	143,717	200,323
Crime	5,670	5,245	17,010	26,225
Cyber	28,000	28,000	84,000	140,000
TOTAL PREMIUMS	**$ 974,470**	**$ 905,761**	**$ 2,923,408**	**$ 4,528,804**

WHEREAS, the CCU finds that the recommendation of GWA's Management to award the bid subject to the approval of the PUC is prudent under best business practices and in conformity with the existing Bond Indenture for GWA's System Revenue Bonds; and

NOW BE IT THEREFORE RESOLVED, the Consolidated Commission on Utilities does hereby approve the following:

1. The recitals set forth above hereby constitute the findings of the CCU.
2. The CCU finds that the terms of the bid submitted by AM Insurance is prudent, fair and reasonable under the circumstances and as such GWA is authorized to issue a Notice to Proceed with AM Insurance (See Exhibits A, B and C).
3. The CCU hereby authorizes the management of GWA to enter into a contract with AM Insurance and its affiliated sureties for a five (5) year term and total combined premium of Four Million Five Hundred Twenty-Eight Thousand Eight Hundred Four Dollars ($4,528,804).
4. The General Manager for GWA is authorized to execute all documents and undertake all reasonable actions necessary to place and maintain the policies over the five (5) year term in the manner of similarly situated and prudent operators of systems similar to GWA's system as required by the various Bond Indentures.
5. The CCU finds that the approval authorized in Section 1 is subject to GWA obtaining the approval of the PUC under the Contract Review Protocol.

RESOLVED, that the Chairman certified and the Board Secretary attests to the adoption of this Resolution.

DULY AND REGULARLY ADOPTED, this 21st day of March 2017.

Certified by:

JOSEPH T. DUENAS
Chairperson

Attested by:

J. GEORGE BAMBA
Secretary

//

//

//

I, J. George Bamba, Board Secretary of the Consolidated Commission on Utilities as evidenced by my signature above do hereby certify as follows:

The foregoing is a full, true and accurate copy of the resolution duly adopted at a regular meeting by the members of the Guam Consolidated Commission on Utilities, duly and legally held at a place properly noticed and advertised at which meeting a quorum was present and the members who were present voted as follows:

AYES: 4

NAYS: 0

ABSTENTIONS: 0

ABSENT: 1

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RESOLUTION NO. 23-FY2017

EXHIBIT A

GUAM WATERWORKS AUTHORITY

Gloria B. Nelson Public Service Building
688 Route 15, Mangilao GU 96913

MEMORANDUM

TO: Miguel C. Bordallo, P.E., General Manager

FROM: Evaluation Committee Members

SUBJECT: **PROPERTY INSURANCE, GENERAL LIABILITY INSURANCE, DIRECTORS AND OFFICERS LIABILITY INSURANCE, AUTOMOBILE INSURANCE, CRIME INSURANCE AND CYBER INSURANCE.**

Ref: Recommendation of Award

Invitation for Bid No: GWA 2017-12 was officially announced and advertised in the Pacific Daily News, Guam Times and Guam Waterworks Authority Website, subject bid opened on March 7, 2017 @ 10:00 am as scheduled.

Seven (7) firms registered and downloaded bid packages via GWA's website, namely:

- Am Insurance
- Trans Pacific Ins. Brokers
- AON Risk Solutions
- AXS Ins.
- Alfa Ins.
- DelTek
- Damon Harper

Of the 7, one submitted a seal bid, namely:

- Am Insurance

Evaluation:
The evaluation committee determined, Am Insurance proposal deemed responsive complying with all terms, condition and requirements set forth in the invitation for bid, bid price for the following insurance category below was also found acceptable, therefore the committee members recommends award to proceed with the **5-year** premium on all insurance listed below.

Property Insurance:	**3 year Premium**	**5 Year Premium**
	$2,282,043.00	$3,507,650.00
Billed Annually:	$760,681.00	$701,530.00
Liability Insurance:		
	$345,000.00	$575,000.00
Billed Annually	$115,000.00	$115,000.00
Assessment fee (2%)	Included	Included
Director & Officers		
	$50,625.00	$78,045.00
Billed Annually	$16,875.00	$15,609.00
Assessment fee (2%)	$1,012.50	$1,560.90
Automobile Insurance:		
	$142,541.10	$198,509.60
Billed Annually	$47,513.70	$39,701.92
Assessment fee (2%)	$392.07	$362.67
Crime Insurance:		
	$17,010.00	$26,225.00
Billed Annually	$5,670.00	$5,245.00
Cyber Insurance		
	$84,000.00	$140,000.00
Billed Annually	$28,000.00	$28,000.00

Concurred by the committee members:

3.9.17

Greg Cruz, Chief Financial Officer

3/9/17

Vince Guerrero, Supply Management Adm.

3/09/17

Stephan Mondina, Buyer Supervisor II

Your approval is greatly appreciated.

In consideration of the foregoing, please indicate your approval of this recommendation by your signature below.

[✓] APPROVED [ ] DISAPPROVED

3.10.17

MIGUEL C. BORDALLO, P.E. GENERAL MANGER

RESOLUTION NO. 23-FY2017

EXHIBIT B

GUAM WATERWORKS AUTHORITY
Gloria B. Nelson Public Service Building
688 Route 15, Mangilao GU, 96913
Tel: (671) 300-6027 Fax: (671) 649-3750

NOTICE OF CONDITIONAL AWARD

Date:

AM Insurance
J&G Comm. & Prof. Bldg. Suite 113F, 215A Chalan Santo Papa
P.O. Box 2797 Hagåtña, Guam 96932
Tel: (671) 477-2632/42 Fax: (671) 477-2602
E-Mail Address: amuna@amibrokers.com

Re: Invitation for Bid Number: IFB 2017-12 for:
PROPERTY INSURANCE, GENERAL LIABILITY INSURANCE, DIRECTORS AND OFFICERS LIABILITY INSURANCE, AUTOMOBILE INSURANCE, CRIME INSURANCE AND CYBER INSURANCE.

Hafa Adai Annmarie,

The Guam Waterworks Authority ("GWA") has considered the bid submitted by AM Insurance for the above described reference in response to its Advertisement for Bids, you are hereby notified that the bid offer for the above reference term of 5 years, has been accepted by GWA, they are as follows:

Property Insurance:	**3 year Premium**	**5 Year Premium**
	$2,282,043.00	$3,507,650.00
Billed Annually:	$760,681.00	$701,530.00
Liability Insurance:		
	$345,000.00	$575,000.00
Billed Annually	$115,000.00	$115,000.00
Assessment fee (2%)	Included	Included
Director & Officers		
	$50,625.00	$78,045.00
Assessment fee (2%)	$1,012.50	$1,560.90
Billed Annually	$16,875.00	$15,609.00
Assessment fee (2%)	$337.50	$312.18
Automobile Insurance:		
	$142,541.10	$198,509.60
Assessment fee (2%)	$1,176.21	$1,813.35

Billed Annually	$47,513.70	$39,701.92
Assessment fee (2%)	$392.07	$362.67
Crime Insurance:		
	$17,010.00	$26,225.00
Billed Annually	$5,670.00	$5,245.00
Cyber Insurance		
	$84,000.00	$140,000.00
Billed Annually	$28,000.00	$28,000.00

You are also advised that any obligation incurred by your firm prior to execution of the contract is entirely at your own risk and GWA shall have no obligation to reimburse costs incurred prior to execution of the contract.

Please note this Notice of Award is conditional on obtaining the approval of the Guam Consolidated Commission on Utilities for any award over $250,000 and the approval of the Guam Public Utilities Commission where the total value over the life of the contract exceed $1M. Also, award is conditional upon providing any documents relative to the bid if required or Guam law.

You are required to return an acknowledged copy of this Conditional Notice of Award to the Procurement Administrator.

Sincerely,

3.10.17

Miguel C. Bordallo, P.E.
General Manager

ACCEPTANCE OF CONDITIONAL NOTICE OF AWARD

Receipt of the above Notice of Conditional Award for GWA Bid No. 2017-12 is hereby acknowledged.

By: _____ Title: PRESIDENT / GENERAL MGR
Signature (please print)

Dated this 13TH day of MARCH, 2017.

******** END OF CONDITIONAL NOTICE OF AWARD *******

AM Insurance

Price Comparision Current Premiums vs. Proposed Premiums

Line of Insurance	A Current Annual Premium	B Proposed Annual Premium (3 years)	C Annual Savings (B-A)	D Total 3Yr Premium	E Proposed Annual Premium (5 years)	F Annual Savings (E-A)	G Total 5Yr Premium
Property	1,069,500	760,681	(308,819)	2,282,043	701,530	(367,970)	3,507,650
Liability	92,500	115,000	22,500	345,000	115,000	22,500	575,000
D&O	20,813	17,213	(3,600)	51,638	15,921	(4,891)	79,606
Auto	22,601	47,906	25,304	143,717	40,065	17,463	200,323
Crime	6,993	5,670	(1,323)	17,010	5,245	(1,748)	26,225
Cyber	-	28,000	28,000	84,000	28,000	28,000	140,000
	$ 1,212,407	$ 974,469	$ (237,938)	$ 2,923,408	$ 905,761	$ (306,646)	$ 4,528,804
			x			x	
			3 years			5 years	
			=			=	
Total Savings for 3 years			$ (713,813)	($237,938 x 3Yrs)			
Total Savings for 5 years						$ (1,533,231)	($306,646 x 5Yrs)

Doc. No. 34GL-17-0810.*

RESOLUTION NO. 23-FY2017

EXHIBIT C (1 of 4)

PROPOSAL

for

PROPERTY, GENERAL LIABILITY, D&O LIABILITY, AUTOMOBILE & CRIME INSURANCE

GUAM WATERWORKS AUTHORITY

INVITATION FOR BID: GWA IFB No. 2017-12

Submission Deadline: 10:00 a.m. March 7, 2017

To:
Guam Waterworks Authority
Attn: Mr. Vince Guerrero, Procurement Administrator
Gloria B. Nelson Public Service Building
688 Route 15
Mangilao, Guam 96913

Submitted by:

AM INSURANCE
ACCESS TO MARKETS FOR INSURANCE
INTERNATIONAL INSURANCE BROKERS

J&G Comm. & Prof. Bldg., Suite 113F, 215A Chalan Santo Papa
P. O. Box 2797 Hagåtña, Guam 96932
Tel: (671) 477-2632/42 Fax: (671) 477-2602
E-Mail Address: amuna@amibrokers.com

AM INSURANCE

Access to Markets for Insurance & International Insurance Brokers

- Office: Suite 113, Building F, Ada's Commercial & Professional Center, 215-A Chalan Santo Papa, Agana
- Mailing Address: P.O. Box 2797, Hagåtña, Guam 96932 USA
- Phone (671) 477-2632 & 477-2642 • Fax: (671) 477-2602

March 7, 2017

Guam Waterworks Authority
Attn: Mr. Vince Guerrero
Procurement Administrator
Gloria B. Nelson Public Service Building
688 Route 15
Mangilao, Guam 96913

Re: Letter of Transmittal
Invitation For Bid No. IFB 2017-12 (Property, General Liability, D&O, Auto & Crime Insurance)

Hafa Adai,

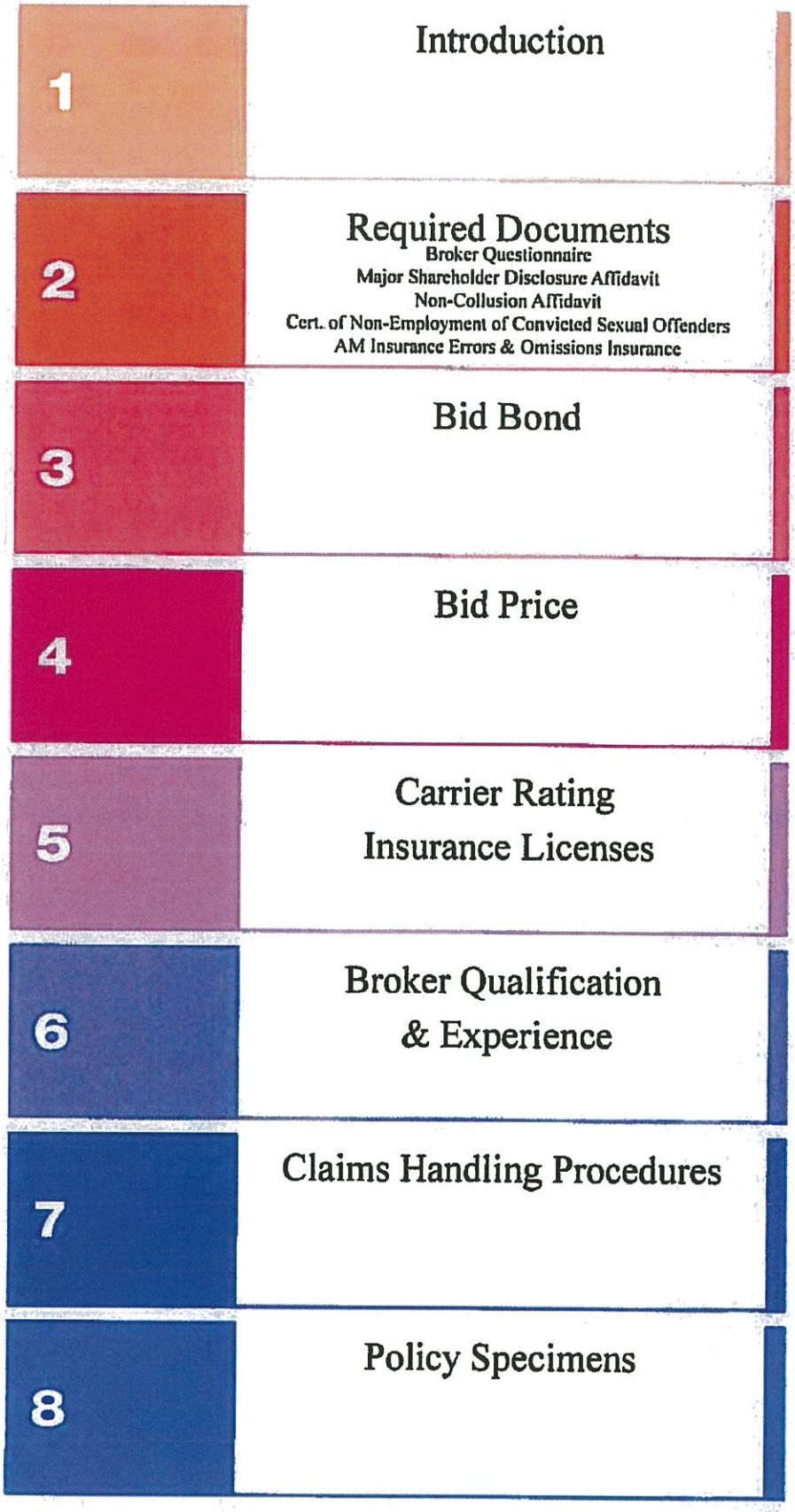
Enclosed is our proposal for Insurance Coverages as requested in the caption Invitation for Bid. AM Insurance (AMI) has had the pleasure of servicing the Guam Waterworks Authority (GWA) for the past 8 years and hopes to continue working together on the agency's insurance program. AMI has the ability to understand the ever changing insurance needs required by GWA and is able to provide innovative and responsive services to benefit your agency.

I trust that you will find all the documents in order and our proposal competitive. Let us know if you have any questions regarding our submission.

Sincere Yan Magahet,

ANNMARIE T. MUÑA
President/General Manager

/trg


1
Introduction
2
Required Documents
Broker Questionnaire
Major Shareholder Disclosure Affidavit
Non-Collusion Affidavit
Cert. of Non-Employment of Convicted Sexual Offenders
AM Insurance Errors & Omissions Insurance
3
Bid Bond
4
Bid Price
5
Carrier Rating
Insurance Licenses
6
Broker Qualification
& Experience
7
Claims Handling Procedures
8
Policy Specimens

INTRODUCTION...

AM Insurance ("Access to Markets for Insurance"/AMI) is an aggressive Insurance Broker, specializing in providing brokerage services to individuals, businesses, government entities, religious and non-profit organizations. The agency is managed by Annmarie T. Muna whose extensive experience and contacts in the insurance industry have afforded her the reputation of being one of the region's top professional brokers.

AM Insurance was established in January 1994, with only two employees. The company began as a sole proprietorship and incorporated in June 1996. After three years of hard work, AMI built a dossier of accounts totaling over ten million dollars in insurance premiums which consists mostly of large Government and Commercials Accounts. All employees of AMI go through extensive training which enables them to provide personalized administrative and underwriting assistance, as well as prompt and efficient claims support.

AM Insurance is well versed with Insurance Programs required by various government agencies. They currently service the Guam Waterworks Authority, Port Authority of Guam, Commonwealth Ports Authority, University of Guam and the Guam International Airport Authority.

In fact, Ms. Muña has personally participated in almost every insurance bid the Government of Guam has put out over the past 30 years. She has kept herself abreast with the developments and has firsthand knowledge of the increasing property values and widening operations liability exposures.

As a licensed surplus lines broker, she combines her knowledge and expertise of the local insurance industry with her contacts that are able to access both the London and U.S. Markets to provide tailor-made Insurance Programs to fit each client's needs. AM Insurance has a team of professionals with collectively over 80 years experience in the insurance industry. The staff is trained to provide efficient administrative assistance, risk management support, & claims services whenever it is needed.

With AM Insurance, GWA is assured of uninterrupted professional services available virtually on a 24-hour basis. Representatives are on call to service GWA at any given time.

The contact persons are as follows:

A M Insurance Office
Tel: 477-2632/2642/53/56
Fax: 477-2602
E-Mail: amuna@amibrokers.com

Annmarie T. Muña
Tel: 472-2646
Cell: 687-6001
E-Mail: amuna@amibrokers.com

Tricia R. Granillo
Tel: 477-2659
Cell: 687-3575
E-Mail: tgranillo@amibrokers.com

BROKER QUESTIONAIIRE

Name of Firm: AM Insurance

Address: P.O. Box 2797

Hagatna, GU 96932

Telephone: (671) 477-2632

Fax: (671) 477-2602

Email: amuna@amibrokers.com

Web Site: (if any):

Year Established: 1994

Principal: Annmarie Muna

Total Personnel: 13

Annual Commercial Premium: $17,300,000

MAJOR SHAREHOLDER DISCLOSURE AFFIDAVIT

TERRITORY OF GUAM }
}
HAGATNA, GUAM }

I, the undersigned Annmarie Muna, being first duly sworn, depose and says:

1. That the persons who have held more than ten percent (10%) of the company's share during the past twelve months preceding the submission of the bid are as follows (if none, so state):

NAME	ADDRESS	PERCENTAGE OF SHARES HOLD
Annmarie Muna	PO Box 2797 Hagatna, GU 96932	40
Ikushi Harada	PO Box 2797 Hagatna GU 96932	40
Ana A. Muna	PO Box 2797 Hagatna, GU 96932	10

TOTAL NUMBER OF SHARES 90

2. Persons who have received or are entitled to receive a commission, gratuity or other compensation for procuring or assisting in obtaining business related to the bid for which this affidavit is submitted are as follows:

NAME	ADDRESS	AMOUNT OF COMMISSIONS, GRATUITY OR OTHER COMPENSATION
N/A		

Further, affiant sayeth naught.

Date: 3/3/17

Signature of individual if bidder is a sole proprietorship; partner, if the bidders is a partnership; officer, if the bidder is a corporation (or other authorized person).

Subscribed and sworn to before me this 3rd day of March, 2017.

Notary Public
In and for the Territory of Guam

JOYCELYN N. CAMACHO
NOTARY PUBLIC
In and for Guam, U.S.A.
My Commission Expires: June 07, 2017
P.O. Box 25153 Barrigada, Guam 96921

NON-COLLUSION AFFIDAVIT

Guam)
)ss:
Tamuning)

I, Annmmarie Muna first being duly sworn, depose and say:
(Name of Declarant)

1. That I am the President/General Manager of AM Insurance.
(Title) (Name of Company or Person Bidding/RFP

2. That in making the foregoing proposal or bid, that such proposal or bid is genuine and not collusive or sham, that said bidder/offeror has not colluded, conspired, connived or agreed, directly or indirectly, with any bidder or person, to put in a sham or to refrain from bidding or submitting a proposal and has not in any manner, directly or indirectly, sought by agreement or collusion, or communication or conference, with any person, to fix the bid price of affiant or any other bidder, or to secure any overhead, project or cost element of said bid price, or of that of any bidder, or to secure any advantage against the GUAM WATERWORKS AUTHORITY or any person interested in the proposed contract; and

3. That all statements in said proposal or bid are true.

4. This affidavit is made in compliance with 2 G.A.R. § 3126(b).
So sayeth Annmarie Muna A. Muna 3/3/17
(Declarant)

Signed on this 3rd day of March 2017, before me a Notary Public in and for Guam, personally appeared Annmarie T. Muna, known to me to be the authorized representative of AM Insurance, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed on behalf of AM Insurance, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the date last above written.

) Seal (

Notary Public

Joycelyn N. Camacho
JOYCELYN N. CAMACHO
NOTARY PUBLIC
In and for Guam, U.S.A.
My Commission Expires: June 07, 2017
P.O. Box 25153 Barrigada, Guam 96921

CERTIFICATION OF NON-EMPLOYMENT OF CONVICTED SEXUAL OFFENDERS

Pursuant to Guam Public Law 28-24, as amended by Guam Public Law 28-98, if a contract for services is awarded to the bidder or offeror, then the service provider must warrant that no person in its employment who has been convicted of a sex offense under the provisions of Chapter 25 of Title 9 of the Guam Code Annotated or of an offense defined in Article 2 of Chapter 28 of Title 9 of the Guam Code Annotated, or who has been convicted in any other jurisdiction of an offense with the same elements as heretofore defined, or who is listed on the Sex Offender Registry, shall provide services on behalf of the service provider while on government of Guam property, with the exception of public highways. If any employee of a service provider is providing services on government property and is convicted subsequent to an award of a contract, then the service provider warrants that it will notify the Government of the conviction within twenty-four hours of the conviction, and will immediately remove such convicted person from providing services on government property. If the service provider is found to be in violation of any of the provisions of this paragraph, then the Government will give notice to the service provider to take corrective action. The service provider shall take corrective action within twenty-four hours of notice from the Government, and the service provider shall notify the Government when action has been taken. If the service provider fails to take corrective steps within twenty-four hours of notice from the Government, then the Government in its sole discretion may suspend temporarily any contract for services until corrective action has been taken.

I, Annmarie Muna being a duly authorized representative acknowledge the
(print name)

directive as describe above and ensure the Bid Proposal as submitted addresses the directive.

AM Insurance
(Company Name)

President/General Manager
(Title)

(Signature)

3/3/17
(Date)

PROFESSIONAL INDEMNITY INSURANCE

Dongbu Insurance Co., Ltd.

Seoul, Korea

NAMED INSURED: AM INSURANCE, P.O. BOX 2797, Hagatna, Guam 96932
AM PROPERTIES, P.O. BOX 2797, Hagatna, Guam 96932
ANNMARIE T. MUNA, P.O. Box 2797, Hagatna, Guam 96932
Y MAGAS, INC. P.O. Box 2797 Hagatna, Guam 96932

POLICY NO.: **277247-716586 (KMPL0001-A08)**

PERIOD: From **27 September 2016** to **27 September 2017** both days at 12:01am Local Standard time at the address of the Insured

INTEREST: To indemnify the Insured in respect of their legal liability for financial or Economic loss suffered by third parties arising as a result of acts, errors or omissions committed or alleged to have been committed by the Insureds in the provision of their professional services as specified in the Proposal Forms

LIMITS OF INDEMNITY: **$2,000,000** any one claim and in the annual aggregate.

TERRITORIAL LIMITS: Worldwide

CONDITIONS: Insurance Brokers and Agents Errors and Omissions
Deductible: $10,000.00 each and every claim
excluding costs paid expenses
War and Terrorism exclusion
Excluding claims arising out of or relating to claims and or circumstances which could .give rise to a claim of which the insured is aware prior to inception
Excluding Limits made by associated companies unless emanating from an independent third party
Contracts Rights of Third Parties

Nuclear Incident Exclusion Clause
Racketeer Influenced and Corrupt Organizations Exclusion Endorsement
30 days Cancellation Clause
Asbestos and Mold. Exclusions amended for Insurance Brokers
Retroactive Exclusion Clause
Remuneration and Bid Rigging Exclusions
Excluding claims arising out of mortgage broking or real estate transactions
Endorsement No.1

CHOICE OF LAW & JURISDICTION	This insurance shall be governed by and construed in accordance with the laws of Guam and the exclusive jurisdiction of the USA including Guam courts. The seat of arbitration shall be Guam.
PREMIUMS	**$20,000.00**
2% ASSESSMENT FEE	**$400.00**
PREMIUM PAYMENT TERMS	60 Days

INFORMATION

The following information was provided to insurer(s) to support the assessment of the risk at the time of underwriting.

Date: 09/26/2016

Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

THE SCHEDULE

Policy No: **277247-716586 (KMPL0001-A08)**

NAMED INSURED and ADDRESS:

AM INSURANCE, P.O. BOX 2797, Hagatna, Guam 96932
AM PROPERTIES, P.O. BOX 2797, Hagatna, Guam 96932
ANNMARIE T. MUNA, P.O. Box 2797, Hagatna, Guam 96932
Y MAGAS, INC. P.O. Box 2797 Hagatna, Guam 96932

Period of Insurance: From: 27th September 2016
To: 27th September 2017 both days at 12:01 a.m.
Standard Time at address of Insured stated above

Limits of Liability and Deductibles:

A. The liability of 'Underwriters for "each claim", including claims expenses, which is first made against the Insures, during the, Policy Period shall not exceed **USD 2,000,000**

and subject to that limit for each claim the total of Underwriters' liability for all claims, including claims expenses; first made against the Insured during The Policy Period shall not exceed in the "aggregate" **USD 2,000,000**

B. The Limit of Liability afforded under the policy shall be subject to a deductible amount of **USD 10,000** which shall be applicable to "each claim ,"and shall not inclusive of "claims expenses" as more fully set forth in the Policy.

INSURANCE BROKERS AND AGENTS ERRORS AND OMISSIONS INSURANCE

NOTICE

THIS IS A CLAIMS MADE POLICY

EXCEPT TO SUCH EXTENT AS MAY BE PROVIDED OTHERWISE HEREIN, THIS POLICY IS LIMITED TO INDEMNITY FOR ONLY THOSE CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD. PLEASE REVIEW THE POLICY CAREFULLY:

In consideration of the payment of The premium and the undertaking of the Insured to pay the deductible as described herein and in reliance upon the statements in the application attached hereto and made a part hereof, and subject to the Limits of Liability shown in the Schedule, and subject to all the terms of this Insurance, Underwriters agree With the Named Insured as follows.

INSURING AGREEMENTS

1. COVERAGE: CLAIMS MADE PROVISION

The Underwriters will indemnify the Insured for all sums which the Insured shall become legally obligated to pay as damages by reason of any negligent act error or omission committed or alleged to have been committed by the Insured or by any person for whose negligent acts, errors or omissions the Insured is legally responsible which arise out of the conduct of the Insured's professional activities as Insurance Brokers, Insurance Agents or General Insurance Agents, provided always that:

(a) a claim is first made against the insured during the Policy Period by reason of such negligent act, error or omission, and

(b) the Insured has no knowledge, on or prior to the effective date of this Policy, that such negligent act, error or omission may give rise to a claim against the Insured, or, there are no prior policy or policies which provide insurance for such liability or claims resulting from such negligent act, error or omission whether or not the deductible provisions and amount of such prior policy or policies are different from this Policy.

2. DISCOVERY CLAUSE

If during the Policy Period the Insured shall first become aware of any facts or circumstances which may subsequently give rise to a claim against the Insured by reason of any negligent act, error or omission for which coverage would be

afforded hereunder, and if the Insured shall DURING THE POLICY PERIOD stated in the Schedule give written notice to Underwriters of such facts or circumstances, any such claim subsequently made against the Insured arising out of such negligent act, error or omission shall be deemed for the purpose of this Insurance to have been first made during the Policy Period stated in the Schedule. The Insured shall co-operate fully with Underwriters or its representatives as provided in Condition I and any investigation conducted by Underwriters or its representatives shall he subject to the terms set forth in this Insurance.

3. LIMITS OF LIABILITY:

The liability of Underwriters for each claim made during the Policy Period, including claims expenses, shall not exceed the amount stated in the Schedule for "each claim". Subject to that limit for each claim, the total Limit of Underwriters' Liability for all claims made during the Policy Period, including claims expenses, shall never exceed the amount stated in the Schedule as "aggregate". The inclusion herein of more than one Insured or the making of claims or the bringing of suits by more than one person or organization, shall not operate to increase the Limit of Underwriters' Liability for each claim or in the aggregate.

4. DEDUCTIBLE:

The deductible amount stated in the Schedule shall be paid by the Named Insured, shall be applicable to each claim, and shall include claim payments and claims expenses; whether or not claim payment is made.

5. DEFENSE AND SETTLEMENT:

(a) The Insured shall not admit liability for or settle any claim or incur any claims expenses in connection therewith without the written consent of the Underwriters, who shall be entitled at any time to take over and conduct in the name of the Insured the defense of any claims, and the Insured shall continue to co-operate fully with the Underwriters in such

(b) The Underwriters shall not settle any claim without the consent of the Insured. If however the Insured shall refuse to consent to any settlement recommended by the Underwriters and shall elect to contest or continue any legal proceedings in connection with such claim, then the Underwriters' liability for the claim shall not exceed the amount for which the claim could have been so settled including the claims expenses incurred with their consent up to the date of such refusal.

DEFINITIONS

1. THE INSURED

The unqualified word "Insured" whenever used in this Policy means:

(a) the individual, partnership or corporation designated as the Named Insured in the Schedule:

(b) any partner, executive officer, director, or salaried employee of the Named Insured while' acting within the scope of his duties as such:

(c) any former partner, executive officer, director or salaried employee of the Named Insured for acts committed while acting within the scope of his duties as such.

2. POLICY PERIOD:

The terms "Policy Period' whenever used in this Policy shall mean the period from the inception date of this policy to the expiration date as set forth in the Schedule or its earlier termination date, if any.

3. CLAIM:

The unqualified word "claim" whenever used in this Policy shall mean a written demand received by the Insured for money or services, including the service of suit or demand for arbitration against the Insured. The filing of suit, or the filing of demand, for arbitration, shall not constitute a claim within the meaning of the policy.

4. CLAIMS EXPENSES;

"Claims Expenses" means:

(a) fees charged by an attorney designated by Underwriters,

(b) all other fees, costs and expenses incurred by Underwriters in the investigation, adjustment, defense and appeal of a claim, and

(c) the reasonable fees charged by an attorney designated by the Insured with the written consent of Underwriters.

EXCLUSIONS

The Insuring Agreements and all other provisions of this Policy shall not provide indemnity or claims expenses for claims:

(a) Arising out of any dishonest, fraudulent, criminal or malicious act committed or alleged to have been committed by, or at the direction of the Insured.

(b) For punitive or exemplary damages, fines or penalties,

(c)For bodily injury to, or sickness, disease or death of any person, or injury to or destruction of any tangible property, including the loss of use thereof,

(d) For libel, slander, invasion of privacy or discrimination,

(e) By any Insurer arising out of any alleged negligent act, error or omission by the Insured in their capacity as Insurance Agents or General Insurance Agents of that Insurer, unless that Insurer has obtained a judgment against the Insured in any Court in respect of that claim,

(f) Arising out of the commingling of monies or accounts, or loss of monies received by the Insured or credited to the Insured's

(g) Arising out of, due to or involving directly or indirectly the insolvency, receivership, bankruptcy liquidation or financial inability to pay, by any Insurance Company, Agent, Broker or intermediary with which the Insured has placed or obtained coverage for a client or an account.

(h) By any entity or individual which is wholly or partially owned, operated or managed by the Insured or which wholly or partially owns, operates or manages the Insured, or which is wholly or partially under the same common ownership, operation or management as the Insured.

(I) Arising out of the Insured's activities as a managing agent or managing general agent unless otherwise endorsed on the Schedule.

CONDITIONS

1. INSURED'S DUTIES IN THE EVENT OF CLAIM OR SUIT:

   The Insured shall, as a condition precedent to their right to be indemnified under this Insurance, give to Underwriters immediate notice in writing of any claim first made against them, co-operate with Underwriters and upon Underwriters' request submit to examination and interrogation by Underwriters' representative, under oath if required, and attend hearings, depositions and trials, and assist in effecting settlement, securing and giving evidence, obtaining the attendance of witnesses and assisting in the conduct of suits as well as the giving of a written statement or statements to Underwriters' representatives and meetings with such representatives for the purposes of investigation and/or defense, and all without charge
   to Underwriters.

2. SUBROGATION:

   In the event of any payment under this Policy, Underwriters shall be subrogated to all the Insured's right of recovery there for against any person or organization and the Insured shall execute and, deliver instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing to prejudice such rights.

3. ACTION AGAINST UNDERWRITERS:

   No action shall be against Underwriters unless, as a condition precedent thereto, the Insured shall have fully complied with all the terms of this Policy, nor until the amount of the Insured 's obligation to pay shall have been fully and finally determined either by judgment against the Insured after actual trial, or by written agreement of the Insured, the claimant and Underwriters.

4. FALSE OR FRAUDULENT CLAIMS:

If the Insured shall proffer any claim knowing same to be false or fraudulent, as regards amount or otherwise this insurance shall become null and void and all coverage hereunder shall be forfeited.

5. APPLICATION:

By acceptance of this Policy the Insured agrees that the statements in the application are his 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 Underwriters, or any of its agents, relating to this Insurance.

6. OTHER INSURANCE:

Subject to the limitation of coverage as set forth in Insuring Agreement I (b) regarding the application of a prior policy or policies, this Insurance is in excess of the amount of the applicable deductible of this Policy and any other valid and collectible insurance available to the Insured whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise.

7. ASSIGNMENT:

Assignment of interest under this Policy shall not bind Underwriters until their consent is endorsed hereon. In the event of the death or in competency of the Insured this Policy shall cover the Insured for any claims first made against the Insured or its legal representatives during the Policy Period and which would otherwise be covered by this Policy.

This Policy maybe cancelled by the Named Insured by a written notice stating when thereafter such cancellation shall be effective. If cancelled by the Named Insured, Underwriters shall retain the customary short rate proportion of the Premium hereon.

This Policy may be cancelled by Underwriters by mailing to the Named Insured written notice stating when, not less than thirty (30) days thereafter, such cancellation shall be effective, but "this Policy may be cancelled as aforesaid by not less than ten days notice when the cancellation is being effected by reason of the Insured's non-payment of premium. The mailing of notice as aforementioned shall be sufficient notice and the effective date of cancellation stated in the notice shall become the expiration date of the policy. Delivery of such written notice by the Named Insured, or Underwriters' shall be equivalent to mailing. If cancelled by Underwriters, earned Premium shall be computed pro rata.

Premium adjustment may be made at the time cancellation is effected or as soon as practicable thereafter. The cheque of the Underwriters or any of its representatives, mailed or delivered, shall be sufficient tender of any refund due to the Named Insured.

8. SERVICE OF SUIT:

It is agreed that in the event of the failure of Underwriters hereon to pay any amount

claimed to be due hereunder, the Underwriters hereon, at the request of the Insured, will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' 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 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 the designee named in the Schedule and that in any, suit instituted against any one of them upon this Contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal,

The above named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured to give a written undertaking to the Insured that they will enter a general appearance upon Underwriters behalf in the event such suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision there for, Underwriters hereon hereby designate the Superintendent, Commissioner, or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their 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 Contract of Insurance and hereby designates the above-named as the person to whom-said officer is authorized to mail such process or a true copy thereof.

CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999 CLARIFICATION CLAUSE

A person who is not a party to this contract has no right under the Contracts (Rights Of Third Parties) Act 1999 to enforce any term of this Contract but this does not affect any right or remedy of a third party which exists or is available apart from the Act.

NUCLEAR INCIDENT EXCLUSION CLAUSE-LIABILITY-DIRECT (BROAD) (U.S.A)

For attachment to insurances of the following classifications in the U. S. A. its territories and Possessions, Puerto Rico Ad the Canal Zone:

Owners, Landlords and Tenants Liability, Contractual Liability, Elevator Liability, Owners or Contractors (including railroad) Protective Liability, Manufacturers and Contractors Liability, Product Liability, Professional and Malpractice Liability, Storekeepers Liability, Garage Liability; Automobile Liability (including Massachusetts Motor Vehicle or Garage Liability), not being insurances of the classifications to which the Nuclear Incident Exclusion Clause-Liability-Direct (Limited) applies.

This Policy does not apply:

I. Under any Liability Coverage, injury, sickness, disease, death or destruction:

(a) with respect to which an insured under the Policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would been insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(b) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the insured is, or had this Policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

II. Under any Medical Payments Coverage, or under any Supplementary Payments Provision relating to immediate medical or surgical relief, to expenses incurred with respect to bodily injury, sickness, disease or death resulting from the, hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.

III. Under any Liability Coverage, to injury, sickness, disease, death or destruction resulting from the hazardous Properties of nuclear material, if:

(a) the nuclear material (1) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (2) has been discharged or dispersed therefrom;

(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 an insured; or

(c) the injury, sickness, disease, death or destruction 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, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (c) applies only to injury to or destruction of property at such nuclear facility.

IV. As used in this endorsement:

"hazardous properties" include radioactive, toxic or explosive properties; "nuclear material" means source material, special nuclear material or by-product material; "source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act 1954 or in any law amendatory thereof; "spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; "waste" means any waste material (1) containing by-product material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (a) or (h) thereof; "nuclear facility" means:

(a) any nuclear reactor,

(b) any equipment or device designed or used for (I) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste,

(c) any equipment or device used for the processing, fabricating 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 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,

(d) 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; "nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material. With respect to injury to or destruction of property the word "injury" or "destruction" includes all forms of radioactive contamination of property.

It is understood and agreed that except as specifically, provided in the foregoing to the contrary, this clause is subject to the terms, exclusions, conditions and limitations of the Policy to which it is attached.

*NOTE: As respects policies which afford liability coverages and other forms of coverage in addition, the words underlined should be amended to designate the liability coverage to which this clause is to apply.

R. I. C. O. EXCLUSION

In consideration of the premium charged, it is hereby understood and agreed that there shall be no liability hereunder in respect of any loss payments or claim expenses directly or indirectly brought about by, arising out of, or attributable to:

any actual or alleged violation of the Racketeer Influenced and Corrupt Organizations Act, 18 USC Sections 1961 et seq., or any comparable state law, and any amendments thereto, or any rules or regulations promulgated thereunder.

RETROACTIVE EXCLUSION CLAUSE (U.S.A./CANADA)

(Professional Indemnity Insurance)

It is understood and agreed that, notwithstanding anything contained herein to the contrary, this Policy shall not indemnify the Insured in respect of any claim made against the Insured by reason of any negligent act, error or omission committed, or alleged to have been committed prior to 31st October 2008.

EXCLUSIONS

The following are added to Exclusions;

(j) Arising out of or relating to claims and/or circumstances which could give rise to a claim of which the Insured is aware prior to inception

(k) Arising out of mortgage broking or real estate transactions

ASBESTOS & MOLD-EXCLUSION FOR INSURANCE BROKERS

ASBESTOS EXCLUSION:

This Policy shall not apply to CLAIMS or CLAIMS EXPENSES arising directly or indirectly out of or resulting from or in consequence of, or in any way involving asbestos, or any materials in whatever form or quantity.

TOXIC MOLD EXCLUSION

In consideration for the premium charged, it is hereby understood and agreed that the coverage afforded by this Policy shall not apply to:

A. CLAIMS or CLAIMS EXPENSES which, either in whole or in part, directly or indirectly, are for, based upon, relate to, or arise out of:

(1) the actual, potential, alleged or threatened formation, .growth, presence, release or dispersal of any fungi, molds, spores or mycotoxins of any kind; or

(2) any action taken by any party in response to the actual, potential, alleged or threatened formation, growth, presence, release or dispersal of fungi, molds, spores or mycotoxins of any kind, such action to include investigating, testing for, detection of, monitoring of, treating, remediating or removing such fungi, molds, spores or mycotoxins;

B. Any governmental or regulatory order, requirement, directive, mandate or decree that any party take action in response to the actual, potential, alleged or threatened formation, growth, presence, release or dispersal of fungi, molds, spores or mycotoxins of any kind, such action to include investigating, testing for, detection of, monitoring of, treating, remediating or removing such fungi, molds, spores or mycotoxins;

C. Underwriters will have no duty or obligation to defend any Insured with respect to any CLAIM or governmental or regulatory order, requirement, directive, mandate or decree which, either in whole or in part, directly or indirectly, is for, based upon, relates to, or arises out of the actual, potential, alleged or threatened formation, growth, presence, release or dispersal of any fungi, molds, spores or mycotoxins of any kind.

However, these exclusion shall not apply if the loss arises out of the Insured's professional services as an insurance broker or agent.

SYNDICATE 4000 PSA/MSA EXCLUSION

This policy provides no indemnity for loss or defense costs in connection with any claim directly or indirectly arising out of, based upon or in consequence of, resulting from, or in any way involving the actual or alleged payment of fees, commissions or other remunerations by or to any Insured or the permission of, aiding or abetting, or participation in the payment of fees, commissions or other remunerations to any other entity. This Policy also excludes any indemnity for loss or defense costs in connection with any claim directly or indirectly arising out of, based upon or in consequence of, resulting from, or in any way involving any actual of alleged bid rigging, market allocation or solicitation of non-competitive bids for insurance coverage.

CHOICE OF LAW AND JURISDICTION

This Policy shall be governed by and construed in accordance with the laws of Guam and the exclusive jurisdiction of the USA including Guam courts. The seat of arbitration shall be Guam.

IN WITNESS WHEREOF, the Company has caused this policy to be signed by its president and manager, but this policy shall not be valid unless countersigned on the Declarations page by a duly authorized representative of the Company.

Yonjo Choi
MANAGER

JEONG-NAM KIM
PRESIDENT

ENDORSEMENT NO. 1

Name Insured : Am Insurance, AM Properties, Annmarie T. Muna, Y Magas, Inc.

IT IS HEREBY UNDERSTOOD AND AGREED that Exclusion, (k) Arising out of mortgage broking or real estate transactions DOES NOT apply to the following:

1) Single Family Dwelling located in Santa Rita, Guam
2) Condominium Unit located at Villa Rosario
3) Any newly acquired properties owned by the Insured, subject to reporting by endorsement

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the Policy, except as hereinafter set forth.

This endorsement is effective as of Inception of the Policy Period.

Attached to and forming part of Policy No. 277247-716586 (KMPL0001-A08) of Dongbu Insurance Co., Ltd.

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This insurance does not apply to TERRORISM, including injury or damage arising, directly or indirectly, out of a "certified act of terrorism".

"Certified act of terrorism" means an act that is certified by the Secretary of Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism and Risk Insurance Act of 2002. The criteria contained in that Act for a "certified act of terrorism" includes the following:

1. The act resulted in aggregate 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 on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

This endorsement fulfills the requirements of the U.S. Terrorism Risk Insurance Act of 2002.

Effective 09/27/2016

All other terms and conditions remain unaltered.

Attached to and forming part of Policy No. 277247-716596 (KMPL0001-A08)

Issued to AM Insurance, AM Properties, Annmarie T. Muna, Y Magas, Inc.

effective 09/27/2016

Dongbu Insurance Company Ltd.

Date: 09/26/2016

By: _____

Authorized Representative
Moylan's Insurance Underwriters, Inc.
General Agent

My commission expires

BID AND PERFORMANCE BOND FOR GOODS AND SERVICES AS REQUIRED UNDER 5 G.C.A. § 5212

KIC-14328-B

KNOW ALL MEN BY THESE PRESENTS, that

AM INSURANCE

(Name of Contractor)

as Principal, herein after called the Principal and

DONGBU INSURANCE CO., LTD.

(Name of Surety)

as duly admitted insurer under the laws of the Territory of Guam, as Surety, hereafter called the Surety, are held and firmly bound unto the Guam Waterworks Authority for the sum of ONE THOUSAND & 00/100 Dollars ($ 1,000.00), for payment of which sum will and truly to be made, the said Principal and the said Surety bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally firmly by these presents:

WHEREAS, the Principal has submitted a bid for and is anticipated to enter into a contract in the amount specified below, GWA IFB NO. 2017-12 PROPERTY INSURANCE, GENERAL LIABILITY INSURANCE, DIRECTORS AND OFFICERS LIABILITY INSURANCE, AUTOMOBILE INSURANCE AND CRIME INSURANCE

NOW, THEREFORE, if the Guam Waterworks Authority shall accept the bid and the Principal shall not withdraw said bid within sixty (60) calendar days after the opening of bids, and shall within twenty one (21) calendar days after the prescribed forms are presented to him for signature, enter into a Contract with the Guam Waterworks Authority in accordance with the terms of such bid. This bond shall also be held by the Guam Waterworks Authority to secure the faithful performance of such Contract and for the prompt payment of labor, goods, services and materials furnished in the prosecution thereof. In the event of the failure of the Principal to enter into such Contract, or if the Principals (Contractor) fails to perform in accordance with the requirements set out under the Bid or any other written instrument requirement performance thereunder, the Surety, on behalf of the Principals shall pay to the Guam Waterworks Authority the differences not to exceed the penalty hereof between the amounts specified in said bid and such larger amount for which the Guam Waterworks Authority may in good faith contract with another party to perform work covered by said bid or an appropriate

liquidated amount as specified in the Invitation for Bids then this obligation shall be null and void, otherwise to remain in full force and effect.

NOW, THEREFORE, THE CONDITIONS OF THIS OBLIGATION is such that, if the contractor shall promptly and faithfully perform said Contract, and shall promptly make payment to all claimants as hereinafter defined for all labor and material used or reasonably required for use in the performance of the Contract, then this obligation shall be void; otherwise it shall remain in full force and effect, subject, however, to the following conditions:

A. The Surety hereby waives notice of any alteration or extension of the time made by the Authority provided the same is within the scope of the Contract or any modification thereto.

B. Whenever the contractor shall be and is declared in default by the Authority to be in default under the Contract, the Authority having performed its obligations hereunder, the Surety may promptly remedy the default or shall promptly:

1. Complete the Contract in accordance with its terms and conditions; or

2. Obtain a bid or bids for completing the Contract in accordance with its terms and conditions, and upon determination by the Authority and the Surety of the lowest responsible bidder, arrange for a Contract between such bidder and the Authority, and make available as work progresses (even though there should be a default or a succession of defaults under the Contract or Contracts or completion arranged under this paragraph) sufficient funds to pay the cost of completion, less than balance of the Contract price, but not exceeding, including other costs and damages for which the Surety may be liable hereunder, the amount set forth in the first paragraph hereof. The term "balance of the Contract Price," as used in this paragraph shall mean the total amount payable by the Authority to Contractor under the Contract and any amendments thereto, less the amount properly paid by the Authority to Contractor. No right of action shall accrue on this bond to or for use of any person or corporation other than the Authority or successors of the Authority.

C. A claimant is defined as one having a direct contract with the Contractor or with a subcontractor of the Contractor for labor, material, or both, used or reasonably required for use in the performance of the Contract, labor and material

being construed to include that part of water, gas, power, light, heat, oil, gasoline, telephone service or rental of equipment directly applicable to the Contract.

D. The above named Contractor and Surety hereby jointly and severally agree with the Authority that every claimant as herein defined, who has not been paid in full before the expiration of a period of ninety (90) days after the date of which the last of such claimant's work or labor was done or performed, or materials were furnished by such claimant, may sue on this bond for use of such claimant, prosecute the suit to final judgment to final judgment for such sum or sums as may be justly due the claimant, and have execution thereon. The Authority shall not be liable for the payment of any costs or expenses of any such suit.

E. No suit or action shall be commenced hereunder by any claimant:

1. Unless claimant, other than one having a direct contract with the contractor, shall have given written notice to any two (2) of the following entities named below:

(a) the Contractor; (b) the Guam Waterworks Authority, or (c) the Surety above named, within ninety (90) days after such claimant did or performed the last of the work or labor, or furnished the last of the materials for which said claim is made, stating with substantial accuracy the amount claimed and the name of the party to whom the materials were furnished, or for whom the work or labor was done or performed. Such notice shall be personally served by mailing the same by registered mail or certified mail, postage prepaid, in an envelope addressed to the Contractor at any place the principal maintains an office or conducts its business.

2. After the expiration of one (1) year following the date on which the last of the labor was performed or material was supplied by the party bringing suit.

3. Other than in a court of competent jurisdiction in and for the Territory of Guam.

F. The amount of the bond shall be reduced by and to the extent of any payment or payments made in good faith hereunder.

SIGNED AND SEALED THIS 1ST day of MARCH, 2017, A.D.

IN THE PRESENCE OF:
(Note: If the Principals are Partners, each must execute the Bond)

	AM INSURANCE
(WITNESS)	(CONTRACTOR) (SEAL)
	Annmerie Muna, President + CEO
(TITLE)	(TITLE)
JEONG NAM KIM K. S. Ch	JONG FYO JEONG K. S. Ch
(MAJOR OFFICER OF SURETY)	(MAJOR OFFICER OF SURETY)
PRESIDENT & CEO	EXECUTIVE VP
(TITLE)	(TITLE)
CECILIA A. ANAS SURETY DIVISION MANAGER	MOYLAN'S INSURANCE UND., INC.
	(RESIDENT GENERAL AGENT)

GOVERNMENT OF GUAM
DEPARTMENT OF REVENUE AND TAXATION
OFFICE OF THE INSURANCE COMMISSIONER

CERTIFICATE OF AUTHORITY

RENEWAL 218

Know All Men By These Presents That:

Name DONGBU INSURANCE COMPANY, LTD.

Address 891-10, DAECHI-DONG, KANGNAM-GU
SEOUL, KOREA

Classes of Insurance Authorized

ACCIDENT & HEALTH
FIDELITY & SURETY
FIRE
MARINE
MISCELLANEOUS
MOTOR VEHICLE
PROP. DAMAGE & LIABILITY
WORKMENS COMP

Having complied with the Insurance Law of Guam, is hereby authorized to transact as an insurer, the above named Classes of Insurance in Guam from the 01 *day of* July *, 20* 16 *, to the* 01 *day of* July *, 20* 17 *, unless authority is revoked for failure to comply with the law.*

General Agent(s):

MOYLAN'S INSURANCE UNDERWRITERS INC

In Witness Whereof, I have hereunto subscribed my name officially and have hereon impressed my Seal of Office at the City of Hagatña, Guam on this 03 *day of* June *A.D. 20* 16.

ARTEMIO B. ILAGAN
Insurance Commissioner

Doc. No. 34GL-17-0810.*

공증인가 동방종합법무법인

Registered No. 2016—309

NOTARIAL CERTIFICATE

DONG BANG LAW & NOTARY OFFICE INC.
187,Toegye-ro, Jung-gu, Seoul, Korea

DECLARATION (진 술 서)

I do hereby solemnly and sincere declare that the attached power of attorney exactly corresponds to the original.
(본인은 별첨된 위임장이 원본과 틀림없음을 진술합니다)

Appendix Document Title: Power of Attorney

2016. .1. 28

Signature Hojin Choe

Print Name(영문이름): Hojin Choe

Dongbu Insurance

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That Dongbu Insurance Co., Ltd., a corporation organized and existing under and by virtue of the laws of the Republic of Korea, having its principal office at the address of Dongbu Financial Center, 432, Teheran-ro, Gangnam-Gu, Seoul, the Republic of Korea, does hereby nominate, constitute and appoint *Moylan's Insurance Underwriters, Inc.*, a corporation organized and existing under and by virtue of the laws of the Territory of Guam, having its principal office at the address of 102 Julale Center, 424 West O'Brien Drive, Hagatna, Guam, its true and lawful attorney-in-fact to make, execute, seal and deliver on its behalf any and all bonds, undertakings, contracts and other writings of suretyship for it and on its behalf.

IN WITNESS WHEREOF, Dongbu Insurance Co., Ltd. has caused these presents to be signed by its appropriate officers and to be affixed of its corporate seal thereunto on this *1st day of Jan., 2016*.

DONGBU INSURANCE CO., LTD.

JONG PYO JEONG, Executive Vice President

B. H. Yoo

BU HEUI YOO, Secretary

[제42호 서식] 공증인가 동방종합법무법인 (영문사서본인용지)

등부 2016 년 제 309 호 Registered No. 2016 - 309

인 증 NOTARIAL CERTIFICATE

위

진 술 서

에

기재된

최호진

은

본 공증인의 면전에서 위 사서증서에 자기가 기명날인 한 것임을 자인하였다.

CHOE, HO-JIN

personally appeared before me and admitted his(her) subscription to the attached

DECLARATION

This is hereby attested on

2016년 1월 28일

이 사무소에서 위 인증한다.

this 28th day of JAN. 2016 at this office.

서울지방검찰청소속

공증인가 동방종합법무법인

서울특별시 중구 퇴계로 187

공증담당

변호사

BELONG TO SEOUL CENTRAL DISTRICT PROSECUTORS' OFFICE

DONG BANG LAW & NOTARY OFFICE INC.

187,Toegye-ro, Jung-gu, Seoul, Korea

Attorney at law(Rep.) Seo, Keon Ik

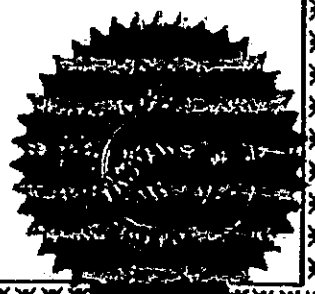
This office has been authorized by the Minister of Justice, the Republic of Korea, to act as Notary Public since Apr. 26. 1984.under Law No.5

공증인가 동방종합법무법인

Registered No. 2017 — 203

NOTARIAL CERTIFICATE

DONG BANG LAW & NOTARY OFFICE INC.
187,Toegye-ro, Jung-gu, Seoul, Korea



Dongbu Insurance
Dongbu Financial Center, 432, Teheran-ro
Gangnam-gu, Seoul, Korea 135-523
Tel: +82-2-3011-5825
Fax: +82-505-181-1023
www.dongbu.com

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That Dongbu Insurance Co., Ltd., a corporation duly organized and existing under and by virtue of the laws of the Republic of Korea, and having its principal office at the address of Dongbu Financial Center, 432, Teheran-ro, Gangnam-Gu, Seoul, the Republic of Korea, does hereby make, constitute and appoint ***Shin Chul Kim, Guam Branch Manager*** of this Company, its true and lawful attorney-in-fact, for it, and in its name, place and stead ***to proceed all the necessary requirements and steps for its business operation in Guam and its neighboring islands,*** giving and granting unto its attorney full power and authority to do and perform all and every act and thing whatsoever, requisite, necessary and proper to be done in the premises, as fully, to all intents and purposes, as it might or could do, with full power of substitution and revocation, hereby ratifying and confirming all that its attorney, or his substitute, shall lawfully do, or cause to be done, by virtue hereof.

IN WITNESS WHEREOF, Dongbu Insurance Co., Ltd. has caused its corporate name to be subscribed hereto by its appropriate officer, and its corporate seal to be affixed, attested by its secretary, ~~on this~~ ***1st day of Jan., 2017***

DONGBU INSURANCE CO., LTD.

JEONG NAM KIM, President & CEO

Acknowledged

Kim S. Chul

SHIN CHUL KIM
Guam Branch Manager

Attest:

B. H. Yw

BU HEUI YOO
Secretary

[제43호 서식] 공증인가 동방종합법무법인 (영문사서대리인용지)

동부 2017 년 제 203 호 Registered No. 2017 - 203

인 증 NOTARIAL CERTIFICATE

위 위임장 에 Ho-Jin, Choe

기재된 동부화재 해상보험 (주) 대표이사 김정남 의 attorney - in fact of JEONG NAM KIM President & CEO DONGBU INSURANCE CO.,LTD

대리인 최호진 는 appeared

본 공증인의 면전에서 위 본인이 before me and admitted said

기명날인 한 것임을 자인하였다. principal's subscription to the

attached

POWER OF ATTORNEY

2017년 1월 17일 This is hereby attested on

이 사무소에서 위 인증한다. this 17th day of Jan.

2017 at this office.

서울중앙지방검찰청소속 BELONG TO SEOUL CENTRAL DISTRICT PROSECUTORS' OFFICE

공증인가 동방종합법무법인 DONG BANG LAW & NOTARY OFFICE INC.

서울특별시 중구 퇴계로 187 187,Toegye-ro, Jung-gu, Seoul, Korea

공증담당

변호사

Attorney at law(Rep.) Seo, Keon Ik.

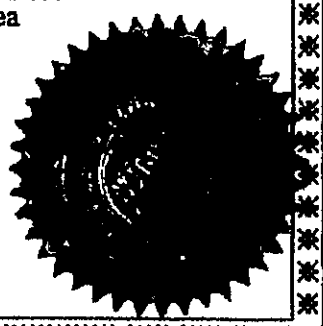
This office has been authorized by the Minister of Justice, the Republic of Korea, to act as Notary Public since Apr. 26. 1984. under Law No. 5

공증인가 동방종합법무법인

Registered No. 2017— 204

NOTARIAL CERTIFICATE

DONG BANG LAW & NOTARY OFFICE INC.
187,Toegye-ro, Jung-gu, Seoul, Korea



Dongbu Insurance
Dongbu Financial Center, 432, Teheran-ro
Gangnam-gu, Seoul, Korea 135-523
Tel: +82-2-3011-5825
Fax: +82-505-181-1023
www.idongbu.com

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That I, ***Jeong Nam Kim,*** **President & CEO** of Dongbu Insurance Co., Ltd., a corporation duly organized and existing under and by virtue of the laws of the Republic of Korea, having its principal office at the address of Dongbu Financial Center, 432, Teheran-ro, Gangnam-Gu, Seoul, the Republic of Korea, does hereby nominate, constitute and appoint ***Shin Chul Kim, Branch Manager*** of the Company's Guam Branch at 233 Julale Center, 424 West O'Brien Drive, Hagatna, Guam 96910, my true and lawful attorney-in-fact to make, execute, seal and deliver any and all bonds, undertakings, contracts and other writings of suretyship for the Company and in my behalf.

IN WITNESS WHEREOF, Dongbu Insurance Co., Ltd. has caused these presents to be signed by me and ***the Corporate Secretary,*** and to be affixed of its corporate seal thereunto on this ***1st day of Jan., 2017***

DONGBU INSURANCE CO., LTD.

JEONG NAM KIM, President & CEO

B. H. Yoo

BU HEUI YOO, Secretary

[제43호 서식] 공증인가 동방종합법무법인 (영문사서대리인용지)

등부 2017 년 제 204 호

Registered No. 2017 - 204

인 증

NOTARIAL CERTIFICATE

위 위임장에 기재된 동부화재 해상보험 (주) 대표이사 김정남의 대리인 최호진는 본 공증인의 면전에서 위 본인이 기명날인 한 것임을 자인하였다.

Ho-Jin, Choe attorney - in fact of JEONG NAM KIM President & CEO DONGBU INSURANCE CO.,LTD appeared before me and admitted said principal's subscription to the attached

POWER OF ATTORNEY

2017년 1월 17일 이 사무소에서 위 인증한다.

This is hereby attested on this 17th day of Jan. 2017 at this office.

서울중앙지방검찰청소속
공증인가 동방종합법무법인
서울특별시 중구 퇴계로 187
공증담당
변호사

BELONG TO SEOUL CENTRAL DISTRICT PROSECUTORS' OFFICE
DONG BANG LAW & NOTARY OFFICE INC.
187,Toegye-ro, Jung-gu, Seoul, Korea

Attorney at law(Rep.) Seo, Keon Ik

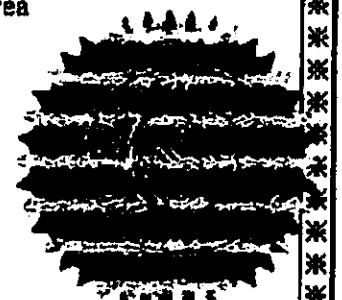
This office has been authorized by the Minister of Justice, the Republic of Korea, to act as Notary Public since Apr. 26. 1984. under Law No. 5

공증인가 동방종합법무법인

Registered No. 2017 — 205

NOTARIAL CERTIFICATE

DONG BANG LAW & NOTARY OFFICE INC.
187,Toegye-ro, Jung-gu, Seoul, Korea



DECLARATION (진 술 서)

I do hereby solemnly and sincere declare that the attached certificate exactly corresponds to the original.
(본인은 별첨된 증명서사본이 원본과 틀림없음을 진술합니다)

Appendix Document Title: power of attorney

2017. 1. 17

Signature Hojin Choe

Print Name(영문이름): Hojin Choe

Dongbu Insurance
Dongbu Financial Center, 432, Teheran-ro
Gangnam-gu, Seoul, Korea 135-523
Tel: +82-2-3011-5825
Fax: +82-505-181-1023
www.idongbu.com

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS :

That I, Jong Pyo Jeong, Executive Vice President of Dongbu Insurance Co., Ltd., a corporation duly organized and existing under and by virtue of the laws of the Republic of Korea, having its principal office at the address of Dongbu Financial Center, 432, Teheran-ro, Gangnam-Gu, Seoul, the Republic of Korea, does hereby nominate, constitute and appoint *Shin Chul Kim, Branch Manager* of the Company's Guam Branch at 233 Julale Center, 424 West O'Brien Drive, Hagatna, Guam 96910, my true and lawful attorney-in-fact to make, execute, seal and deliver any and all bonds, undertakings, contracts and other writings of suretyship for the Company and in my behalf.

IN WITNESS WHEREOF, Dongbu Insurance Co., Ltd. has caused these presents to be signed by me and *the Corporate Secretary,* and to be affixed of its corporate seal thereunto on this *1st day of Jan., 2017*.

DONGBU INSURANCE CO., LTD.

JONG PYO JEONG, Executive Vice President

B. H. Yoo

BU HEUI YOO, Secretary

[제42호 서식] 공증인가 동방종합법무법인 (영문사서본인용지)

동부 2017 년 제 205 호 Registered No. 2017 - 205

인 증 NOTARIAL CERTIFICATE

위

진 술 서 에

기재된

HOJIN, CHOE

최 호 진

personally appeared before

은 me and admitted his(her)

본 공증인의 면전에서 위 사서증서에 subscription to the attached

자기가 기명날인 한 것임을 자인하였다.

DECLRATION

This is hereby attested on

2017년 1월 17일 this 17th day of JAN.

이 사무소에서 위 인증한다. 2017 at this office.

서 울 중 앙 지 방 검 찰 청 소 속 BELONG TO SEOUL CENTRAL DISTRICT PROSECUTORS' OFFICE

공증인가 동방종합법무법인 DONG BANG LAW & NOTARY OFFICE INC.

서울특별시 중구 퇴계로 187, 3층 3F.187,Toegye-ro, Jung-gu, Seoul, Korea

(필동1가, 국제빌딩)

공증담당

변 호 사

Attorney at law(Rep.) Seo, Keon Ik

This office has been authorized by the Minister of Justice, the Republic of Korea, to act as Notary Public since Apr. 26. 1984.under Law No.5

ACKNOWLEDGEMENT

Guam, U.S.A.)
) ss:
CITY OF Hagatna)

On this 25th day of Jan., 2017, I certify that the attached document is a certified copy of the original Power of Attorney executed by Jeong Nam Kim and Jong Pyo Jeong, President and C.E.O. and Executive Vice President, respectively of Dongbu Insurance Co., Ltd. appointing Shin Chul Kim, as Attorney-in-Fact and that to my knowledge, are neither public records nor publicly recordable documents.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

(Official Signature and Seal of Notary)

CECILIA A. ANAS
NOTARY PUBLIC
In and for Guam, U.S.A.
My Commission Expires: March 28, 2018
P.O. Box 315726 Tamuning, Guam 96931

ACKNOWLEDGEMENT

Guam, U.S.A.)
) ss:
CITY OF Hagatna)

On this 25th day of Jan., 2017, I certify that the attached document is a certified copy of the original Power of Attorney executed by Jeong Nam Kim and Jong Pyo Jeong, President and C.E.O. and Executive Vice President, respectively of Dongbu Insurance Co., Ltd. appointing Moylan's Insurance Und., Inc., to be their Attorney-in-Fact and that to my knowledge, are neither public records nor publicly recordable documents.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

(Official Signature and Seal of Notary)

CECILIA A. ANAS
NOTARY PUBLIC
In and for Guam, U.S.A.
My Commission Expires: March 28, 2018
P.O. Box 315726 Tamuning, Guam 96931

ACKNOWLEDGEMENT

Guam, U.S.A.)
) ss:
CITY OF Hagatna)

On this 25th day of Jan., 2017, before me personally appeared Shin Chul Kim, known to me to be the person who signed the document and acknowledged his appointment by Dongbu Insurance Co., Ltd. as Attorney-in-Fact for its business operations on Guam and the neighboring islands.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

(Official Signature and Seal of Notary)

CECILIA A. ANAS
NOTARY PUBLIC
In and for Guam, U.S.A.
My Commission Expires: March 28, 2018
P.O. Box 315726 Tamuning, Guam 96931

BID RESPONSE FORM – PROPERTY INSURANCE

Limit	Deductible	3 Year Premium	5 Year Premium
$30,000,000	$1,000,000 Cat. $100,000 all other	$2,282,043.00 ($760,681.00 Billed Annually)	$3,507,650.00 ($701,530.00 Billed Annually)

Carrier	Carrier's Financial Rating
Dongbu Insurance Co. Ltd.	A XV

Bidder: AM Insurance

By: [signature]

Date: March 7, 2017

ALTERNATE QUOTE: DEDUCTIBLE CHANGES

Limit	Deductible	3 Year Premium	5 Year Premium
$30,000,000	Cat - 5% of claim, Minimum $250,000 Maximum $1,000,000 $50,000 all other	$2,580,468.75 ($860,156.25 Billed Annually)	$4,300,781.25 ($860,156.25 Billed Annually)

Carrier	Carrier's Financial Rating
Sompo Japan Nipponkoa	A XV

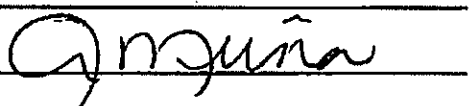
BID RESPONSE FORM – CYBER INSURANCE (OPTIONAL)

MUST BE PURCHASED WITH PROPERTY INSURANCE FROM DONGBU

Limit	Deductible	3 Year Premium	5 Year Premium
$5,000,000	$50,000	$84,000.00 ($28,000.00 Billed Annually)	$140,000.00 ($28,000.00 Billed Annually)

Carrier	Carrier's Financial Rating
Dongbu Insurance Co., Ltd.	A XV

Bidder: AM Insurance

By: 

Date: March 7, 2017

BID RESPONSE FORM – LIABILITY INSURANCE

Limit	Deductible	3 Year Premium	5 Year Premium
$50,000,000 CSL	$300,000 eel	$345,000.00 Includes 2% Assessment Fee ($115,000.00 Billed Annually)	$575,000.00 Includes 2% Assessment Fee ($115,000.00 Billed Annually)

Carrier	Carrier's Financial Rating
Dongbu Insurance Co. Ltd.	A XV

Bidder: AM Insurance

By: [signature]

Date: March 7, 2017

BID RESPONSE FORM – DIRECTORS' & OFFICERS LIABILITY INSURANCE

Limit	Deductible	3 Year Premium	5 Year Premium
$2,000,000 CSL	Nil	$50,625.00 plus $1,012.50 2% Assessment Fee ($16,875.00 Billed Annually) plus $337.50 2% Assessment Fee	$78,045.00 plus $1,560.90 2% Assessment Fee ($15,609.00 Billed Annually) plus $312.18 2% Assessment Fee

Carrier	Carrier's Financial Rating
Dongbu Insurance Co. Ltd	A XV

Bidder: AM Insurance

By:

Date: March 7, 2017

BID RESPONSE FORM – AUTOMOBILE INSURANCE

Limit	Deductible	3 Year Premium	5 Year Premium
$2,000,000 CSL	~~$100,000~~	$142,541.10 plus $1,176.21 2% Assessment Fee	$198,509.60 plus $1,813.35 2% Assessment Fee
	$1,000.00 each Collision Loss	($47,513.70 Billed Annually) plus $392.07 2% Assessment Fee	($39,701.92 Billed Annually) plus $362.67 2% Assessment Fee

Carrier	Carrier's Financial Rating
Dongbu Insurance Co. Ltd.	A XV

Bidder: AM Insurance

By: [signature]

Date: March 7, 2017

ALTERNATE QUOTE: INCLUDING COLLISION COVER

Limit	Deductible	3 Year Premium	5 Year Premium
Actual Cash Value	Collision: $1,000.00 each loss Comprehensive: $1,000.00 each loss	**$159,952.02** plus $1,176.21 2% Assessment Fee ($53,317.34 Plus $392.07 2% Assessment Fee Billed Annually)	**$220,273.25** plus $1,813.35 2% Assessment Fee ($44,054.65 plus $362.67 2% Assessment Fee Billed Annually)

Carrier	Carrier's Financial Rating
Dongbu Insurance Co. Ltd.	A XV

BID RESPONSE FORM – CRIME INSURANCE

Limit	Deductible	3 Year Premium	5 Year Premium
$1,000,000	Nil	$17,010.00 ($5,670.00 Billed Annually)	$26,225.00 ($5,245.00 Billed Annually)

Carrier	Carrier's Financial Rating
Dongbu Insurance Co., Ltd.	A XV

Bidder: AM Insurance

By:

Date: March 7, 2017

INSURANCE PROPOSAL

Prepared for

GUAM WATERWORKS AUTHORITY
IFB 2017-12

March 01, 2017

This quotation is valid for 30 days from its date of issued

Prepared by: Ross Aguon

Moylan's Insurance thanks you for the opportunity to discuss your insurance needs. This summary is a brief overview of your insurance coverage and is based on the exposure information you provided. Please refer to the policies for complete terms, conditions, limitations, definitions and exclusions.

Disclaimer: The abbreviated outlines of coverages used throughout this summary are not intended to express any legal opinion as to the nature of coverage. They are only visuals to a basic understanding of coverages.
This is just an illustration of the cost of insurance

MOYLAN'S INSURANCE UNDERWRITERS, INC.
Home of the Good Guys and Gals
424 W OBrien Dr Ste 102 Hagatna GU 96910

GWA IFB. NO. 2017-12
Proposal No. IP0998
Prepared By: Ross Aguon
Senior Commercial Underwriter/ Government & Specialty Lines

Carriers:	**Dongbu Insurance Co., Ltd.** **Rated A Excellent by A.M. Best's** **A- By S&P, FSC XV**	
Policy Period :	May 01, 2017 to May 01, 2018 With an Additional **2 OR 4** year renewal option	

PROPERTY INSURANCE

Description/Coverage	**Limits of Insurance**
Blanket Coverage for All risks of direct physical loss or damage to all Real and Personal Property of every kind and description belonging to the Insured, or in which the Insured has insurable interest.	**$30,000,000.00** blanket any one occurrence

Including:

- Earthquake, Windstorm, Flood, Typhoon, and Tidal Wave
- Loss of Revenue/ Business Interruption and Extra Expense Extension
- Boiler Explosion and Machinery Breakdown

SUB-LIMITS:	
Personal Property in Transit	**$ 250,000.00**
Valuable Papers and Records and Computer Media	**$1,000,000.00**
Automatic Acquisition	**$1,000,000.00**
Boiler Explosion and Machinery Breakdown	**$5,000,000.00**
Personal Property in Transit	**$ 250,000.00**
Boiler Explosion and Machinery Breakdown	**$5,000,000.00**
Denial of Access	**$1,000,000.00**
Suppliers' and Customers'	**$1,000,000.00**
Debris Removal	**$1,000,000.00**
Mold Damage (in the aggregate)	**$250,000.00**
Self-Insured Retentions	
Each and Every Loss in respect of EARTHQUAKE, WINDSTORM, FLOOD, TYPHOON, and TIDAL WAVE	**$1,000,000.00**
Each and Every Loss in respect of all other perils	**$100,000.00**

Cancellation	90 days prior written notice by Email **and** Certified Mail

Endorsements Applicable

- Schedules
- Waiver of Subrogation – Tenants
- Valuation
- Misrepresentation & Fraud
- Cancellation Clause (90 days)
- Automatic Acquisition
- Waiver of Coinsurance or Average Clause
- Demolition Cost
- Increased Cost of Construction
- Demolition and Increased Time to Rebuild
- Business Interruption Extension
- Extra Expense Extension
- Denial of Access
- Jurisdiction
- Preservation of Property
- Damage to Building Exterior
- Damage to Building Interior
- Earthquake Damage
- All Risk Endorsement
- Multi-Year Policy Endorsement
- Payment Schedule Agreement

Annual Premium	**$848,312.00**
Three Year Premium	**$760,681.00 (Billed Annually)**
Five Year Premium	**$701,530.00 (Billed Annually)**

CYBER COVERAGE

CYBER INSURANCE

COVERAGE	LIMIT	DEDUCTIBLE/ WAITING PERIOD
Security and Privacy Liability	**$5,000,000** in the aggregate, including claims expenses	**$50,000** each and every loss including claims expenses
Multimedia & Intellectual Property Liability	**$5,000,000** in the aggregate, including claims expenses	**$5,000,000** each claim & in the aggregate including claims expenses
Network Interruption & Recovery	**$5,000,000** each claim & in the aggregate	Network Expenditure **$50,000** each claim Loss of Business Income Coverage: 8 hours waiting period
Event Support Expenses	**$5,000,000** each claim & in the aggregate	**$50,000** each and every claim
Privacy Regulation Defense & Penalties	**$5,000,000** each claim & in the aggregate including claims expenses	**$50,000** each and every claim including claims expenses
Network Extortion	**$5,000,000** each claim & in the aggregate	**$50,000** each and every claim
Electronic Theft, Computer Fraud and Telecommunications Fraud	**$100,000** each claim & in the aggregate	**$50,000** each and every claim
Social Engineering Fraud	**$25,000** each claim & in the aggregate	**$50,000** each and every claim
Reputational Damage	**$5,000,000** each claim & in the aggregate	**$50,000** each and every claim
Payment Card Industry Fines or Penalties	**$1,000,000** each claim & in the aggregate including claims expenses	**$50,000** each and every claim including claims expenses

Annual Premium **$28,000.00**
Three Year Premium **$28,000.00 (Billed Annually)**
Five Year Premium **$28,000.00 (Billed Annually)**

*****CYBER COVERAGE ONLY AVAILABE IF PURCHASED IN CONJUNCTION WITH THE PROPERTY POLICY FROM DONGBU**

GWA IFB. NO. 2017-12
Proposal No. IP0998
Prepared By: Ross Aguon
Senior Commercial Underwriter/ Government & Specialty Lines

COMPREHENSIVE 3D

Limit of Liability:	Aggregate	**$1,000,000.00**
	Employee Dishonesty -	**$1,000,000.00**
	Loss Inside Premises -	**$100,000.00**
	Loss Outside Premises -	**$100,000.00**
	Money Orders and Counterfeit Paper	**$100,000.00**
	Depositors Forgery -	**$100,000.00**
	Check Forgery	**$100,000.00**
	Third Party Computer Fraud	**$100,000.00**
	Costs	**$100,000.00**
Deductible	**$50,000.00** for all sections of coverage except in respects of Loss Inside Premises & Loss Outside Premises which will be **$10,000.00**	
Territory	GUAM	
Endorsements Applicable	- Territory – Guam - Jurisdiction - Multi-Year Policy Endorsement - Payment Schedule Agreement	
Annual Premium	**$6,300.00**	
Three Year Premium	**$5,670.00 (Billed Annually)**	
Five Year Premium	**$5,245.00 (Billed Annually)**	

DIRECTORS AND OFFICERS INCLUDING EMPLOYMENT PRACTICE CLAIMS

Limit of Liability	**$2,000,000.00** Aggregate for Coverages A & B combined (including Defense Costs)
Employment Related Practice Sublimit	**$1,000,000.00** (part of and not in addition to the limit)
Co-Insurance	100%
Self Retention	NIL
Cancellation	90 days prior written notice by Email **and** Certified Mail
Territory	Worldwide including the USA and Canada
Required Conditions	- Retroactive Date: April 12, 2012 - Territory – Worldwide - Jurisdiction - Cancellation Clause

GWA IFB. NO. 2017-12
Proposal No. IP0998
Prepared By: Ross Aguon
Senior Commercial Underwriter/ Government & Specialty Lines

Endorsements: Security Holder Derivative Action Inclusion Clause; Territory, Cancellation Clause, Jurisdiction, Punitive Damage Exclusion Clause; Nuclear Energy Liability Exclusion Endorsement; Prior Acts Exclusion Endorsement; Retention Endorsement; Failure to Maintain Insurance Exclusion Endorsement; Captive Insurance Company Exclusion Endorsement; One VS One Exclusion Endorsement (Insured VS Insured Exclusion Endorsement); Closely-Held Clause; Company Securities Claims (Entity Cover); Regulatory Exclusion Clause; SEC Exclusion; Erisa Exclusion; Year 2000 Exclusion, Multi-Year Endorsement, Payment Schedule Agreement, Exclusion of Certified Acts of Terrorism

Notice 1: Except to such extent as may otherwise be provided herein, the coverage of this policy is limited generally to liability for only those claims that are first made against the Insured during the policy period.
Notice 2: The limit of liability available to pay judgment or settlements shall be reduced by amounts incurred for legal defense. Amount incurred for legal defense shall be applied against the retention amount.
Notice 3: The Insurer does not assume any duty to defend; however, the Insurer may advance defense costs payments prior to the final disposition of claim.

Annual Premium	**$18,750.00 (Plus $375.00 – 2% Assessment Fee)**
Three Year Premium	**$16,875.00 (Plus $337.50 – 2% Assessment Fee) (Billed Annually)**
Five Year Premium	**$15,609.00 (Plus $312.18 – 2% Assessment Fee) (Billed Annually)**

AUTOMOBILE INSURANCE

No. of Vehicles 184 (per schedule)

Coverage	Limits of Insurance	Deductible
A./B. Bodily Injury and Property Damage Liability	**$2,000,000.00** Combined Single Limit – each accident	Nil
C. Medical Payments	$1,000.00 each person	Nil
D. Comprehensive	*Actual Cash Value*	*$1,000.00*
E. Collision	Actual Cash Value	$1,000.00
Hired and Non-Owned Auto Liability	Included	Nil

Cancellation 90 days prior written notice by Email **and** Certified Mail

Endorsements Applicable:

- Valid Drivers License Waiver
- Under-Age Driver Waiver
- Operator Waiver
- Newly Acquired and Substitute Vehicles
- Errors & Omissions Clause
- Racing, Pace-making or Speed Testing
- Jurisdiction
- Waiver of Sovereign Immunity
- Deductible Endorsement
- Cancellation Clause
- Exclusion of Certified Acts of Terrorism
- Combined Single Limit Endorsement
- Hired & Non-Owned Auto Liability
- Payment Schedule Agreement
- Multi-Year Endorsement

Annual Premium **$52,793.00 (Plus $435.63 – 2% Assessment Fee)**
Three Year Premium **$47,513.70 (Plus $392.07 – 2% Assessment Fee)**
Five Year Premium **$39,701.92 (Plus $362.67 – 2% Assessment Fee)**

ALTERNATIVE QUOTE TO INCLUDE COMPREHENSIVE

Annual Premium **$59,241.49 (Plus $435.63 – 2% Assessment Fee)**
Three Year Premium **$53,317.34 (Plus $392.07 – 2% Assessment Fee)**
Five Year Premium **$44,054.65 (Plus $362.67 – 2% Assessment Fee)**

MAKE	MODEL	YEAR	VIN.#	ACTUAL CASH VALUE
FORD	F-150 P/U 4WD	2012	1FTMF1EM7BFC81831	$ -
YALE	FORKLIFT	1995	GP25TEJUAE2185	$ -
INTERNATIONAL	DUMP TRUCK	1992	1HTSHPCT8NH433383	$ -
TOYOTA	PICKUP 4X4	1991	JT4RN01P1M7041416	$ -
KENWORTH	TRACTOR TRUCK	1993	1XK0D60XXRS617660	$ -
WALKER	WATER TANKER	1992	1W9P82G26N1029887	$ -
TOYOTA	TACOMA 4X2	2000	4TANL42N9YZ626324	$ 4,000.00

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TOYOTA	TACOMA 4X2	2000	4TANL42N9YZ625318	$	4,000.00
WALKER	WATER TANKER	1992	1W9P82G24N1029886	$	-
WALKER	WATER TANKER	1992	1W9P82G28N1029888	$	-
WALKER	WATER TANKER	1992	1W9P82G22N1029885	$	-
NISSAN	FRONTIER 4X2	2000	1N6DD21S6YC307391	$	-
NISSAN	FRONTIER 4X2	2000	1N6DD21S4YC344911	$	-
GMC	DEISEL TANKER	1992	1GDM7H1J5NJ518041	$	-
GMC	CARGO VAN	2000	1GCHG39R4Y1186066	$	-
NISSAN	FRONTIER 4X2	2001	1N6SDD21S91C321470	$	-
NISSAN	FRONTIER 4X2	2001	1N6SDD21S91C319718	$	-
WORK HORSE	VAN	2000	5B4KP42YX13326943	$	-
FORD	RANGER 4X4	2001	1FTYR15U41PA50127	$	4,100.00
FREIGHT LINER	DUMP TRUCK	2001	1FVHALCG61LJ21985	$	-
FREIGHT LINER	TRUCK, VELOCITY	1992	1FVHBXCS71HJ21974	$	-
TOYOTA	TACOMA 4X2	2001	5TENL42N41Z857954	$	4,100.00
TOYOTA	TACOMA 4X2	2001	5TENL42N31Z854446	$	4,100.00
TOYOTA	TACOMA 4X2	2001	5TENL42N61Z875503	$	4,100.00
TOYOTA	TACOMA 4X2	2001	5TENL42N01Z861483	$	4,100.00
ZIEMAN 4245-A	TRAILER	2002	1ZCT35A2922P24324	$	-
FREIGHT LINER	BOOM TRUCK	2003	1FVHBXCS03HL65100	$	-
FREIGHT LINER	BOOM TRUCK	2003	1FVHBXCS23HL65101	$	-
NISSAN	FRONTIER 4X2	1998	1N6DD21S3WC309144	$	-
NISSAN	FRONTIER 4X2	1998	1N6DD21S3WC317647	$	-
TOYOTA	TACOMA 4X2	1998	4TANL42N9NZ066026	$	-
FORD	F-150 4X4	1997	1FTDX1667VKD54525	$	4,000.00
FORD	RANGER	2005	1FTYR10D35PA32344	$	3,900.00
FORD	RANGER	2005	1FTYR10D55PA58184	$	3,900.00
FORD	RANGER	2005	1FTYR10D75PA58185	$	3,900.00
FORD	RANGER	2005	1FTYR10D55PA56824	$	3,900.00
FORD	RANGER	2005	1FTYR10D35PA56823	$	3,900.00
FORD	RANGER	2005	1FTYR10D75PA56825	$	3,900.00
FORD	RANGER	2005	1FTYR10D25PA71846	$	3,900.00
FORD	RANGER	2005	1FTYR10D05PA71845	$	3,900.00
NISSAN	XTERRA 4X4	2006	5N1AN08W36C517990	$	6,900.00
NISSAN	XTERRA 4X4	2006	5N1AN08W96C514544	$	6,900.00
TOYOTA	TUNDRA	2000	5TBBT4810YS043534	$	6,600.00
TOYOTA	TUNDRA 4X4	2001	5TBRN34151S165126	$	4,900.00
NISSAN	FRONTIER	2001	1N6DD26S71C375391	$	3,100.00
NISSAN	PATHFINDER	2000	JN8AR07Y8YW436050	$	-
FORD	RANGER	2006	1FTYR10D86PA11183	$	5,300.00
TOYOTA	4RUNNER	2002	JT3GN86R320234905	$	5,300.00
FORD	RANGER	2006	1FTYR10D16PA58121	$	5,300.00
FORD	RANGER	2006	1FTYR10D86PA26038	$	5,300.00

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FORD	RANGER	2006	1FTYR10D56PA42391	$	5,300.00
FORD	RANGER	2006	1FTYR10D76PA42392	$	5,300.00
FORD	RANGER	2006	1FTYR10D96PA42393	$	5,300.00
FORD	RANGER	2006	1FTYR10D66PA58116	$	5,300.00
FORD	RANGER	2006	1FTYR10DX6PA58117	$	5,300.00
FORD	RANGER	2006	1FTYR10D16PA58118	$	5,300.00
FORD	RANGER	2006	1FTYR10D36PA58119	$	5,300.00
FORD	RANGER	2006	1FTYR10DX6PA58120	$	5,300.00
TOYOTA	TACOMA 4X4	2000	4TAWN74N4YZ581144	$	7,400.00
TOYOTA	TACOMA	2005	5TETX22N15Z062429	$	10,600.00
FORD	RANGER	2007	1FTYR10D77PA23567	$	5,400.00
CASE	BACKHOE	2006	N6C411522	$	-
FORD	RANGER	2001	1FTYR15UO1PA50125	$	4,100.00
TEREX	BACKHOE	2006	SMFH64TCO6EGS8603	$	-
FORD	F-550	2000	1FDAF562YEC14493	$	6,900.00
FORD	RANGER	2007	1FTYR10D17PA15254	$	5,400.00
FORD	RANGER	2007	1FTYR10D77PA13007	$	5,400.00
FORD	RANGER	2007	1FTYR10D97PA13008	$	5,400.00
CHEVY	3500HD	2001	3GBKC34F61M110845	$	4,200.00
PETERBILT	TRACTOR	2000	1XPFDBOX2YN512802	$	-
INTERNATIONAL	VACTOR	2007	1HTWCADR48J667839	$	-
FORD	RANGER	2007	1FTYR10DX7PA28536	$	5,400.00
INTERNATIONAL	VACTOR	2007	1HTTWGADT18J667832	$	-
INTERNATIONAL	SLUDGE TRUCK	2008	3HTWCAAR58N561952	$	-
FORD	RANGER	2007	1FTYR10D37PA46747	$	5,400.00
FORD	RANGER	2007	1FTYR10D97PA54056	$	5,400.00
FORD	RANGER	2007	1FTYR10D87PA46744	$	5,400.00
FORD	RANGER	2007	1FTYR10D67PA4673	$	5,400.00
FORD	RANGER	2007	1FTYR10DX7PA46745	$	5,400.00
CHEVY	EXPRESS	2008	1GCHG30KX81107812	$	9,400.00
NISSAN	FRONTIER	1998	1N6DD21SWC316804	$	3,200.00
ZEIMAN/BOMAG	TRAILER - 1120	1989	ZP15647	$	-
SUZUKI	G/VITARA	2008	JS3TE944X84102282	$	4,400.00
SUZUKI	G/VITARA	2008	JSTE944984102774	$	-
FORD	E150 CARGO/VAN	2008	1FTNE14W18DA82353	$	8,400.00
FORD	E150 CARGO/VAN	2008	1FTNE14W38DA82354	$	8,400.00
FORD	RANGER	2008	1FTYR10UX8PA97065	$	7,900.00
FORD	RANGER/UT	2008	1FTYR10U78PA97069	$	7,900.00
NISSAN	FRONTIER	2004	1N6DD26T24C466971	$	4,800.00
NISSAN	FRONTIER	2000	1N66DD21S4YC304165	$	-
FORD	F-350 CREW CAB	2008	1FDWX36Y88EE21376	$	9,300.00
FORD	F-350 CREW CAB	2008	1FDWX36Y08EE21375	$	9,300.00
FORD	RANGER/UT	2008	1FTYR10U38PA97067	$	7,900.00

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FORD	RANGER/UT	2008	1FTYR10U78PA97072	$	7,900.00
FORD	RANGER/UT	2008	1FTYR10U38PA97070	$	7,900.00
FORD	RANGER/UT	2008	1FTYR10U38PA97070	$	7,900.00
FORD	RANGER/UT	2008	1FTYR10U58PA97068	$	7,900.00
FORD	RANGER/UT	2008	1FTYR10U58PA91643	$	7,900.00
FORD	E-450 BOX VAN	2008	1FCLE49S180B44493	$	-
FORD	F-350	2008	1FDWX36Y48EE21377	$	9,300.00
FORD	RANGER	2008	1FTYR10U18PA97066	$	7,900.00
FORD	F-350	2008	1FDWX36Y98EE21374	$	9,300.00
BOB CAT	SKID STEER LDR	2003	519030317	$	-
400 GALLON	WATER BUFFALO	N/A	ID #28-354	$	-
400 GALLON	WATER BUFFALO	N/A	ID #8530	$	-
Allmand	Mini Backhoe-4WD	2009	0015T623508	$	-
Allmand	Mini Backhoe-2WD	2009	0008T53508	$	-
Allmand	Mini Backhoe-2WD	2009	0009T53508	$	-
Allmand	Mini Backhoe-2WD	2009	0010T53508	$	-
Marksman-Trailer	RBET80X15-99WD/904	2009	1M9BE15269L516009	$	-
Marksman-Trailer	RBET80X15-99WD/901	2009	1M9BE15229L516010	$	-
Marksman-Trailer	RBET80X15-99WD/903	2009	1M9BE15249L516011	$	-
Marksman-Trailer	RBET80X15-99WD/902	2009	1M9BE15249L516008	$	-
FORD	RANGER	2007	1FTYR14D87PA42333	$	8,000.00
FORD	RANGER	2007	1FTYR14DX7PA42334	$	8,000.00
FORD	RANGER	2007	1FTYR14D37PA42336	$	8,000.00
FORD	RANGER	2007	1FTYR14D17PA42335	$	8,000.00
FORD	RANGER	2007	1FTYR14DX7PA44553	$	8,000.00
FORD	RANGER	2007	1FTYR14D37PA44555	$	8,000.00
FORD	RANGER	2007	1FTYR14D17PA44554	$	8,000.00
FORD	RANGER	2007	1FTYR14D77PA44557	$	8,000.00
FORD	RANGER	2007	1FTYR14D57PA44556	$	8,000.00
FORD	RANGER	2007	1FTYR14D97PA44558	$	8,000.00
FORD	RANGER	2008	1FTYR10D18PA43900	$	5,800.00
FORD	RANGER	2008	1FTYR10DX8PA61540	$	5,800.00
FREIGHT LINER	DUMPSTER R/O M2106	2014	3ALHCYDJ9EDFZ6338	$	-
FORD	RANGER	2011	1FTKR1AD2BPA82488	$	9,400.00
FORD	RANGER	2011	1FTKR1AD2BPA82491	$	9,400.00
FORD	ESCAPE	2011	1FMCU9C7XCKA60886	$	11,600.00
FORD	RANGER XCAB P/U 2WD	2011	1FTLR1EE7BPA84941	$	13,000.00
FORD	ESCAPE, WAGON	2011	1FMCU9C70BKB62759	$	10,600.00
TOYOTA	TACOMA 4WD, DBL. CAB	2011	5TFLU4EN8BX016972	$	21,900.00
TOYOTA	TACOMA 4WD, DBL. CAB	2011	5TFLU4EN9BX018682	$	21,900.00
FORD	F-150 P/U 2WD	2011	1FTMF1CM4BKE05631	$	12,900.00
FORD	F-150 P/U 2WD	2011	1FTMF1CM9BKE05639	$	12,900.00
FORD	F-150 P/U 2WD	2011	1FTMF1CM7BKE05638	$	12,900.00

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FORD	F-150 P/U 2WD	2011	1FTMF1CM3BKE05636	$	12,900.00
FORD	F-150 P/U 2WD	2011	1FTMF1CM2BKE05630	$	12,900.00
FORD	F-150 P/U 2WD	2011	1FTMF1CM6BKE05632	$	12,900.00
FORD	F-150 P/U 2WD	2011	1FTMF1CMXBKE05634	$	12,900.00
FORD	RANGER XCAB P/U 2WD	2011	1FTLR1EEXBPA83055	$	13,000.00
FORD	RANGER XCAB P/U 2WD	2011	1FTLR1EE6BPA83053	$	13,000.00
FORD	RANGER XCAB P/U 2WD	2011	1FTLR1EE8BPA83054	$	13,000.00
FORD	RANGER XCAB P/U 2WD	2011	1FTLR1EE1BPA83056	$	13,000.00
FORD	RANGER XCAB P/U 2WD	2011	1FTLR1EE5BPA84940	$	13,000.00
FORD	RANGER XCAB P/U 2WD	2011	1FTLR1EE3BPA83057	$	13,000.00
FORD	ESCAPE XLS	2012	1FMCU0C74CKA60883	$	10,200.00
FORD	ESCAPE XLT	2012	1FMCU0D71CKA60883	$	11,000.00
FORD	ESCAPE XLT	2012	1FMCU0D76CKA60880	$	11,000.00
FORD	ESCAPE XLS	2012	1FMCU9C75CKA60889	$	11,800.00
FORD	ESCAPE XLS 4X4, AWD	2012	1FMCU9C73CKA60888	$	11,800.00
FORD	ESCAPE XLS FWD	2012	1FMCU0C76CKA60878	$	11,800.00
FORD	ESCAPE XLS FWD	2012	1FMCU0C72CKA60876	$	11,800.00
FORD	ESCAPE XLS FWD	2012	1FMCU0C79CKA60874	$	11,800.00
FORD	ESCAPE XLS FWD	2012	1FMCU0C70CKA60875	$	11,800.00
FORD	ESCAPE XLS FWD	2012	1FMCU0C75CKA60869	$	11,800.00
CHEVROLET	VAN CG33705	2012	1GCZGUBG4C1152625	$	19,500.00
FORD	E150 CARGO VAN	2012	1FTNE1EW0CDA07473	$	16,000.00
FORD	E150 CARGO VAN	2012	1FTNE1EW7CDA07471	$	16,000.00
FORD	ESCAPE XLT, AWD	2012	1FMCU9C74CKC57648	$	11,800.00
OVERBILT	TILT TAG/TRAILER-Pintle	2013	1Z9KD3129CO058445	$	-
OVERBILT	TILT TAG/TRAILER-Fixed	2013	1Z91D3523CO058446	$	-
GROVE	Crane, 30T RT530E-2	2013	232329	$	-
KENWORTH	DUMP TRUCK	2014	1NKDLOEX0ER385558	$	-
KENWORTH	DUMPSTER TRUCK	2001	2NK0HZ8X10M882398	$	-
FORD	E150 CARGO VAN	2012	1FTNE1EW2CDA07474	$	16,000.00
FORD	F-150 XCAB P/U 4WD	2012	1FTEX1EM0CKD41104	$	18,400.00
FREIGHT LINER	JETTER M2106V	2013	1FVHC3DJ1DHFB6022	$	-
Black Dot	Trailer MODEL#WS585ALD	2009	4P2FB0814RY098898	$	-
FREIGHT LINER	DUMPSTER R/O M2106	2013	3ALHCYDJXDDFD5509	$	-
JOHN DEERE	410, BACKHOE, 4WD	N/A	1T0410KXKCD234952	$	-
JOHN DEERE	410, BACKHOE, 4WD	N/A	1T0410KXLCD234957	$	-
YALE	FORKLIFT 2.5T	2003	YALE GPT25RH	$	-
TOYOTA	FORKLIFT	1995	8FGU32-62009/2517584	$	-
HYUNDAI	FORKLIFT 2.5T	2003	HHKHHF23CE0000259	$	-
CASE	TRENCHER	2002	JAF0353150	$	-

ABOUT US

GWA IFB, NO. 2017-12
Proposal No. IP0998
Prepared By: Ross Aguon
Senior Commercial Underwriter/ Government & Specialty Lines

Moylan's Insurance Underwriters, Inc., Home of the Good Guys and Gals began with the vision of Kurt and Judith Moylan. In 1971, Moylan's Insurance opened its doors with only three employees and wrote property and casualty insurance in Agana.

Today, Moylan's Insurance is a multi-line insurance agency on the islands of Guam, the Commonwealth of the Northern Marianas Islands, Republic of Palau, Republic of the Marshall Islands, and the Federated States of Micronesia. Main office is located in Hagatna, Guam and there are 11 branches that extend from Guam to the outer island nations.

In May of 2001, Moylan's was honored by Legislative Certificate No. 16 from the 26th Guam Legislature commending and congratulating the company stating "Moylan's Insurance Underwriters, Inc. has been an important part of Guam's vibrant economy and has made many valuable contributions to our Island and its people. Moylan's Insurance Underwriters, Inc.'s commitment to furthering Guam's economic growth and improving the quality of life of our Island is to be commended."

Dongbu Insurance Company was formerly known as Korea Auto Fire Marine Insurance Company (KAFMIC). In 1995, they were acquired by the Dongbu Group. One of the top ten conglomerates in Korea. ***Dongbu's has been rated A (Excellent) by A.M. Best.***

PRODUCT EXPERTISE

As a multi-line insurance agency, Moylan's is able to meet the needs of the clients through the various products we have available:

- Automobile Insurance
- Homeowners Insurance
- Value pack Insurance for home and auto
- Property Insurance
- General Liability Insurance
- Worker's Compensation Insurance
- Businessowner's Package Insurance
- Special Multi-Peril (SMP) Insurance
- Business Interruption
- Contract Bonds
- Personal Accident Insurance
- Travel Insurance

SERVICE EXPERTISE

Our primary goal is to work together with the client to achieve the objective the client needs to meet. Risk management initiatives and improvement of profit and efficiency within the organization. This will allow the agency to keep up to date on the loss exposures covered by the policies which the Insured will have.

Our risk management services include a suite of services in the areas of:

- Actuarial
- Alternative Risk Funding
- Automation
- Benchmarking
- Claims/Litigation management
- Cost Allocation
- Cost of Risk Assessment

- Crisis Management
- Executive Personal Lines
- Insurance Program Design
- Investor Services
- Loss Control and Safety Engineering
- Risk Analysis
- Risk Financing
- Risk management Administration
- Strategic Planning Initiatives
- Periodic visitation of facilities
- Conducting safety inspections of the plant and assets of the Insured
- Facilitate interviews with designated representative of the Insured

In addition, the following services will also be afforded to the Insured:

1. Market and place required insurance coverage.
2. Assist with claims handling and processing.
3. Answer insurance coverage questions.
4. Assist in analyzing the loss exposures arising from existing or new operations.
5. Develop underwriting information and assist in gathering and organizing exposure and loss data for renewals.
6. Recommend coverage changes, as needed.
7. Review insurance binders, policies, certificates and other documents to ensure all wording is complete and accurate.
8. Structure insurance programs to eliminate gaps or overlaps between policies and to provide the limits and coverages requested by the Insured, to the extent such coverages and limits are available.
9. Service each policy issued to the Insured, including processing all changes, amendments and endorsements and verifying the accuracy of invoices.
10. Be available for consultation with the Insured regarding the coverages placed.
11. Provide early warning or advance notice of rate and coverage changes or renewal problems,
12. Maintain written records of the Insured's insurance transactions.

CLAIMS HANDLING

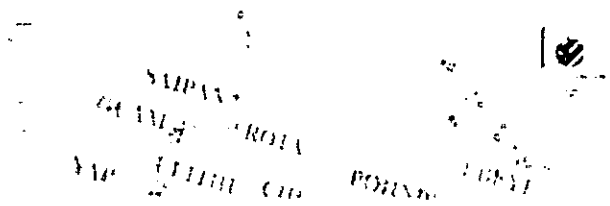
Equitable Adjusters & Services Company (EASCO), is a subsidiary company of Moylan's Insurance responsible to settle and provide claim assistance to its carriers. They have license claims adjusters to adjust and pay all claims.

In the event of major catastrophes, carriers can call on off-island adjusting firms to assist in claims handling and settlement, such as Miller International, a subsidiary of Miller Fisher Group from the United Kingdom.

STRONG BUSINESS PRESENCE

Through all our subsidiary corporations in Micronesia, Moylan's services a 3,000-mile area that is comparable to the size of the continental United States. With considerable growth over the past two decades, Moylan's has become the recognized name in insurance for the islands in the Pacific.

FUTURE



Moylan's plans to continue serving its clients with quality products and friendly service. We also have plans to increase our presence in the islands as new markets open and require our expertise. Moylan's has always been proud of its standard-setting reputation, and as we approach the new century, our family owned corporation has expansion in the making.

GWA IFB. NO. 2017-12
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GUÅHAN
INSURANCE SERVICES

INSURANCE PROPOSAL

Prepared for: Guam Waterworks Authority

Effective Date: May 1, 2017 – 5 Year Term
By: Jung Suk
Proposal Date: March 3, 2017

COMMERCIAL PROPERTY

Policy Information

Insurer	: Sompo Japan Nipponkoa Insurance Inc. with an AM Best Rating of A+, XV
Location	: All risks of the Insured throughout the Territory of Guam, U.S.A.
Description	: All Real Property (Including Buildings and Aboveground / Underground Assets) and Business Personal Property (BPP - Contents) of the Insured or in which the Insured has an Insurable Interest, including Business Interruption with Extra Expense, Machinery and Plant Breakdown
Insured Value	: As Per Schedule Below
Deductibles	: As Per Schedule Below – Per Occurrence
Covered Causes of Loss	: Risks of Direct Physical Loss or Damage, including Windstorm, Typhoon, Earthquake and Flood
Valuation Clause	: 100% of the Current Replacement Value at the Time of Loss, subject to the limit of coverage provided by the Policy.
Exclusions of Note	: Radioactive Contamination Exclusion; Electronic Date Recognition Exclusion; Electronic Data Exclusion; War & Terrorism Exclusion; Biological or Chemical Exclusion; Asbestos Clause; Microorganism Exclusion
Coverage Extensions of Note	: Automatic Acquisitions; Waiver of Co-Insurance; Demolition Cost; Increased Cost of Construction; Professional Fees.
Conditions	: Subject to Direct Physical Loss or Damage Policy Wording; Annual Review Clause

Premiums

Annual Premium	**$**	**860,156.25**

Jung W. Suk

Digitally signed by Jung W. Suk
DN: cn=Jung W. Suk, o=Guahan Insurance Services, Inc., ou, email=jsuk@guahanis.com, c=GU
Date: 2017.03.03 13:46:35 +10'00'

COMMERCIAL PROPERTY

Policy Information

Description	
Total Declared Value	$ 587,002,129

Schedule of Values & Limits

Description	Per Occurrence
Sum Insured	$ 30,000,000
Sub Limit – Windstorm, Typhoon, Flood, Tidal Wave, Earthquake and Volcanic Action	$ 30,000,000
Sub Limit – Personal Property In Transit (Any One Conveyance)	$ 250,000
Sub Limit – Valuable Papers, Records and Computer Media	$ 1,000,000
Sub Limit – Automatic Acquisitions	$ 1,000,000
Sub Limit – Boiler and Machinery Breakdown	$ 5,000,000
Sub Limit – Denial of Access	$ 1,000,000
Sub Limit – Suppliers' and Customers'	$ 1,000,000
Sub Limit – Mold (Aggregate)	$ 250,000

Schedule of Deductibles

Description	Per Occurrence
Windstorm, Typhoon, Earthquake, Flood, Tidal Wave	5% of Claim Amount (Minimum $250,000; Maximum $1,000,000)
All Other Occurrence Combined for Material Damage and Business Interruption	$ 50,000

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RISK DETAILS

TYPE	Commercial General Liability reinsurance
ORIGINAL INSURED	The Guam Waterworks Authority, any director, officer, elected or appointed official, contract employee, servant, employee or volunteer worker acting for or on behalf of the Authority
ADDRESS	Lot 2512, Municipality of Mangilao 688 Route 15 Fadian Mangilao GUAM 96923
REINSURED	Dongbu Insurance Company Ltd, Guam
PERIOD	36 months from 1st May 2017 to 1st May 2020 both days at 12:01am local standard time at the address of the Original Insured. Or 60 months from 1st May 2017 to 1st May 2022 both days at 12:01am local standard time at the address of the Original Insured. Period hereon: 1st May 2017 to 1st May 2018 both days at 12:01am local standard time at the address of the Original Insured.
BUSINESS	Ownership, operation and maintenance of fresh and waste water facilities
LIMIT OF INDEMNITY	Section A - Public Liability: USD 50,000,000 any one occurrence Section B - Pollution Liability: USD 15,000,000 any one occurrence and in the aggregate Section C - Products Liability: USD 50,000,000 any one occurrence and in the aggregate
TERRITORIAL LIMITS	Guam but worldwide in respect of Products.
CONDITIONS	Underwriters agree to waive sight of retention Subject to the express terms of this Reinsurance, Reinsurers are liable under this Reinsurance to the extent that the Reassured is liable under the contract protected hereunder. Claims Control Clause as attached NMA1998 Service of Suit Clause as attached LMA3100 Sanction Limitation and Exclusion Clause This reinsurance is subject to notice of cancellation at the anniversary date. Notice of cancellation with effect from 1st May 2018 is hereby given Annual Review Clause as attached Original Conditions Wording: NVA07 Intl CGL plus Personal Injury Extension as attached

Excess USD 300,000 each and every loss
Employees, officials and directors of the Insured are covered whilst attending meetings worldwide subject to the policy terms, conditions and limitations

If Underwriters desire to cancel this policy other than for non-payment of premium, they shall give not less than ninety (90) days' prior written notice by e-mail and Certified Mail to:
Greg P Cruz, Chief Financial Officer
PO Box 3010
Hagatna
Guam 96923
e-mail gpcruz@guamwaterworks.org

Additional Insureds, waivers of subrogation, indemnities and contractual agreements, hold harmless agreements and cross liability clauses shall be held covered subject to notification to Insurers as soon as is practicable

Including the Insured's liability arising out of any events held throughout the year on the Insured's premises

Including the liability of the Insured for bodily injury and/or property damage caused by an occurrence arising out of the giving or serving of alcoholic beverages by the Insured at functions incidental to the Insured's business, subject to a policy limit of USD 1,000,000 any one occurrence. Such limit is included within and not in addition to the limit of liability shown in the policy

In the event of a claim under this policy, Insurers waive the right to invoke the legal defence of sovereign immunity

EXPRESS WARRANTIES

None
(Other than those that may be expressly contained within the policy conditions, wordings, clauses and in addition to any implied warranties under the law to which this insurance is subject – failure to comply with a warranty will, in normal circumstances, void this insurance policy).

CONDITIONS PRECEDENT

None
(Other than those that may be expressly contained within the policy conditions, wordings, clauses and in addition to any implied warranties under the law to which this insurance is subject – failure to comply with any such Condition Precedent may result in the cancellation of or denial of coverage under this policy).

SUBJECTIVITIES

None
(Other than those that may be expressly contained within the policy conditions, wordings, clauses to which this insurance is subject – failure to comply with any such Subjectivities may result in the cancellation of this policy and the issuance of a policy premium refund on a pro rata basis).

CHOICE OF LAW & JURISDICTION

This insurance shall be governed by and construed in accordance with the laws of Guam and the exclusive jurisdiction of the Guam courts. The seat of arbitration shall be Tamuning

PREMIUM PAYMENT TERMS

It is a condition of this contract of reinsurance that the premiums due must be paid to and received by Reinsurer on or before midnight on the dates specified

If this condition is not complied with this policy shall terminate from midnight on the due date of the first breach with the Reinsured hereby agreeing to pay premium calculated at not less than pro rata temporis

1) 1st July 2017 - 50%
2) 1st October 2017 - 50%

The second instalment is to be paid as an Additional Premium and not as deferred

TAXES PAYABLE BY REINSURED WHICH ARE ADMINISTERED BY REINSURERS	None
RECORDING, TRANSMITTING & STORING INFORMATION	Where the Broker maintains risk and claim data/information/documents the Broker may hold data/information/documents electronically
INSURER CONTRACT DOCUMENTATION	This document details the contract terms entered into by the reinsurer(s), and constitutes the contract document

INFORMATION

The following information was provided to insurer(s) to support the assessment of the risk at the time of underwriting.

2012 turnover - USD 67,315,207
2013 turnover - USD 67,111,723
2014 turnover - USD 81,000,000
2015 turnover - USD 94,000,000
2016 turnover - USD 104,987,000

Invitation for Competitive Sealed Bids IFB 2017-12

PREMISES

The Authority occupies an approximate 15,000ft administration building at 578 North Marine Corps Drive, Tamuning, Guam. It also has the following facilities located throughout Guam:

Fresh water system

1 treatment plant
21 reservoirs
33 booster pump stations
35 pressure relief valve vaults
120 water well sites
19 owned water storage tanks
394 miles of pipe

Waste water system

7 treatment plants
164 booster pump stations
72 pumping stations
6,776 manholes
224 miles of pipe

Operations consist principally of administration, routine maintenance and repair work. 333 employees

In addition to the Insured's fresh water sources, the US Navy supplies water from its system to the Insured for sale to non-military customers

No data is currently available as to contractual obligations incurred by the Authority

CLAIMS

No claims exceeding the deductible in the last 5 years

SECURITY DETAILS

INSURER'S LIABILITY LMA3333

(Re)insurer's liability several not joint

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning 'signing' below. In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite under this contract. The business address of each member is Lloyd's, One Lime Street, London, EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportions may be obtained by writing to Market Services, Lloyd's, at the above address.

Proportion of liability

Unless there is 'signing' (see below) the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its 'written line'. Where this contract permits, written lines, or certain written lines, may be adjusted ('signed'). In that case, a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a 'signed line'. The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred. Although reference is made at various points in this clause to 'this contract' in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

ORDER HEREON 100% of 100%

BASIS OF WRITTEN LINES

Percentage of whole

SIGNING PROVISIONS

In the event that the written lines hereon exceed 100% of the order, any lines written "to stand" will be allocated in full and all other lines will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order without further agreement of any of the insurers.

However:

a) in the event that the placement of the order is not completed by the commencement date of the period of insurance then all lines written by that date will be signed in full;

b)the signed lines resulting from the application of the above provisions can be varied, before or after the commencement date of the period of insurance, by the documented agreement of the insured and all insurers whose lines are to be varied. The variation to the contracts will take effect only when all such insurers have agreed, with the resulting variation in signed lines commencing from the date set out in that agreement.

PUBLIC & PRODUCTS LIABILITY INSURANCE

1. OPERATIVE CLAUSE

The Underwriters will indemnify the Insured against their liability to pay damages (including claimants' costs, fees and expenses) in accordance with the law of any country but not in respect of any judgement, award, payment or settlement made within countries which operate under the laws of the United States of America or Canada (or to any order made anywhere in the world to enforce such judgement, award, payment or settlement either in whole or in part) unless the Insured has requested that there shall be no such limitation and has accepted the terms offered by Underwriters in granting such cover, which offer and acceptance must be signified by specific endorsement to this Policy.

This indemnity applies only to such liability as defined by each insured Section of this Policy arising out of the Business specified in the Schedule, subject always to the terms, Conditions and Exclusions of such Section and of the Policy as a whole.

For the purpose of determining the indemnity granted

1.1. "Injury" means death, bodily injury, illness or disease of or to any person;

1.2 "Damage" means loss of possession or control of or actual damage to tangible property;

1.3 "Pollution" means pollution or contamination of the atmosphere or of any water, land or other tangible property;

1.4 "Product" means any property after it has left the custody or control of the Insured which has been designed, specified, formulated, manufactured, constructed, installed, sold, supplied, distributed, treated, serviced, altered or repaired by or on behalf of the Insured, but shall not include food or drink supplied by or on behalf of the Insured primarily to the Insured's employees as a staff benefit.

5 "Terrorism" means an act, including but not limited to the use of force or violence and/or threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or governments(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

6 "Occurrence" means an event, including continuous or repeated exposures to substantially the same general conditions, which result in Injury and/or Damage neither expected nor intended from the standpoint of the Insured. All events of a series consequent upon or attributable to one source or original cause shall be deemed one Occurrence

2. INDEMNITY TO OTHERS

The indemnity granted extends to

2.1 at the request of the Insured, any party who enters into an agreement with the Insured for any purpose of the Business, but only to the extent required by such agreement to grant such indemnity and subjects always to Clauses 7.3.3, and 12.3;

2.2. officials of the Insured in their business capacity for their liability arising out of the performance of the Business and/or in their private capacity arising out of their temporary engagement of the Insured's employees;

2.3 at the request of the Insured any person or firm for their liability arising out of the performance of a contract to provide labour only services to the Insured;

2.4 the officers, committee and members of the Insured's canteen, social, sports, medical, fire fighting and welfare organisations in their respective capacity as such;

2.5 the personal representatives of the estate of any person indemnified by reason of this Clause 2 in respect of liability incurred by such persons;

provided always that all such persons or parties shall observe, fulfil and be subject to the terms, Conditions and Exclusions of this Policy as though they were the Insured.

3. CROSS LIABILITIES

Each person or party specified as the Insured in the Schedule is separately indemnified in respect of claims made against any of them by any other, subject to Underwriters' total liability not exceeding the stated Indemnity Limits.

4. DEFENCE COSTS

The Underwriters will pay all costs, fees and expenses incurred by the Insured with the Underwriters prior written consent in the investigation defence or settlement of any claim made against the Insured under this Policy (hereinafter called "Defence Costs") other than in respect of any actions in the United States of America or Canada.

Defence Costs extend to include the costs of representation at any inquest inquiry or other proceedings in respect of matters which have a direct relevance to any claim made or which might be made against the Insured provided such claim or claims arise from an Occurrence which is the subject of indemnity by this Policy

5. INDEMNITY LIMITS

Underwriters' liability to pay damages (including claimants' costs, fees and expenses) shall not exceed the sum stated in the Schedule against each Section in respect of any one Occurrence or series of Occurrences arising from one originating cause, but under Section B and Section C the Indemnity Limits represent Underwriters' total liability in respect of all Occurrences.

Defence Costs will be payable in addition to the Indemnity Limits unless this Policy is endorsed to the contrary.

Should liability arising from the same originating cause form the subject of indemnity by more than one Section of this Policy, each Section shall be subject to its own Indemnity Limit, provided always

that the total amount of Underwriters' liability shall not exceed the greatest Indemnity Limit available under any one of the Sections providing indemnity.

SECTION A - PUBLIC LIABILITY

6. SECTION A - INDEMNITY

The Insured is indemnified by this Section in accordance with the Operative Clause for and/or arising out of Injury and/or Damage occurring during the Period of Insurance but not against liability arising out of

6.1 Pollution;

6.2 or in connection with any Product.

7. SECTION A - EXCLUSIONS

This section does not cover liability

7.1 arising out of the ownership, possession or use of any motor vehicle or trailer by or on behalf of the Insured, other than claims

7.1.1 caused by the use of any tool or plant forming part of or attached to or used in connection with any motor vehicle or trailer;

7.1.2 arising beyond the limits of any carriageway or thoroughfare and caused by the loading or unloading of any motor vehicle or trailer;

7.1.3 for damage to any bridge, weighbridge, road or anything beneath caused by the weight of any motor vehicle or trailer or the load thereon;

7.1.4 arising out of any motor vehicle or trailer temporarily in the Insured's custody or control for the purpose of parking;

provided always that no indemnity is granted against liability compulsorily insurable by legislation or for which the government or other authority has accepted responsibility;

7.2 arising out of the ownership, possession or use by or on behalf of the Insured of any aircraft, watercraft or hovercraft (other than watercraft not exceeding five metres in length and then only whilst on inland waterways);

7.3 for and/or arising out of Damage to property owned, leased or hired by or under hire purchase or on loan to the Insured or otherwise in the Insured's care, custody or control other than

7.3.1 premises (or the contents thereof) temporarily occupied by the Insured for work therein, and/or other property temporarily in the Insured's possession for work thereon (but no indemnity is granted for Damage to that part of the property on which the Insured is working and which arises out of such work);

7.3.2 clothing and personal effects belonging to employees and visitors of the Insured;

7.3.3 premises tenanted by the Insured to the extent that the Insured would be held liable in the absence of any specific agreement.

SECTION B - POLLUTION LIABILITY

8. **SECTION B - INDEMNITY**

The Insured is indemnified by this Section in accordance with the Operative Clause for and/or arising out of Injury and/or Damage occurring during the Period of Insurance and arising out of Pollution, but only to the extent that the Insured can demonstrate that such Pollution

8.1 was the direct result of a sudden, specific and identifiable event occurring during the Period of Insurance;

8.2 was not the direct result of the Insured failing to take reasonable precautions to prevent such Pollution.

9. **SECTION B - EXCLUSIONS**

This Section is subject to the Exclusions of Sections A7 and C11, and also does not cover liability for and/or arising out of

9.1 Damage to premises which is presently or was at any time previously owned, leased or tenanted by the Insured;

9.2 Damage to land or water within or below the boundaries of any land or premises which is presently or was at any time previously owned, leased or tenanted by the Insured or otherwise in the Insured's care, custody or control.

SECTION C - PRODUCTS LIABILITY

10. SECTION C - INDEMNITY

The Insured is indemnified by this Section in accordance with the Operative Clause for and/or arising out of Injury and/or Damage occurring during the Period of Insurance but only against liability arising out of or in connection with any Product and not against liability arising out of Pollution.

11. SECTION C - EXCLUSIONS

This Section does not cover liability

11.1 for and/or arising out of Damage to any Product or part thereof;

11.2 for costs incurred in the repair, reconditioning, modification or replacement of any Product or part thereof and/or financial loss consequent upon the necessity for such repair, reconditioning, modification or replacement;

11.3 arising out of the recall of any Product or part thereof;

11.4 arising out of any Product or part thereof which with the Insured's knowledge is intended to be incorporated into the structure, machinery or controls of any aircraft.

12. GENERAL EXCLUSIONS APPLICABLE TO ALL SECTIONS OF THE POLICY

This Policy does not cover liability

12.1 arising out of the deliberate, conscious or intentional disregard by the Insured's technical or administrative management of the need to take all reasonable steps to prevent Injury or Damage;

12.2 for and/or arising out of Injury to any person under a contract of employment or apprenticeship with or the provision of labour only services to the Insured where such Injury arises out of the execution of such contract;

12.3 arising out of liquidated damages clauses, penalty clauses or performance warranties unless proven that liability would have attached in the absence of such clauses or warranties;

12.4 directly or indirectly occasioned by, happening through or in consequence of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military or usurped power;

12.5 directly or indirectly caused by or contributed to by or arising from

12.5.1 ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel;

12.5.2 the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;

12.6 for Injury and/or Damage directly or indirectly caused by, resulting from or in connection with any act of Terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

This exclusion also excludes Injury and/or Damage directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of Terrorism.

If the Underwriters allege that by reason of this exclusion, any Injury and/or Damage is not covered by this Policy the burden of proving the contrary shall be upon the Insured.

In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

12.7 directly or indirectly caused by or alleged to be caused by or contributed to in whole or in part or arising from the existence of or exposure to asbestos and /or any asbestos containing materials

12.8 for the Excess as stated in the Schedule in respect of the first amount of each claim or series of claims arising out of one originating cause

(if any product from one prepared or acquired batch causes Damage to property of or Injury to more than one person, the Damage to property of all persons and all Injury resulting from that batch shall be considered as arising out of one originating cause);

12.9 which forms the subject of insurance by any other policy and this Policy shall not be drawn into contribution with such other insurance;

12.10 for awards or damages of a punitive or exemplary nature whether in the form of fines, penalties, multiplication of compensation awards or damages or aggravated damages or in any other form whatsoever.

13. GENERAL CONDITIONS

(Conditions 13.1 to 13.4 are precedent to Underwriters' liability to provide indemnity under this Policy).

13.1 The Insured shall give written notice to the Underwriters as soon as reasonably practicable of any Occurrence that may give rise to a claim under this Policy and shall give all such additional information as the Underwriters may require. Every claim, writ, summons or process and all documents relating thereto shall be forwarded to the Underwriters immediately they are received by the Insured.

13.2 No admission, offer, promise or payment shall be made or given by or on behalf of the Insured without the prior written consent of the Underwriters who shall be entitled to take over and conduct in the name of the Insured the defence or settlement of any claim or to prosecute in the name of the Insured to their own benefit any claim for indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings and in the settlement of any claim and the Insured shall give all such information and assistance as the Underwriters may reasonably require.

13.3 The Insured shall give notice as soon as reasonably practicable of any fact or event which materially changes the information supplied to Underwriters at the time when this Policy was effected and Underwriters may amend the terms of this Policy according to the materiality of the change.

13.4 Where the premium is provisionally based on the Insured's estimates, the Insured shall keep accurate records and after expiry of the Period of Insurance declare as soon as possible such details as Underwriters require. The premium shall then be adjusted and any difference paid by or allowed to the Insured as the case may be subject to any minimum premium that may apply.

13.5 The Underwriters may at any time pay to the Insured in connection with any claim or series of claims under this Policy to which an Indemnity Limit applies the amount of such Limit (after deduction of any sums already paid) or any lesser amount for which such claims can be settled and upon such payment being made the Underwriters shall relinquish the conduct and control of and be under no further liability in connection with such claims except for the payment of Defence Costs incurred prior to the date of such payment (unless the Indemnity Limit is stated to be inclusive of Defence Costs).

Provided that if Underwriters exercise the above option and the amount required to dispose of any claim or series of claims exceeds the Indemnity Limit and such excess amount is insured either in whole or in part, with Defence Costs payable in addition to the Indemnity Limit under this Policy then the Underwriters will also contribute their proportion of subsequent Defence Costs incurred with their prior consent.

13.6 Any dispute concerning the interpretation of this Policy and/or Schedule will be determined in accordance with the Law of Guam.

The Insured and Underwriters submit to the exclusive jurisdiction of any court of competent jurisdiction within Guam and agree to comply with all requirements necessary to give such court jurisdiction. All matters arising hereunder shall be determined in accordance with the law and practice of such court.

13.7 Any phrase or word in this Policy will be interpreted in accordance with the law of Guam. The Policy and the Schedule shall be read together as one contract and any word or

expression to which a specific meaning has been attached in any part of this Policy or the Schedule shall bear such specific meaning wherever it may appear.

13.8 The Underwriters may cancel this Policy by giving sixty days' notice in writing of such cancellation to the Insured's last known address.

13.9 If any claim under this Policy is in any respect fraudulent all benefit under the Policy shall be forfeited.

CLAIMS CONTROL CLAUSE

The following clause applies to all circumstances that may give rise to a claim under the Original Policy. Adherence by the Reinsured to the conditions set out herein is a condition precedent to Reinsurer's liability

(1) The Reinsured shall inform Reinsurers of any circumstance that may give rise to a claim on the Original Policy. In addition, the Reinsured shall provide Reinsurers with all available supporting information and documentation relating to the circumstance as soon as reasonably practicable but in any event within 14 days of the Reinsured becoming aware of such circumstance.

(2) Reinsurers shall have the right but not the obligation to assume control of the investigation of the circumstance and the defence and/or settlement of any resultant claim. Where Reinsurers assume control, the Reinsured shall act according to Reinsurers' direction.

(3) No settlement shall be made by the Reinsured without prior written approval of Reinsurers.

Subject otherwise to the Terms Conditions Limitations and Exclusions of the Policy

SERVICE OF SUIT CLAUSE (USA)

It is agreed that in the event of the failure of Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Insured (or Reinsured), will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' 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 to 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

AM Insurance
Suite 113F
Ada's Commercial Center
Agana
Guam

and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured (or Reinsured) to give a written undertaking to the Insured (or Reinsured) that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their 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 Reinsured) or any beneficiary hereunder arising out of this contract of insurance (or reinsurance), and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

NMA1998

24/04/1986

PERSONAL INJURY EXTENSION

The insurance provided by this Policy extends to include the Insured's legal liability for damages sustained by any person arising out of one or more of the following offences committed during the Policy period:-

1. False arrest, restraint, detention or imprisonment.
2. Malicious prosecution.
3. Wrongful entry, eviction or other invasion of the right of private occupancy.
4. The publication or utterance of a libel or slander or of other defamatory or disparaging material in violation of an individual's right of privacy except publication or utterance in the course of or related to advertising, broadcasting or telecasting activities conducted by or on behalf of the Named Insured.
5. Incidental medical malpractice error or mistake by a physician, surgeon, nurse, medical technician or other person performing medical services but only for or on behalf of the Insured in the provision of emergency medical relief.

The following additional exclusions shall apply to the Insurance provided by this extension:-

(a) liability assumed by the Named Insured under any contract or agreement

(b) personal injury arising out of the wilful violation of penal statute or ordinance committed by or with the knowledge or consent of the Named Insured

(c) personal injury arising out of offence 4 above

(i) if the first injurious publication or utterance of the same or similar material was made prior to the effective date of this insurance

(ii) if such publication or utterance was made by or at the direction of the Insured with the knowledge of the false nature thereof

(d) liability for personal injury sustained by any person directly or indirectly related to the past, present or potential employment of such person by the Insured.

The limit of liability applicable to Personal Injury claims shall be USD 10,000,000 any one offence and in the aggregate during the Policy period

MEMORANDUM OF UNDERSTANDING

Annual Review Clause

Policy Number: 17N1598

Inception Date: 1st May 2017

Expiry Date: 1st May 2020/1st May 2022

In consideration of the granting of this Policy for a period in excess of 12 months, it is agreed by both Underwriters and the Reinsured that on each 12 month Anniversary Date the Underwriters will be required to continue insurance coverage under this Policy for a further period of 12 months at the same premium and subject to the same terms and conditions, except if any of the following factors apply as at that Anniversary Date (in which case the Underwriters are entitled to review the insurance coverage and amend its terms and conditions, including the premium and the deductible or excess, or, at the sole option of the Underwriters, to issue notice of cancellation in accordance with the conditions set out under the Policy):

1. There has been a Material Change in the Risk.

2. There has been an increase of more than 10% in the Insured's estimated turnover for the forthcoming 12 months period in comparison to that given for the preceding 12 months period.

3. There has been a change in law which has the effect of increasing the Underwriters' exposure.

4. The Incurred Claims exceed 50% of the Net Premium in respect of the prior 12 months' period of insurance to which this clause relates.

5. There has been significant adverse development in the historical loss record in any of the prior 5 years whereby Incurred Claims exceed 50% of the Net Premium.

6. There has been a change in legal regulations relating to insurance contracts which oblige the Underwriters to alter any terms or conditions of the Policy, or

7. There has been a change in Underwriters' reinsurance arrangements - having the effect that reinsurance protection is no longer available to the Underwriters on substantially the same terms and conditions as previously.

The term "Material Change in the Risk" shall mean any change relating to or affecting the Insured's business activities which, if disclosed, might influence the Underwriters to either decline to continue the insurance or to stipulate a higher premium including, but not limited to, the following:

(a) Any change in the business activities of the Insured of a partial or additional nature
(b) Any change, either through expansion or contraction, in the territories or countries in which the Insured transacts their business either in terms of domicile, operations therein or exports thereto
(c) Any change in production methods or the adoption of new technology in the business of the Insured
(d) Any change in approach to the training of the Insured's employees or a change in the minimum required competencies of such employees
(e) Any change in approach to the risk management procedures adopted by the Insured
(f) In respect of any information previously supplied to Underwriters, any change in that information

The term "Incurred Claims" means the total cost of claims including actual claim payments (including medical, legal and other costs and expenses) and reserves set by the Underwriters on outstanding claims (also including such costs and expenses).

The term "Net Premium" means the premium received by the Underwriters net of tax and any commissions or other deductions.

Nothing in this Clause shall prejudice any rights the Underwriters may have to cancel this policy in accordance with (i) any cancellation condition, or the like, which may be contained in the Policy or (ii) in accordance with any general principle of contract law (including but not limited to misrepresentation).

The terms of this Clause apply only to this Policy and not to any subsequent policy issued in renewal of this policy nor to any Excess Liability Policy which may be issued to operate in excess of this Policy (unless specifically stated to the contrary herein).

RESOLUTION NO. 23-FY2017

EXHIBIT C (2 of 4)

GOVERNMENT OF GUAM
DEPARTMENT OF REVENUE AND TAXATION
OFFICE OF THE INSURANCE COMMISSIONER

INSURANCE LICENSE

RENEWAL B286

Know All Men By These Presents That:

Name MUNA ANNMARIE T

Address 165G CHALAN INDA
CHALAN PAGO GU 96910

Classes of Insurance Authorized

LIFE	FIRE
FIDELITY & SURETY	ACCIDENT & HEALTH
PROP. DAMAGE & LIABILITY	MISCELLANEOUS
WORKMENS COMP	MOTOR VEHICLE
MARINE	

Having complied with the Insurance Law of Guam, is hereby authorized to transact as Broker *, the above named Classes of Insurance in Guam from the* 01 *day of* July *, 20* 16 *, to the* 01 *day of* July *, 20* 17 *, unless authority is revoked for failure to comply with the law.*

Designated Representatives:

Appointed By: **[SEAL]**

ARTEMIO B. ILAGAN
Insurance Commissioner

Doc. No. 34GL-17-0810.*

GOVERNMENT OF GUAM
DEPARTMENT OF REVENUE AND TAXATION
OFFICE OF THE INSURANCE COMMISSIONER

INSURANCE LICENSE

RENEWAL SLB24

Know All Men By These Presents That:

Name MUNA ANNMARIE T

Address 165G CHALAN INDA
CHALAN PAGO GU 96910

Classes of Insurance Authorized

ACCIDENT & HEALTH	WORKMENS COMP
MISCELLANEOUS	MARINE
MOTOR VEHICLE	FIRE
FIDELITY & SURETY	LIFE
PROP. DAMAGE & LIABILITY	

Having complied with the Insurance Law of Guam, is hereby authorized to transact as Surplus Line Broker *, the above named Classes of Insurance in Guam from the* 01 *day of* July *, 20* 16 *, to the* 01 *day of* July *, 20* 17 *, unless authority is revoked for failure to comply with the law.*

Designated Representatives:

[SEAL]

Artemio B. Ilagan
ARTEMIO B. ILAGAN
Insurance Commissioner

Doc. No. 34GL-17-0810.*

GOVERNMENT OF GUAM
DEPARTMENT OF REVENUE AND TAXATION
OFFICE OF THE INSURANCE COMMISSIONER

INSURANCE LICENSE

RENEWAL B24

Know All Men By These Presents That:

Name AM INSURANCE INC

Address SUITE 113F ADA COMMERCIAL & PROFESSIONAL CENTER 215 CHALAN SANTO PAPA HAGATNA GU 96910

Classes of Insurance Authorized

LIFE	FIRE
FIDELITY & SURETY	ACCIDENT & HEALTH
PROP. DAMAGE & LIABILITY	MISCELLANEOUS
WORKMENS COMP	MOTOR VEHICLE
MARINE	

Having complied with the Insurance Law of Guam, is hereby authorized to transact as Broker *, the above named Classes of Insurance in Guam from the* 01 *day of* July *, 20* 16 *, to the* 01 *day of* July *, 20*17 *, unless authority is revoked for failure to comply with the law.*

Designated Representatives:

ANN MARIE MUNA
TRICIA GRANILLO
JUAN MUNA

Appointed By: **[SEAL]**

ARTEMIO B. ILAGAN
Insurance Commissioner

Doc. No. 34GL-17-0810.*

GOVERNMENT OF GUAM
DEPARTMENT OF REVENUE AND TAXATION
OFFICE OF THE INSURANCE COMMISSIONER

INSURANCE LICENSE

RENEWAL SLB24

Know All Men By These Presents That:

Name AM INSURANCE INC

Address SUITE 113F ADA COMMERCIAL & PROFESSIONAL CENTER 215 CHALAN SANTO PAPA HAGATNA GU 96910

Classes of Insurance Authorized

LIFE	FIRE
FIDELITY & SURETY	ACCIDENT & HEALTH
PROP. DAMAGE & LIABILITY	MISCELLANEOUS
WORKMENS COMP	MOTOR VEHICLE
MARINE	

Having complied with the Insurance Law of Guam, is hereby authorized to transact as Surplus Line Broker *, the above named Classes of Insurance in Guam from the* 01 *day of* July *, 20* 16 *, to the* 01 *day of* July *, 20* 17 *, unless authority is revoked for failure to comply with the law.*

Designated Representatives:
ANNMARIE T MUNA

[SEAL]

ARTEMIO B. ILAGAN
Insurance Commissioner

Doc. No. 34GL-17-0810.*

1. The Symbol, Number, or Score in the Rating Scale used to Denote the Credit Rating Categories and Notches as required by Paragraph (a)(1)(ii)(A) of Rule 17g-7

Dongbu Insurance Co., Ltd. USB

A.M. Best #: 013784 **NAIC #:** 12502 **FEIN #:** 34-2055087

[illegible]	[illegible]
Rating:	A (Excellent)
Financial Size Category:	XV ($2 Billion or Greater)
Outlook:	Stable
Action:	Affirmed
Effective Date:	July 14, 2016
Initial Rating Date:	October 23, 2007

[illegible]	[illegible]
Long-Term:	a+
Outlook:	Stable
Action:	Affirmed
Effective Date:	July 14, 2016
Initial Rating Date:	October 23, 2007

(I) Denotes Indicative Rating
u Denotes Under Review Rating

[illegible]	[illegible]
Rating Issued by:	A.M. Best Asia-Pacific Ltd.
Associate Financial Analyst :	Sergio Agena
Associate Director-Analytics :	Seewon Oh

2. The Version of the Procedure or Methodology used to Determine the Credit Rating as required by Paragraph (a)(1)(ii)(B) of Rule 17g-7

Rating Methodologies and Criteria Procedures	Date
The following Methodologies and Criteria Procedures were used at the time of and the basis for the proposed rating	
Best's Credit Rating Methodology - Global Life and Non-Life Insurance Policy	04/28/2016
Catastrophe Analysis in A.M. Best Ratings	11/03/2011
Rating Members of Insurance Groups	12/15/2014
Risk Management and the Rating Process for Insurance Companies	04/02/2013
Understanding Universal BCAR	04/28/2016

3. The Main Assumptions and Principles used to Construct the Procedures and Methodology used to Determine the Credit Rating as required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

Assumptions and Macroeconomic Factors

Based on historical experience and A.M. Best's transition studies, ratings typically move no more than one to two notches when rating action occurs. However, market influences, including macroeconomic conditions, interest rate movements, inflationary levels, volatility of capital markets, pricing levels and regulatory changes, could result in larger scale movement in the ratings.

Economics

A.M. Best factors the economic and financial system conditions of a country into all of its ratings. A.M. Best defines country risk as the risk that country-specific factors could adversely affect an insurer's ability to meet its financial obligations, and separates the risks into three main categories: economic risk, political risk and financial system risk.

Economic risk is the likelihood that fundamental weaknesses in a country's economy will cause adverse developments for an insurer. A.M. Best's assessment of economic risk evaluates the state of the domestic economy, labor market conditions, inflation levels and volatility, as well as prospects for growth and stability. The level of economic risk in a country is determined to be: (1) very low; (2) low; (3) moderate; (4) high or (5) very high.

Political risk is the likelihood that governmental or bureaucratic inefficiencies, societal tensions, an inadequate legal system or international tensions will cause adverse developments for an insurer. Political risk comprises the stability of a government and society; the effectiveness of international diplomatic relationships; the reliability and integrity of the legal system and business infrastructure; the efficiency of the government bureaucracy; and the appropriateness and effectiveness of the government's economic policies. The level of political risk in a country is determined to be: (1) very low; (2) low; (3) moderate; (4) high or (5) very high.

The scores for each category of risk then are aggregated and the country is assigned to one of five Country Risk Tiers with the following broad definitions.

- CRT-1: Predictable and transparent political environment, legal system and business infrastructure; sophisticated financial system regulation with deep capital markets; mature insurance industry framework.

- CRT-2: Predictable and transparent political environment, legal system and business infrastructure; sufficient financial system regulation; mature insurance industry framework.

- CRT-3: Developing political environment, legal system and business infrastructure with developing capital markets; developing insurance regulatory structure.

- CRT-4: Relatively unpredictable and nontransparent political, legal and business environment with underdeveloped capital markets; partially to fully inadequate regulatory structure.

- CRT-5: Unpredictable and opaque political, legal and business environment with limited or nonexistent capital markets; low human development and social instability; nascent insurance industry.

In general, as country risk increases (measured by a higher assigned tier), the distribution of ratings migrates down the rating scale as the level of risk approaches CRT-5. While potential volatility already is contemplated in each Country Risk Tier, unanticipated negative changes to the economic, political and/or financial system conditions could lead to downward pressure on ratings in that country.

Correlation of Defaults = Not Applicable

4. The Potential Limitations of the Credit Rating as required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

Please refer to Understanding Best's Credit Ratings for the following:

- I(a). Usage of Ratings and Limitations
- VIII. Best's Rating Scales: Categories and Symbols

5. Information on the Uncertainty of the Credit Rating as required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

Please refer to Understanding Best's Credit Ratings for the following:

- II(b)ii. Quality of Information

6. Use of Third Party Due Diligence in Taking the Credit Rating Action as required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

A.M. Best Company did not use due diligence services of a third party in taking the rating action. This disclosure only applies to rating actions associated with asset-backed securities as defined by section 3(a)(79) of the Securities Exchange Act of 1934, as amended.

7. How Servicer or Remittance Reports were used, and with what Frequency, to Conduct Surveillance of the Credit Rating as required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

How Servicer / Remittance reports were used:

Not Applicable

Frequency of surveillance:

Not Applicable.

8. A Description of the Types of Data about the Obligor, Issuer, Security, or Money Market Instrument that were Relied Upon for the Purpose of Determining the Credit Rating as required by Paragraph (a)(1)(ii)(H)(i) of Rule 17g-7

Please refer to Understanding Best's Credit Ratings for the following:

- II(b). Compile Information
- II(b)I. Material Sources of Information

9. An Overall Assessment of the Quality of Information Available and Considered in Determining the Credit Rating as required by Paragraph (a)(1)(ii)(I) of Rule 17g-7

Please refer to Understanding Best's Credit Ratings for the following:

- II(b)I. Material Sources of Information
- II(b)II. Quality of Information

10. Information Relating to Conflicts of Interest as required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

1) A.M. Best Company has been paid to determine the credit rating by the obligor being rated or the issue, underwriter, depositor, or sponsor of the security or money market instrument being rated.

Rating Opinion Characterization	
Solicited	Participating

2) A.M. Best Company was also paid for services by the company other than determining credit ratings during the most recently ended fiscal year.

Please refer to Understanding Best's Credit Ratings for the following:

- II(d). Not an Investment Advisor or Consultant

11. An Explanation or Measure of the Potential Volatility of the Credit Rating as required by Paragraph (a)(1)(ii)(K) of Rule 17g-7

Factors - Change Rating:

Positive rating actions could occur if the company achieves improvement in profitability, in line with higher-rated peers, while maintaining its risk-adjusted capitalization. Potential rating impact: Minor.

Negative rating actions could occur if there is a considerable deterioration in operating performance that materially affects the company's risk-adjusted capitalization. Potential rating impact: Minor.

NOTE: Only a rating committee can make a rating decision and the above referenced factors would be taken into consideration, along with all available relevant information in determining a rating action. However, the magnitude of a potential change in the rating that could reasonably occur as a result of the impact of the factors listed above are characterized by the following summary chart:

[illegible]	[illegible]
Minor	0 - 1
Moderate	2 - 3
Severe	> 3

12. The Information on the Content of the Information of the Credit Rating as required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

(1) Rating History and Performance

- Financial Strength / Issuer Credit Rating History

(2) Expected Probability of Default and Expected Loss

The Commission states that it does not expect NRSROs to alter the meanings of their credit ratings or rating procedures and methodologies to conform to this disclosure requirement. Rather, the Commission expects NRSROs to provide "information" to the extent it is consistent with their procedures and methodologies for determining credit ratings, on the expected probability of default and expected loss in the event of default. According to the Commission, this information could consist of, for example, historical default and loss statistics, respectively, for the class or subclass of the credit rating.

A.M. Best's credit ratings generally are intended to indicate the relative degree of credit risk of an obligor or debt instrument rather than reflect a measure of a specific default probability or loss expectation. A.M. Best is providing the historical default statistics or derivatives of such default statistics to comply with Rule 17g-7(a)(ii)(L)(2). A.M. Best does not produce any loss statistics related to any classes of credit ratings so it has no information about expected loss given default. Furthermore, expected losses given default is not consistent with A.M. Best's procedures and methodologies for determining credit ratings.

INSURANCE COMPANY DEFAULT RATES (FSR)

* Default Rates Based On Average Cohort Method

[illegible]	1-Year	5-Year	10-Year
A++			0.03%
A+	0.05%	0.19%	0.64%
A	0.04%	0.32%	2.35%
A-	0.10%	0.73%	3.73%
B++	0.38%	1.67%	5.49%
B+	0.80%	2.43%	7.60%
B	1.70%	4.84%	11.05%
B-	3.57%	7.42%	14.94%
C++	3.99%	7.59%	14.99%
C+	3.58%	7.27%	15.43%
C	3.15%	8.72%	18.67%
C-	12.60%	16.26%	18.89%
D	17.62%	25.00%	33.96%

* Ratings Data from 1992 to 2015

1. Impairments as a Proxy for Defaults. A.M. Best designates an insurer as a Financially Impaired Company (FIC) as of the first public action taken by an insurance department or regulatory body, whereby the insurer's a) ability to conduct normal insurance operations is adversely affected, b) capital and surplus have been deemed inadequate to meet regulatory requirements, or c) general financial condition has triggered regulatory concern. The actions include supervision, rehabilitation, liquidation, receivership, conservatorship, cease-and-desist orders, suspension, license revocation and certain administrative orders. Companies that enter voluntary dissolution and are not under financial duress at that time are not counted as financially impaired. For the purposes of the performance statistics, A.M. Best considers impairments and defaults to be synonymous.

2. Construction of Default Rates of Insurance Carriers (FSR). This table was constructed by directly observing the default rates of insurance operating companies rated on the traditional Financial Strength Rating (FSR) scale.

3. Rating a Measure of Relative Credit Risk. A.M. Best's credit ratings generally are intended to indicate the relative degree of credit risk of an obligor or debt instrument rather than reflect a measure of specific default probability.

4. Data Consistent With Submission to the Securities and Exchange Commission. The data used to calculate default rates in this table is consistent with the data used to calculate the 1-year, 3-year and 10-year default rates for insurers as required by the Securities and Exchange Commission (the Commission) in Exhibit 1 of Form NRSRO. Unlike the single cohort method of analysis used in the submission to the Commission, however, the calculations in this table reflect the use of the average cohort approach in order to capture the effect of the various economic cycles experienced by insurance carriers since 1992 when the current 13-point FSR scale (A++ to D) was adopted by A.M. Best.

5. Data Does Not Necessarily Reflect Default Expectations. The data in this table does not necessarily reflect our default rate expectations. For example, the fact that we show no default rate for the 1-year "A++" category does not mean that we expect no defaults for this rating. It only means that we have not yet observed any historical defaults over a 1-year period for companies rated "A++".

6. Data Changes Periodically. The data in the table will change if A.M. Best: 1) adds more ratings cohorts over time in order to calculate default rates, 2) changes its criteria for recognizing insurance company defaults, and 3) changes the default count for other reasons such as confidential supervision of insurance carriers discovered by A.M. Best. In most cases, A.M. Best will revise the default rates annually by March 31.

INSURANCE COMPANY DEFAULT RATES (ICR)

* Default Rates Based On FSR to ICR Translation

ICR*	1-Year	3-Year	10-Year
aaa			0.03%
aa+			0.03%
aa	0.05%	0.19%	0.64%
aa-	0.05%	0.19%	0.64%
a+	0.04%	0.32%	2.35%
a	0.04%	0.32%	2.35%
a-	0.10%	0.73%	3.73%
bbb+	0.36%	1.67%	5.49%
bbb	0.36%	1.67%	5.49%
bbb-	0.80%	2.43%	7.60%
bb+	1.70%	4.64%	11.05%
bb	1.70%	4.64%	11.05%
bb-	3.57%	7.21%	14.94%
b+	3.99%	7.59%	14.99%
b	3.99%	7.59%	14.99%
b-	3.58%	7.27%	15.43%

ICR*	1-Year	5-Year	10-Year
ccc+	3.15%	8.72%	18.67%
ccc	3.15%	8.72%	18.67%
ccc-	12.60%	16.26%	18.89%
cc	12.60%	16.26%	18.89%
c	17.62%	25.00%	33.96%

* See ICR/FSR Translation Table

1. Impairments as a Proxy for Defaults. A.M. Best designates an insurer as a Financially Impaired Company (FIC) as of the first public action taken by an insurance department or regulatory body, whereby the insurer's a) ability to conduct normal insurance operations is adversely affected, b) capital and surplus have been deemed inadequate to meet regulatory requirements, or c) general financial condition has triggered regulatory concern. The actions include supervision, rehabilitation, liquidation, receivership, conservatorship, cease-and-desist orders, suspension, license revocation and certain administrative orders. Companies that enter voluntary dissolution and are not under financial duress at that time are not counted as financially impaired. For the purposes of the performance statistics, A.M. Best considers impairments and defaults to be synonymous.

2. Construction of Default Rates of Insurance Carriers(ICR). This table was not constructed by directly observing the default rates of insurance operating companies rated on the 21-point Issuer Credit Rating(ICR) scale because default data associated with ICRs is sparse. It was constructed by converting each operating company Financial Strength Rating (FSR) to an equivalent ICR based on an FSR/ICR translation table.

3. Rating a Measure of Relative Credit Risk. A.M. Best's credit ratings generally are intended to indicate the relative degree of credit risk of an obligor or debt instrument rather than reflect a measure of specific default probability.

4. Data Does Not Necessarily Reflect Default Expectations. The data in this table does not necessarily reflect our default rate expectations. For example, the fact that we show no default rate for the 1-year "aaa" category does not mean that we expect no defaults for this rating. It only means that we have not yet observed any historical defaults over a 1-year period for companies with an equivalent "aaa" rating.

5. Data Changes Periodically. The data in the table will change if A.M. Best: 1) adds more ratings cohorts over time in order to calculate default rates, 2) changes its criteria for recognizing insurance company defaults, and 3) changes the default count for other reasons such as confidential supervision of insurance carriers discovered by A.M. Best. In most cases, A.M. Best will revise the default rates annually by March 31.

CORPORATES DEFAULT RATES

* Default Rates Based On Notching Applied To Insurance ICRs

ICR*	1-Year	5-Year	10-Year
aaa	0.00%	0.00%	0.03%
aa+	0.00%	0.00%	0.03%
aa	0.00%	0.00%	0.03%
aa-	0.00%	0.00%	0.03%
a+	0.03%	0.10%	0.34%
a	0.05%	0.19%	0.64%
a-	0.05%	0.19%	0.64%
bbb+	0.04%	0.32%	2.35%
bbb	0.04%	0.32%	2.35%
bbb-	0.10%	0.73%	3.73%
bb+	0.38%	1.67%	5.49%
bb	0.38%	1.67%	5.49%

bb-	0.80%	2.43%	7.60%
b+	1.25%	3.54%	9.33%
b	1.70%	4.64%	11.05%
b-	1.70%	4.64%	11.05%
ccc+	3.57%	7.21%	14.94%
ccc	3.78%	7.40%	14.97%
ccc-	3.99%	7.59%	14.99%
cc	3.99%	7.59%	14.99%
c	3.58%	7.27%	15.43%

1. Impairments as a Proxy for Defaults. A.M. Best designates an insurer as a Financially Impaired Company (FIC) as of the first action taken by an insurance department or regulatory body, whereby the insurer's a) ability to conduct normal insurance operations is adversely affected, b) capital and surplus have been deemed inadequate to meet regulatory requirements, or c) general financial condition has triggered regulatory concern. The actions include supervision, rehabilitation, liquidation, receivership, conservatorship, cease-and-desist orders, suspension, license revocation and certain administrative orders. Companies that enter voluntary dissolution and are not under financial duress at that time are not counted as financially impaired. For the purposes of the performance statistics, A.M. Best considers impairments and defaults to be synonymous.

2. Construction of Default Rates of Corporates. This table was not constructed by directly observing the default rates of corporate ratings on the 21-point Issuer Credit Rating (ICR) scale because default data associated with corporate ICRs is sparse. Rather, this table was constructed by a) converting each default rate associated with each Financial Strength Rating (FSR) to its equivalent operating company ICR based on the FSR/ICR translation table, and then, b) converting the operating company ICR to an equivalent corporate rating based on a notching algorithm set forth in the criteria, Insurance Holding Company and Debt Ratings, to reflect the legal separation of insurance holding companies from operating insurers as well as the normal subordination of insurance holding company creditors to operating company policyholders.

3. Ratings a Measure of Relative Credit Risk. A.M. Best's credit ratings generally are intended to indicate the relative degree of credit risk of an obligor or debt instrument rather than reflect a measure of specific default probability.

4. Data Does Not Necessarily Reflect Default Expectations. The data in this table does not necessarily reflect our default rate expectations. For example, the fact that we show no default rate for the 1-year "aaa" category does not mean that we expect no defaults for this rating. It only means that we have not yet observed any historical defaults over a 1-year period for corporate obligations with an equivalent "aaa" rating.

5. Data Changes Periodically. The data in the table will change if A.M. Best: 1) adds more ratings cohorts over time in order to calculate default rates, 2) changes its criteria for recognizing insurance company defaults, and 3) changes the default count for other reasons such as confidential supervision of insurance carriers discovered by A.M. Best. In most cases, A.M. Best will revise the default rates annually by March 31.

ASSET-BACKED SECURITIES DEFAULT RATES (All Subclasses)

* Default Rates From Best's Idealized Default Matrix

aaa	0.03%	0.14%	0.94%
aa+	0.03%	0.20%	1.36%
aa	0.04%	0.26%	1.79%
aa-	0.05%	0.42%	2.13%
a+	0.06%	0.58%	2.48%
a	0.11%	0.76%	3.03%

[illegible]	[illegible]	[illegible]	[illegible]
a-	0.16%	0.95%	3.58%
bbb+	0.21%	1.13%	4.13%
bbb	0.23%	1.25%	4.58%
bbb-	0.27%	1.51%	5.76%
bb+	0.67%	3.18%	10.18%
bb	1.09%	4.75%	15.16%
bb-	2.09%	7.37%	21.77%
b+	2.47%	8.84%	25.70%
b	2.88%	12.42%	35.97%
b-	3.97%	13.40%	38.21%
ccc+	5.53%	16.26%	43.71%
ccc	6.41%	18.29%	47.90%
ccc-	7.55%	21.09%	54.18%
cc	8.83%	24.44%	60.89%
c	10.10%	27.79%	67.60%

* Best's Idealized Default Matrix published December 2007

1. Asset-Backed Securities Default. A.M. Best designates an asset-backed security as being in default if the issuer of the security failed to timely pay principal or interest due according to the terms of the security.

2. Construction of Default Rates of Asset-Backed Securities. This table was not constructed by directly observing the default rates of asset-backed securities. The default rates of the ratings in this category are equivalent to the default rates in Best's Idealized Default Matrix published in December 2007. This matrix reflects A.M. Best's long-term view of defaults of asset-backed securities and structured finance transactions. This view was formed by considering the defaults associated with operating insurance companies rated by A.M. Best, the notching process employed to derive the ratings associated with holding company debt obligations, and the need to make distinctions between rating categories.

3. Ratings a Measure of Relative Credit Risk. A.M. Best's credit ratings generally are intended to indicate the relative degree of credit risk of and obligor or debt instrument rather than reflect a measure of specific default probability.

4. Data Changes Periodically. The data in the table will change if A.M. Best modifies Best's Idealized Default Matrix. This matrix was published in December 2007 but may be revised based on more recent insurance company default data.

13. Information on the Sensitivity of the Credit Rating to Assumptions as required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

Topic	(1) Key Assumption Detail	(2) Potential Impact on the Rating
Data Accuracy and Reliability	While public information is considered as part of the rating process, AMB relies primarily on audited financial statements, third party actuarial reports, documents and assertions provided by management. The assumption is that the financial information provided is reliable and credible, although AMB does not undertake to verify the accuracy of this information.	A material misstatement of financial performance or capital position, whether through negligence or fraud, could negatively affect a company's rating. For example, inflated asset valuations or a faulty actuarial opinion of reserve adequacy could result in an incorrect assessment of the financial strength of a company.

Topic	(1) Key Assumption(s)	(2) Potential Impact(s) of Variance
Interest rates	Assumption is for normalized yield curve with no +/- changes of 300 basis points in a 12 month period.	Deviation could result in rating changes especially for companies with large interest sensitive blocks of business. Spike in interest rates may cause significant disintermediation and large unrealized losses on fixed income portfolio. However, surrender charges on liabilities and intent to hold assets to maturity are mitigating factors. Prolonged low interest rates impact spreads and hedging costs and potentially impact credit ratings.
Catastrophe Model Risk	Key assumption used in determining this rating takes into consideration information provided by third party catastrophe modelers. Best does not validate these models but assumes a degree of confidence in these models which Best uses as a benchmark to measure a company's exposure to modeled catastrophe risk. Best also uses this modeled output as a discussion point around enterprise risk management and risk mitigation. While this output can have a high degree of variability, Best believes these models are very useful tools which provides its users with the expertise, research and technical knowledge otherwise unavailable to them. Company specific data quality, data resolution and historical model reliability are also elements which lend itself to confidence in the modeled loss provided.	Catastrophe models are risk management tools that can vary widely due to the actual event (versus model event set) and model sensitivities including geocoding / data resolution, data quality (construction / ITV), reliability (missing information) and coverage. Therefore, if assumptions used in the model prove to be significantly different from actual performance, a company's capital position can be potentially exposed to a material negative impact due to a lack of reinsurance protection. Rating pressure may occur as a result.
Regulatory Risk	A key assumption used in determining this rating takes into account this company's significant concentration risk and exposure to changes in judicial, regulatory and legislative decisions. This assessment assumes no material changes in these areas but is considered as part of this company's qualitative review and business profile.	Due to the company's significant concentration risk, it's exposure to changes in judicial, regulatory and legislative decisions could adversely impact the ongoing operational and underwriting strategies of the company. This could result in a potential impact on the credit ratings prospectively and is considered as part of this company's qualitative review and business profile.

14. Information on the Representations, Warranties, and Enforcement Mechanisms as required by Paragraph (a)(1)(ii)(N) of Rule 17g-7

The representations, warranties, and enforcement mechanisms available to investors which were disclosed in the prospectus, private placement memorandum, or other offering documents for the asset-backed security and that relate to an asset pool underlying the asset-backed security. This disclosure only applies to rating actions associated with asset-backed securities as defined by section 3(a)(79) of the Securities Exchange Act of 1934, as amended. Furthermore, the disclosure applies to asset-backed securities that were initially rated on or after September 26, 2011.

15. Attestation as required by Paragraph (a)(1)(iii) of Rule 17g-7

Attestation

Attached is a signed statement by a person within A.M. Best that has responsibility for the rating action and, to the best knowledge of the person: (A) No part of the credit rating was influenced by any other business activities; (B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated; and (C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.

As the person responsible for this rating action, which was determined through the rating committee process, to the best of my knowledge:

- No part of the rating was influenced by any other business activities;
- The Credit Rating was based solely upon the merits of the obligor or security being rated and
- The Credit Rating was an independent evaluation of the risks and merits of the obligor or security being rated.

Note: Best's Credit Ratings are a product/service of A.M. Best Inc. and not of any particular individual group or committee within A.M. Best.

Name, Title: **/s/ Moungmo Lee**, MD

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address any other risk, including but not limited to, liquidity risk, market value risk or price volatility of rated securities. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY AMB IN ANY FORM OR MANNER WHATSOEVER. Each credit rating or other opinion must be weighed solely as one factor in any investment or purchasing decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security or other financial obligation and of each issuer and guarantor of, and each provider of credit support for, each security or other financial obligation that it may consider purchasing, holding or selling.

GOVERNMENT OF GUAM
DEPARTMENT OF REVENUE AND TAXATION
OFFICE OF THE INSURANCE COMMISSIONER

CERTIFICATE OF AUTHORITY

RENEWAL 218

Know All Men By These Presents That:

Name DONGBU INSURANCE COMPANY, LTD.

Address 891-10, DAECHI-DONG, KANGNAM-GU
SEOUL, KOREA

Classes of Insurance Authorized

ACCIDENT & HEALTH
FIDELITY & SURETY
FIRE
MARINE
MISCELLANEOUS
MOTOR VEHICLE
PROP. DAMAGE & LIABILITY
WORKMENS COMP

Having complied with the Insurance Law of Guam, is hereby authorized to transact as an insurer, the above named Classes of Insurance in Guam from the 01 *day of* July *, 20* 16 *, to the* 01 *day of* July *, 20* 17 *, unless authority is revoked for failure to comply with the law.*

General Agent(s):

MOYLAN'S INSURANCE UNDERWRITERS INC

In Witness Whereof, I have hereunto subscribed my name officially and have hereon impressed my Seal of Office at the City of Hagatña, Guam on this 03 *day of* June *A.D. 20* 16.

ARTEMIO B. ILAGAN
Insurance Commissioner

Doc. No. 34GL-17-0810.*

1. The Symbol, Number, or Score in the Rating Scale used to Denote the Credit Rating Categories and Notches as required by Paragraph (a)(1)(ii)(A) of Rule 17g-7

Sompo Japan Nipponkoa Ins Inc

A.M. Best #: 085258 **NAIC #:** N/A **FEIN #:** AA-1580110

Financial Strength Rating	View Definition
Rating:	A+ (Superior)
Financial Size Category:	XV ($2 Billion or Greater)
Outlook:	Stable
Action:	Affirmed
Effective Date:	July 21, 2016
Initial Rating Date:	June 30, 1990

Long-Term Issuer Credit Rating	View Definition
Long-Term:	aa-
Outlook:	Stable
Action:	Affirmed
Effective Date:	July 21, 2016
Initial Rating Date:	December 28, 2005

(I) Denotes Indicative Rating
u Denotes Under Review Rating

Best's Credit Rating Analyst	
Rating Issued by:	A.M. Best Asia-Pacific Ltd.
Associate Financial Analyst :	Sergio Agena
Associate Director-Analytics :	Seewon Oh

2. The Version of the Procedure or Methodology used to Determine the Credit Rating as required by Paragraph (a)(1)(ii)(B) of Rule 17g-7

Rating Methodology and Criteria Report	Version
The following Methodologies and Criteria Procedures were used at the time of and the basis for the proposed rating	
Analyzing Insurance Holding Company Liquidity	03/25/2013
Introduction Section to Best's Credit Rating Methodology - Global Life and Non-Life Insurance Policy	06/15/2015
Catastrophe Analysis in A.M. Best Ratings	11/03/2011
Equity Credit for Hybrid Securities	04/02/2014
Insurance Holding Company and Debt Ratings	05/06/2014
Rating Members of Insurance Groups	12/15/2014
Risk Management and the Rating Process for Insurance Companies	04/02/2013
Understanding Universal BCAR	04/28/2016

3. The Main Assumptions and Principles used to Construct the Procedures and Methodology used to Determine the Credit Rating as required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

Assumptions and Macroeconomic Factors

Based on historical experience and A.M. Best's transition studies, ratings typically move no more than one to two notches when rating action occurs. However, market influences, including macroeconomic conditions, interest rate movements, inflationary levels, volatility of capital markets, pricing levels and regulatory changes, could result in larger scale movement in the ratings.

Economics

A.M. Best factors the economic and financial system conditions of a country into all of its ratings. A.M. Best defines country risk as the risk that country-specific factors could adversely affect an insurer's ability to meet its financial obligations, and separates the risks into three main categories: economic risk, political risk and financial system risk.

Economic risk is the likelihood that fundamental weaknesses in a country's economy will cause adverse developments for an insurer. A.M. Best's assessment of economic risk evaluates the state of the domestic economy, labor market conditions, inflation levels and volatility, as well as prospects for growth and stability. The level of economic risk in a country is determined to be: (1) very low; (2) low; (3) moderate; (4) high or (5) very high.

Political risk is the likelihood that governmental or bureaucratic inefficiencies, societal tensions, an inadequate legal system or international tensions will cause adverse developments for an insurer. Political risk comprises the stability of a government and society; the effectiveness of international diplomatic relationships; the reliability and integrity of the legal system and business infrastructure; the efficiency of the government bureaucracy; and the appropriateness and effectiveness of the government's economic policies. The level of political risk in a country is determined to be: (1) very low; (2) low; (3) moderate; (4) high or (5) very high.

The scores for each category of risk then are aggregated and the country is assigned to one of five Country Risk Tiers with the following broad definitions.

- CRT-1: Predictable and transparent political environment, legal system and business infrastructure; sophisticated financial system regulation with deep capital markets; mature insurance industry framework.

- CRT-2: Predictable and transparent political environment, legal system and business infrastructure; sufficient financial system regulation; mature insurance industry framework.

- CRT-3: Developing political environment, legal system and business infrastructure with developing capital markets; developing insurance regulatory structure.

• CRT-4: Relatively unpredictable and nontransparent political, legal and business environment with underdeveloped capital markets; partially to fully inadequate regulatory structure.

• CRT-5: Unpredictable and opaque political, legal and business environment with limited or nonexistent capital markets; low human development and social instability; nascent insurance industry.

In general, as country risk increases (measured by a higher assigned tier), the distribution of ratings migrates down the rating scale as the level of risk approaches CRT-5. While potential volatility already is contemplated in each Country Risk Tier, unanticipated negative changes to the economic, political and/or financial system conditions could lead to downward pressure on ratings in that country.

Correlation of Defaults = Not Applicable

4. The Potential Limitations of the Credit Rating as required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

Please refer to Understanding Best's Credit Ratings for the following:

- I(a). Usage of Ratings and Limitations
- VIII. Best's Rating Scales: Categories and Symbols

5. Information on the Uncertainty of the Credit Rating as required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

Please refer to Understanding Best's Credit Ratings for the following:

- II(b)i. Quality of Information

6. Use of Third Party Due Diligence in Taking the Credit Rating Action as required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

A.M. Best Company did not use due diligence services of a third party in taking the rating action. This disclosure only applies to rating actions associated with asset-backed securities as defined by section 3(a)(79) of the Securities Exchange Act of 1934, as amended.

7. How Servicer or Remittance Reports were used, and with what Frequency, to Conduct Surveillance of the Credit Rating as required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

How Servicer / Remittance reports were used:

Not Applicable

Frequency of surveillance:

Not Applicable

8. A Description of the Types of Data about the Obligor, Issuer, Security, or Money Market Instrument that were Relied Upon for the Purpose of Determining the Credit Rating as required by Paragraph (a)(1)(ii)(H)(i) of Rule 17g-7

Please refer to Understanding Best's Credit Ratings for the following:

- II(b). Compile Information
- II(b)I. Material Sources of Information

9. An Overall Assessment of the Quality of Information Available and Considered in Determining the Credit Rating as required by Paragraph (a)(1)(ii)(I) of Rule 17g-7

Please refer to Understanding Best's Credit Ratings for the following:

- II(b)I. Material Sources of Information
- II(b)ii. Quality of Information

10. Information Relating to Conflicts of Interest as required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

1) A.M. Best Company has been paid to determine the credit rating by the obligor being rated or the issue, underwriter, depositor, or sponsor of the security or money market instrument being rated.

Rating Opinion Characteristics	
Solicited	Participating

2) A.M. Best Company was also paid for services by the company other than determining credit ratings during the most recently ended fiscal year.

Please refer to Understanding Best's Credit Ratings for the following:

- II(d). Not an Investment Advisor or Consultant

11. An Explanation or Measure of the Potential Volatility of the Credit Rating as required by Paragraph (a)(1)(ii)(K) of Rule 17g-7

Factors - Change Rating:

Negative rating actions could occur if there is a material deterioration in risk-adjusted capitalization due to a significant decline in operating performance. Potential rating impact: Minor.

Potential large-scale catastrophe events or an excessive amount of goodwill from a large-scale acquisition could also put downward pressure on the ratings if capital levels are significantly affected. Potential rating impact: Minor.

NOTE: Only a rating committee can make a rating decision and the above referenced factors would be taken into consideration, along with all available relevant information in determining a rating action. However, the magnitude of a potential

change in the rating that could reasonably occur as a result of the impact of the factors listed above are characterized by the following summary chart:

Minor	0 - 1
Moderate	2 - 3
Severe	> 3

12. The Information on the Content of the Information of the Credit Rating as required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

(1) Rating History and Performance

- Financial Strength / Issuer Credit Rating History

(2) Expected Probability of Default and Expected Loss

The Commission states that it does not expect NRSROs to alter the meanings of their credit ratings or rating procedures and methodologies to conform to this disclosure requirement. Rather, the Commission expects NRSROs to provide "information" to the extent it is consistent with their procedures and methodologies for determining credit ratings, on the expected probability of default and expected loss in the event of default. According to the Commission, this information could consist of, for example, historical default and loss statistics, respectively, for the class or subclass of the credit rating.

A.M. Best's credit ratings generally are intended to indicate the relative degree of credit risk of an obligor or debt instrument rather than reflect a measure of a specific default probability or loss expectation. A.M. Best is providing the historical default statistics or derivatives of such default statistics to comply with Rule 17g-7(a)(ii)(L)(2). A.M. Best does not produce any loss statistics related to any classes of credit ratings so it has no information about expected loss given default. Furthermore, expected losses given default is not consistent with A.M. Best's procedures and methodologies for determining credit ratings.

INSURANCE COMPANY DEFAULT RATES (FSR)

* Default Rates Based On Average Cohort Method

FSR	1 Year	5 Year	10 Year
A++			0.03%
A+	0.05%	0.19%	0.64%
A	0.04%	0.32%	2.35%
A-	0.10%	0.73%	3.73%
B++	0.38%	1.67%	5.49%
B+	0.80%	2.43%	7.60%
B	1.70%	4.64%	11.05%
B-	3.57%	7.42%	14.94%
C++	3.99%	7.59%	14.99%
C+	3.58%	7.27%	15.43%
C	3.15%	8.72%	18.67%
C-	12.60%	16.26%	18.89%
D	17.62%	25.00%	33.96%

* Ratings Data from 1992 to 2015

1. Impairments as a Proxy for Defaults. A.M. Best designates an insurer as a Financially Impaired Company (FIC) as of the first public action taken by an insurance department or regulatory body, whereby the insurer's a) ability to conduct normal insurance operations is adversely affected, b) capital and surplus have been deemed inadequate to meet regulatory requirements, or c) general financial condition has triggered regulatory concern. The actions include supervision, rehabilitation, liquidation, receivership, conservatorship, cease-and-desist orders, suspension, license revocation and certain administrative orders. Companies that enter voluntary dissolution and are not under financial duress at that time are not counted as financially impaired. For the purposes of the performance statistics, A.M. Best considers impairments and defaults to be synonymous.

2. Construction of Default Rates of Insurance Carriers (FSR). This table was constructed by directly observing the default rates of insurance operating companies rated on the traditional Financial Strength Rating (FSR) scale.

3. Rating a Measure of Relative Credit Risk. A.M. Best's credit ratings generally are intended to indicate the relative degree of credit risk of an obligor or debt instrument rather than reflect a measure of specific default probability.

4. Data Consistent With Submission to the Securities and Exchange Commission. The data used to calculate default rates in this table is consistent with the data used to calculate the 1-year, 3-year and 10-year default rates for insurers as required by the Securities and Exchange Commission (the Commission) in Exhibit 1 of Form NRSRO. Unlike the single cohort method of analysis used in the submission to the Commission, however, the calculations in this table reflect the use of the average cohort approach in order to capture the effect of the various economic cycles experienced by insurance carriers since 1992 when the current 13-point FSR scale (A++ to D) was adopted by A.M. Best.

5. Data Does Not Necessarily Reflect Default Expectations. The data in this table does not necessarily reflect our default rate expectations. For example, the fact that we show no default rate for the 1-year "A++" category does not mean that we expect no defaults for this rating. It only means that we have not yet observed any historical defaults over a 1-year period for companies rated "A++".

6. Data Changes Periodically. The data in the table will change if A.M. Best: 1) adds more ratings cohorts over time in order to calculate default rates, 2) changes its criteria for recognizing insurance company defaults, and 3) changes the default count for other reasons such as confidential supervision of insurance carriers discovered by A.M. Best. In most cases, A.M. Best will revise the default rates annually by March 31.

INSURANCE COMPANY DEFAULT RATES (ICR)

* Default Rates Based On FSR to ICR Translation

ICRs	1-Year	3-Year	10-Year
aaa			0.03%
aa+			0.03%
aa	0.05%	0.19%	0.64%
aa-	0.05%	0.19%	0.64%
a+	0.04%	0.32%	2.35%
a	0.04%	0.32%	2.35%
a-	0.10%	0.73%	3.73%
bbb+	0.38%	1.67%	5.49%
bbb	0.38%	1.67%	5.49%
bbb-	0.80%	2.43%	7.60%
bb+	1.70%	4.64%	11.05%
bb	1.70%	4.64%	11.05%
bb-	3.57%	7.21%	14.94%
b+	3.99%	7.59%	14.99%
b	3.99%	7.59%	14.99%
b-	3.58%	7.27%	15.43%

ICRs	5-Year	8-Year	10-Year
ccc+	3.15%	8.72%	18.67%
ccc	3.15%	8.72%	18.67%
ccc-	12.60%	16.26%	18.89%
cc	12.60%	16.26%	18.89%
c	17.62%	25.00%	33.96%

* See ICR/FSR Translation Table

1. Impairments as a Proxy for Defaults. A.M. Best designates an insurer as a Financially Impaired Company (FIC) as of the first public action taken by an insurance department or regulatory body, whereby the insurer's a) ability to conduct normal insurance operations is adversely affected, b) capital and surplus have been deemed inadequate to meet regulatory requirements, or c) general financial condition has triggered regulatory concern. The actions include supervision, rehabilitation, liquidation, receivership, conservatorship, cease-and-desist orders, suspension, license revocation and certain administrative orders. Companies that enter voluntary dissolution and are not under financial duress at that time are not counted as financially impaired. For the purposes of the performance statistics, A.M. Best considers impairments and defaults to be synonymous.

2. Construction of Default Rates of Insurance Carriers(ICR). This table was not constructed by directly observing the default rates of insurance operating companies rated on the 21-point Issuer Credit Rating(ICR) scale because default data associated with ICRs is sparse. It was constructed by converting each operating company Financial Strength Rating (FSR) to an equivalent ICR based on an FSR/ICR translation table.

3. Rating a Measure of Relative Credit Risk. A.M. Best's credit ratings generally are intended to indicate the relative degree of credit risk of an obligor or debt instrument rather than reflect a measure of specific default probability.

4. Data Does Not Necessarily Reflect Default Expectations. The data in this table does not necessarily reflect our default rate expectations. For example, the fact that we show no default rate for the 1-year "aaa" category does not mean that we expect no defaults for this rating. It only means that we have not yet observed any historical defaults over a 1-year period for companies with an equivalent "aaa" rating.

5. Data Changes Periodically. The data in the table will change if A.M. Best: 1) adds more ratings cohorts over time in order to calculate default rates, 2) changes its criteria for recognizing insurance company defaults, and 3) changes the default count for other reasons such as confidential supervision of insurance carriers discovered by A.M. Best. In most cases, A.M. Best will revise the default rates annually by March 31.

CORPORATES DEFAULT RATES

* Default Rates Based On Notching Applied To Insurance ICRs

ICRs	1-Year	5-Year	10-Year
aaa	0.00%	0.00%	0.03%
aa+	0.00%	0.00%	0.03%
aa	0.00%	0.00%	0.03%
aa-	0.00%	0.00%	0.03%
a+	0.03%	0.10%	0.34%
a	0.05%	0.19%	0.64%
a-	0.05%	0.19%	0.64%
bbb+	0.04%	0.32%	2.35%
bbb	0.04%	0.32%	2.35%
bbb-	0.10%	0.73%	3.73%
bb+	0.38%	1.67%	5.49%
bb	0.38%	1.67%	5.49%

ICRs	1-Year	3-Year	10-Year
bb-	0.80%	2.43%	7.60%
b+	1.25%	3.54%	9.33%
b	1.70%	4.64%	11.05%
b-	1.70%	4.64%	11.05%
ccc+	3.57%	7.21%	14.94%
ccc	3.78%	7.40%	14.97%
ccc-	3.99%	7.59%	14.99%
cc	3.99%	7.59%	14.99%
c	3.58%	7.27%	15.43%

1. Impairments as a Proxy for Defaults. A.M. Best designates an insurer as a Financially Impaired Company (FIC) as of the first action taken by an insurance department or regulatory body, whereby the insurer's a) ability to conduct normal insurance operations is adversely affected, b) capital and surplus have been deemed inadequate to meet regulatory requirements, or c) general financial condition has triggered regulatory concern. The actions include supervision, rehabilitation, liquidation, receivership, conservatorship, cease-and-desist orders, suspension, license revocation and certain administrative orders. Companies that enter voluntary dissolution and are not under financial duress at that time are not counted as financially impaired. For the purposes of the performance statistics, A.M. Best considers impairments and defaults to be synonymous.

2. Construction of Default Rates of Corporates. This table was not constructed by directly observing the default rates of corporate ratings on the 21-point Issuer Credit Rating (ICR) scale because default data associated with corporate ICRs is sparse. Rather, this table was constructed by a) converting each default rate associated with each Financial Strength Rating (FSR) to its equivalent operating company ICR based on the FSR/ICR translation table, and then, b) converting the operating company ICR to an equivalent corporate rating based on a notching algorithm set forth in the criteria, Insurance Holding Company and Debt Ratings, to reflect the legal separation of insurance holding companies from operating insurers as well as the normal subordination of insurance holding company creditors to operating company policyholders.

3. Ratings a Measure of Relative Credit Risk. A.M. Best's credit ratings generally are intended to indicate the relative degree of credit risk of an obligor or debt instrument rather than reflect a measure of specific default probability.

4. Data Does Not Necessarily Reflect Default Expectations. The data in this table does not necessarily reflect our default rate expectations. For example, the fact that we show no default rate for the 1-year "aaa" category does not mean that we expect no defaults for this rating. It only means that we have not yet observed any historical defaults over a 1-year period for corporate obligations with an equivalent "aaa" rating.

5. Data Changes Periodically. The data in the table will change if A.M. Best: 1) adds more ratings cohorts over time in order to calculate default rates, 2) changes its criteria for recognizing insurance company defaults, and 3) changes the default count for other reasons such as confidential supervision of insurance carriers discovered by A.M. Best. In most cases, A.M. Best will revise the default rates annually by March 31.

ASSET-BACKED SECURITIES DEFAULT RATES (All Subclasses)

* Default Rates From Best's Idealized Default Matrix

ICRs	1-Year	3-Year	10-Year
aaa	0.03%	0.14%	0.94%
aa+	0.03%	0.20%	1.36%
aa	0.04%	0.26%	1.79%
aa-	0.05%	0.42%	2.13%
a+	0.06%	0.58%	2.48%
a	0.11%	0.76%	3.03%

[illegible]	[illegible]	[illegible]	[illegible]
a-	0.16%	0.95%	3.58%
bbb+	0.21%	1.13%	4.13%
bbb	0.23%	1.25%	4.58%
bbb-	0.27%	1.51%	5.76%
bb+	0.67%	3.16%	10.18%
bb	1.09%	4.75%	15.16%
bb-	2.09%	7.37%	21.77%
b+	2.47%	8.84%	25.70%
b	2.88%	12.42%	35.97%
b-	3.97%	13.40%	38.21%
ccc+	5.53%	16.26%	43.71%
ccc	6.41%	18.29%	47.90%
ccc-	7.55%	21.09%	54.18%
cc	8.83%	24.44%	60.89%
c	10.10%	27.79%	67.60%

* Best's Idealized Default Matrix published December 2007

1. Asset-Backed Securities Default. A.M. Best designates an asset-backed security as being in default if the issuer of the security failed to timely pay principal or interest due according to the terms of the security.

2. Construction of Default Rates of Asset-Backed Securities. This table was not constructed by directly observing the default rates of asset-backed securities. The default rates of the ratings in this category are equivalent to the default rates in Best's Idealized Default Matrix published in December 2007. This matrix reflects A.M. Best's long-term view of defaults of asset-backed securities and structured finance transactions. This view was formed by considering the defaults associated with operating insurance companies rated by A.M. Best, the notching process employed to derive the ratings associated with holding company debt obligations, and the need to make distinctions between rating categories.

3. Ratings a Measure of Relative Credit Risk. A.M. Best's credit ratings generally are intended to indicate the relative degree of credit risk of and obligor or debt instrument rather than reflect a measure of specific default probability.

4. Data Changes Periodically. The data in the table will change if A.M. Best modifies Best's Idealized Default Matrix. This matrix was published in December 2007 but may be revised based on more recent insurance company default data.

13. Information on the Sensitivity of the Credit Rating to Assumptions as required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

[illegible]	(1) Key Assumption Detail	(2) Potential Impact on the Rating
Data Accuracy and Reliability	While public information is considered as part of the rating process, AMB relies primarily on audited financial statements, third party actuarial reports, documents and assertions provided by management. The assumption is that the financial information provided is reliable and credible, although AMB does not undertake to verify the accuracy of this information.	A material misstatement of financial performance or capital position, whether through negligence or fraud, could negatively affect a company's rating. For example, inflated asset valuations or a faulty actuarial opinion of reserve adequacy could result in an incorrect assessment of the financial strength of a company.
Equity markets	Assumes reversion to mean historical returns.	Significant declines in global equity markets of > 30% would result in greater net amount at risk

Topic	(1) Key Assumption Detail	(2) Potential Impact on the Rating
		and need to set up additional reserves for equity linked products. Also results in lower product fees and risk adjusted capitalization which could negatively impact the rating.
Catastrophe Model Risk	Key assumption used in determining this rating takes into consideration information provided by third party catastrophe modelers. Best does not validate these models but assumes a degree of confidence in these models which Best uses as a benchmark to measure a company's exposure to modeled catastrophe risk. Best also uses this modeled output as a discussion point around enterprise risk management and risk mitigation. While this output can have a high degree of variability, Best believes these models are very useful tools which provides its users with the expertise, research and technical knowledge otherwise unavailable to them. Company specific data quality, data resolution and historical model reliability are also elements which lend itself to confidence in the modeled loss provided.	Catastrophe models are risk management tools that can vary widely due to the actual event (versus model event set) and model sensitivities including geocoding / data resolution, data quality (construction / ITV), reliability (missing information) and coverage. Therefore, if assumptions used in the model prove to be significantly different from actual performance, a company's capital position can be potentially exposed to a material negative impact due to a lack of reinsurance protection. Rating pressure may occur as a result.
Holding Company / Affiliates	Assumes no sudden change in holding company leverage, coverage and/or liquidity. Additional assumptions include no change in credit facilities to obtain letters of credit from a commercial bank, through the placement of assets in trust. If rating includes a level of rating enhancement based on a degree of implicit and explicit support provided by the parent company and/or affiliate, the assumption is that the level of support will remain prospectively.	Any sudden change in holding company leverage, coverage, and or liquidity could result in a rating change for both the holding company and its operating insurance subsidiaries. Any alteration in a parent (holding) company's ability to provide implicit and/or explicit parental support could alter Best's view of rating enhancement which could suddenly cause a rating downgrade. In addition, changes in enhancement provided to group-rated members, may have an impact on the rating(s). Best evaluates impact on capital via forecasted BCAR including planned dividends to Parent and by evaluating BCAR for the entire Enterprise based on tangible equity. The starting point for every rating is the stand-alone evaluation of the legal entity's balance sheet strength, operating performance and business profile.

14. Information on the Representations, Warranties, and Enforcement Mechanisms as required by Paragraph (a)(1)(ii)(N) of Rule 17g-7

The representations, warranties, and enforcement mechanisms available to investors which were disclosed in the prospectus, private placement memorandum, or other offering documents for the asset-backed security and that relate to an asset pool underlying the asset-backed security. This disclosure only applies to rating actions associated with asset-backed securities as defined by section 3(a)(79) of the Securities Exchange Act of 1934, as amended. Furthermore, the disclosure applies to asset-backed securities that were initially rated on or after September 26, 2011.

15. Attestation as required by Paragraph (a)(1)(iii) of Rule 17g-7

Attestation

Attached is a signed statement by a person within A.M. Best that has responsibility for the rating action and, to the best knowledge of the person: (A) No part of the credit rating was influenced by any other business activities; (B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated; and (C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.

As the person responsible for this rating action, which was determined through the rating committee process, to the best of my knowledge:

- No part of the rating was influenced by any other business activities;
- The Credit Rating was based solely upon the merits of the obligor or security being rated and
- The Credit Rating was an independent evaluation of the risks and merits of the obligor or security being rated.

Note: Best's Credit Ratings are a product/service of A.M. Best Inc. and not of any particular individual group or committee within A.M. Best.

Name, Title: **/s/ Moungmo Lee**, MD

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address any other risk, including but not limited to, liquidity risk, market value risk or price volatility of rated securities. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY AMB IN ANY FORM OR MANNER WHATSOEVER. Each credit rating or other opinion must be weighed solely as one factor in any investment or purchasing decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security or other financial obligation and of each issuer and guarantor of, and each provider of credit support for, each security or other financial obligation that it may consider purchasing, holding or selling.

GOVERNMENT OF GUAM
DEPARTMENT OF REVENUE AND TAXATION
OFFICE OF THE INSURANCE COMMISSIONER

CERTIFICATE OF AUTHORITY

RENEWAL 423

Know All Men By These Presents That:

Name SOMPO JAPAN NIPPONKOA INSURANCE INC.

Address 26-1, NISHI-SHINJUKU - 1-CHOME SHINJUKU-KU
TOKYO 160-8338 JAPAN

Classes of Insurance Authorized

ACCIDENT & HEALTH
FIDELITY & SURETY
FIRE
MARINE
MISCELLANEOUS
MOTOR VEHICLE
PROP. DAMAGE & LIABILITY
WORKMENS COMP
REINSURANCE P & C

Having complied with the Insurance Law of Guam, is hereby authorized to transact as an insurer, the above named Classes of Insurance in Guam from the 01 *day of* July *, 20* 16 *, to the* 01 *day of* July *, 20* 17 *, unless authority is revoked for failure to comply with the law.*

General Agent(s):

GUAHAN INSURANCE SERVICES, INC.

In Witness Whereof, I have hereunto subscribed my name officially and have hereon impressed my Seal of Office at the City of Hagatña, Guam on this 31 *day of* May *A.D. 20* 16.

Artemio B Ilagan

ARTEMIO B. ILAGAN
Insurance Commissioner

Doc. No. 34GL-17-0810.*

GOVERNMENT OF GUAM
DEPARTMENT OF REVENUE AND TAXATION
OFFICE OF THE INSURANCE COMMISSIONER

INSURANCE LICENSE

RENEWAL GA383

Know All Men By These Presents That:

Name GUAHAN INSURANCE SERVICES, INC.

Address 304 WEST O'BRIEN DRIVE
HAGATNA GU 96910

Classes of Insurance Authorized

ACCIDENT & HEALTH	MISCELLANEOUS
FIDELITY & SURETY	MOTOR VEHICLE
FIRE	PROP. DAMAGE & LIABILITY
MARINE	WORKMENS COMP

Having complied with the Insurance Law of Guam, is hereby authorized to transact as General Agent *, the above named Classes of Insurance in Guam from the* 01 *day of* July *, 20* 16 *, to the* 01 *day of* July *, 20*17 *, unless authority is revoked for failure to comply with the law.*

Designated Representatives:
JUNG W SUK

Appointed By:
SOMPO JAPAN NIPPONKOA INSURANCE INC.

[SEAL]

ARTEMIO B. ILAGAN
Insurance Commissioner

Doc. No. 34GL-17-0810.*

A M Insurance

Corporate Resume

Office Address:	J&G Commercial Business Center, Suite 113F 215A Chalan Santo Papa Street P.O. Box 2797, Hagatna, Guam 96932 Phone: (671)477-2632/2642/2653/2656 Fax: (671)477-2602
Website Address:	www.amibrokers.com
Key Personnel:	Annmarie T. Muna – amuna@amibrokers.com Cell No. (671) 687-6001 Tricia R. Granillo – tgranillo@amibrokers.com Cell No. (671) 687-3575

Markets:

- Ropner Ins. Services (Lloyds of London & London Companies)
- Calvo's Insurance - Chartis
- Aon Insurance Micronesia – Century Insurance
- Great National Ins. Und., Inc. – Chung Kuo Ins. Co.
- Takagi & Associates, Inc. – AIOI Ins. Co., Ltd.
- Cassidy's Insurance – Pacific Indemnity
- Moylan's Insurance – Dongbu Ins. Co., Ltd. & First Net Ins. Co.
- Nanbo Insurance –Tokio Marine Pacific Ins. Ltd.
- Norick Risk Funding Concepts
- Servco Insurance
- Swett & Crawford
- TT Club

Licensed As:

- Insurance Broker
- Surplus Lines Insurance Broker

Directors & Officers:

- Annmarie T. Muna, President/General Mgr.
- Ikushi Harada, Vice President
- Ana Muna, Secretary
- Linette Muna Perez, Treasurer
- Donna Muna Quinata, Director

Average Number of Employees:	12
Date Established:	1994
Date Incorporated:	1996

Government Accounts Experience

GOVERNMENT AGENCY	LINES OF INSURANCE	PERIOD OF INSURANCE
COMMONWEALTH PORTS AUTH. POB 1055, Saipan, MP 96950 Contact: Ed De Leon Guerrero Tel: (670) 237-6507	Marine & Aviation Property, Marine & Aviation Liability, Auto, Crime, D&O	2008-Present 2003-2008
PORT AUTHORITY OF GUAM 1026 Cabras Hwy, Piti, GU 96925 Contact: Joann Conway Tel: (671)477-5931	Property, Liability, Marine Equipment, Auto & Excess Auto, D&O and Crime	2005-Present 2000-2005 1997-2000 1994-1997 1989-1994 1984-1989 1979-1984
PORT AUTHORITY OF GUAM	Workers Compensation	1996
GUAM INT'L AIRPORT AUTH. P.O. Box 8770, Tamuning, GU 96931 Contact: Jean M. Arriola Tel: 646-0300	Property, Aviation Liability, Auto, D&O, WC, Crime, Employment Practices Liability	2009-Present 2004-2009 1999-2004 1996-1999
UNIVERSITY OF GUAM UOG Station, Mangilao, GU 969 Contact: David O'Brien Tel: (671)735.2900	Property, General Liability, Umbrella, Auto, Crime, Educators Legal Liability (ELL), Limited Prof. Liability, Umbrella, Auto, Crime	2008-Present 2003-2008 1996-1999 1993-1996 1990-1993 1987-1990
GUAM POWER AUTHORITY P.O. Box 2977, Hagatna, GU 96932 Contact: Joaquin Flores Tel: (671)648-3054	Property, Liability, Boiler & Machinery, Auto, Pollution Liab., Trans & Distribution	2003-2008 1998-2003 1995-1998 1982-1988
GUAM POWER AUTHORITY	Property, Liab, Auto Crime,	2008-Present
GUAM WATERWORKS AUTHORITY	Property, Liability, WC, Auto, D&O and Crime	
GUAM HOUSING P.O. Box 3457, Hagatna, GU 96932 Contact: Carol Reyes Tel: 647-4143	Auto Property	2000-Present 2007-2008
GHURA 117 Bien Venida Ave, Sin., GU 96910 Contact: Bernard Lastimoza	Property, Liability Tel: (671)475-1356	2003-2008 1979-1982 2012-Present
GHURA	D&O, Liability	2008-Present
GUAM EDUCATION FINANCING FOUNDATION 3060 Peachtree Rd., Suite 1700 Atlanta, GA 30305 Contact: John Hand	Property, Liability, Fidelity	2007-2012
GUAM VISITORS BUREAU 401 Pale San Vitores Rd, Tum, GU 96913 Contact: Rose Cunliff Tel: (671)646-5927/8	Property, Liability, Auto, Crime	2008-Present

A. Qualifications and experience of all personnel to be assigned to this contract.

Thirty years of industry experience.....

Annmarie Muña, AMI's General Manager, brings to GWA over thirty (30) years of insurance knowledge and experience. She specializes in excess and surplus lines insurance.

Ms. Muña formed AM Insurance in January 1994, in response to a growing need for excess and surplus coverage for large local companies. She is a licensed independent broker and can access numerous international markets for her clients. Her knowledge and expertise of the local insurance industry together with her good standing relationship with international underwriters, has allowed her to build a solid portfolio, which surpasses most others. Her unique qualities and the phenomenal growth have afforded AM Insurance the reputation for being a leading broker on Guam.

She continues to keep herself abreast with the developments and growth of GWA in conjunction with the various programs it currently participates in.

Underwriting Knowledge & Expertise.....

Tricia R. Granillo joined AM Insurance in 1997. She started her insurance experience in the Underwriting Department handling all personal and commercial lines insurance. Ms. Granillo headed the Underwriting Department and was responsible for all its underwriting functions.

Over the years with the company she gained valuable insight in marketing and sales by servicing commercial, government and personal accounts. Ms. Granillo now is responsible for the Personal, Commercial & Government Accounts. As the Insurance Services Manager, Granillo handles all government accounts and works closely with the General Manager to provide personalized and professional brokerage services. She has claims handling experience and is trained in both commercial and personal insurance lines.

Ms. Granillo is a licensed insurance broker under A M Insurance. She went through training in London learning in detail how Lloyd's of London brokers and underwriters process accounts and service claims.

Throughout her industry career, Ms. Granillo has taken advantage of numerous professional training enhancement programs, which have added valuable dimension to her knowledge of the insurance field. She has also attended insurance related seminars offered by the Claims Association of Guam and AIU, which emphasize insurance mechanics and loss prevention measures for various Business Interruption and Pollution Claims.

B. Qualifications and experience of all personnel to be assigned to this contract (Continued).

The size and complexity of GWA account requires daily service and coordination which will be handled by the following key persons. Service roles of all key players are well understood and any overlap or duplication of effort is minimal, if it exists at all.

Annmarie T. Muna will be the first point of contact and is in charge of the entire insurance program design, marketing and implementation.

Tricia R. Granillo will handle the day to day servicing, including gathering of underwriting information, processing endorsements and following up on daily insurance related activities.

CLAIMS HANDLING PROCEDURES...

AM Insurance will develop a notification plan and a detailed claims handling procedure for GWA to implement in the event of a loss.

In summary, our loss notification plan requires the following procedure:

1. When loss occurs, call AMI (on call 24 hours).

2. AMI will notify carrier, Insurance/Risk Management Consultant & Legal Counsel, if necessary.

3. AMI will arrange for outside adjusting services when necessary.

4. When required, AMI will arrange for specialty services from aviation legal counsel, appraisers, salvage handlers, forensic accountants, etc. through its network of services.

5. AMI will follow up w/adjusters on status & liaise between all parties.

6. AMI will negotiate claim settlement on insured's behalf.

7. AMI will expedite final settlement of claim.

CLAIMS HANDLING PROCEDURES (Continued)...

CLAIMS MANAGEMENT CAPABILITIES

AMI has an in-house staff with experience in handling all types of claims including those from Government of Guam accounts. Our office will be able provide immediate assistance to GWA if and when a claims for damages arises. AMI staff will be dispatched immediately for preliminary assessment. We will liaise with underwriters and adjusters until claim is settled.

CLAIMS HANDLING PROCEDURES

The following are general claims procedures that are to be implemented in case of a loss.

I. Report of Loss:

1. Loss must be reported to AMI as soon as practicable, either verbally or in writing using a standard claim form. *(Must be within policy requirements.)*

2. Loss must be reported promptly to the proper Local Authorities as required by local Statutes, Regulations and/ or Code of Guam.

3. AMI, in turn, will immediately inform pertinent sub-brokers and underwriters.

II. Investigation of Loss:

1. As soon as loss is known, AMI staff will make the preliminary investigation including, but not limited to taking pictures of the damaged property and obtaining signed statements of witnesses, if any, etc. This report shall be forwarded to the insurer and AMI shall coordinate with the adjuster assigned.

2. The adjuster will then discuss with insured what needs to be done under the circumstances. AMI will provide the claims forms to the insured and will assist whenever necessary.

CLAIMS HANDLING PROCEDURES (Continued)...

III. Protection and Salvage of Damaged Property:

1. Reasonable efforts must be made by the Insured to prevent further loss or damage to the property.

2. In the event that a salvage operation is needed to minimize loss, the Insured must give full assistance and cooperation to the Adjusters.

IV. Substantiation of Loss:

Loss must be substantiated by documents whenever applicable, such as:

1. Commercial Invoice(s)
2. At least three estimates from a licensed or qualified individual or fir
3. Fully completed and signed Proof of Loss
4. Police Report / Fire Report
5. Financial Report or other forms of Accounting Records i.e. inventory, etc.
6. Signed statements of Insured's officers, employees and witnesses pertaining to the loss, if and when necessary
7. Blueprints of buildings or properties that suffered loss

V. Insured's Duties in the Event of Claim or Suit:

1. If a claim is made or suit is brought against the Insured, he shall immediately forward the company every demand, notice, summons or other process received by him or his representative.

2. The Insured shall cooperate with the company and, upon request, assist in making settlements, in the conduct of suits and enforcing any right of contribution or indemnity against any person or organization who may be liable to the Insured.

3. The Insured shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses.

4. The Insured shall not, except at his own cost, voluntarily make any payment.

GUAM WATERWORKS AUTHORITY

BUSINESSOWNERS INSURANCE POLICY SPECIMEN

"Terms and Conditions contained therein will be provided to the Authority without change"

MOYLAN'S INSURANCE UNDERWRITERS, INC.
Home of the Good Guys and Gals
424 W OBrien Dr Ste 102
Hagatna GU 96910

BUSINESS OWNERS INSURANCE POLICY DECLARATION

Issued by Dongbu Insurance Company Ltd.

Policy Number:

Policy Period: From to at 12:01 A.M. Standard Time

Named Insured:

Address:

Policy Territory: **Guam**

Endorsements applicable to this Policy: Per Declaration Schedule attached

COVERAGES

Special Note: Insurance is provided with respect only to those coverages for which a premium is indicated

Section I - Buildings and Business Personal Property

Coverage	Limit of Insurance	Premium
Coverage A - Buildings [X] Replacement Cost Value [ ] Actual Cash Value basis	**Per attached schedule**	
Coverage B - Business Personal Property	**Per attached schedule**	

Premium Section I

Section II - Business Liability

Coverage	Limit of Insurance	Premium
Coverage C - Business Liability The Limit of Insurance with respect to the products and completed operations hazards combined are an aggregate limit for all occurrences during the policy Period.	Bodily Injury each occurrence aggregate	
	Property Damage each occurrence aggregate	
	Combined Single Limit each occurrence aggregate	
Coverage D - Medical Expenses	each Person each accident	

Premium Section II **$0.00**

2% Assessment Fee (Public Law 21-10)

Section III - Workmen's Compensation and Employers Liability

Coverage E - This Policy applies to the Workmen's Compensation Law and any Occupational Disease law of: **Guam**

Classification of Works	Code No.	Premium Basis	Rates	Estimated Annual Premium
Minimum Premium:		Total Estimated Annual Premium		
Coverage F - Employers Liability: Limit of Liability			Premium	

Premium Section III **$0.00**

Other Coverages
In considering of the additional premium and subject to Endorsement(s) Incorporated herein, this Policy is extended to cover the following:

Optional Coverage	Item	Limit of Insurance	Deductible	Premium

Premium **$0.00**

Total Premium **$**
Plus 2% Assessment Fee of G.L.

DONGBU INSURANCE COMPANY LTD.

By: _____
Authorized Signature
Moylan's Insurance Underwriters Inc.
Hagatna Branch
General Agent

Policy No.

Name of Insured:

DECLARATION SCHEDULE

Covered Causes of Per Attached Schedule of Covered Property

Limit of Insurance: Per Attached Schedule of Covered Property
Co-Insurance: Per Attached Schedule of Covered Property
Deductible: Per Attached Schedule of Covered Property

Subject to the following clauses/riders or endorsements marked "X" under the policy:
Section I - Building and Business Personal Property

Attached to and forming part of Part Two-Declarations Page
Effective Date of this Page: _____
Wherever a policy provision refers to the Declarations, such reference shall also apply to this Declaration

DONGBU INSURANCE COMPANY LTD.

By: _____
Authorized Signature
Moylan's Insurance Underwriters Inc.
Hagatna Branch
General Agent

CLT /COV /AGT /UND /REG

Named Insured:_____

SCHEDULE OF COVERED PROPERTY

DESCRIPTION	LIMITS
	$
Including:	
Sublimits	
	$
	$
	$
	$
	$
	$
Self-Insured Retentions	
	$
	$
TOTAL ANNUAL PREMIUM:	$

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the policy, exception as hereinafter set forth.

This endorsement is effective _____

Attached to and forming part of Policy No._____ of Dongbu Insurance Co., Ltd.

Date Issued: _____

By:_____
Moylan's Insurance Underwriters, Inc.
General Agent

ALL RISKS ENDORSEMENT

Except as hereinafter or hereinbefore excluded, this policy is hereby extended to insure against all risks of direct physical loss of or damage to the property covered from any external cause, and loss of income (if included in the Schedule) directly resulting from necessary interruption of the Insured's operations caused by such direct physical loss or damage.

Property Excluded

This policy does not insure against loss of or damage to:

a) aircraft, watercraft, vehicles licensed or designed for highway use;
b) animals, growing plants, standing timber, growing crops, trees, shrubs or lawns;
c) currency, money, notes, postage, stamps, securities, evidence of debt, letters of credit, railroad or other tickets;
d) jewelry, watches, pearls, precious and semi-precious stones, gold, silver, platinum, other precious metals or their alloys, bullion, furs and articles trimmed with fur except this exclusion shall not apply to industrial diamonds or precious metals or their alloys used for industrial purposes;
e) property sold by the insured under conditional sale, trust agreement, installment payment or other deferred payment plans, after delivery to customers;
f) architect fees, costs of excavations, grading and filling, underground flues, pipes, wiring (but not wiring in conduit), drains, brick or stone or concrete foundations, piers, or other supports below the undersurface of the lowest basement floor, land values;
g) property eligible for insurance coverage in Nuclear Energy Property Insurance Association or Mutual Atomic Energy Reinsurance Pool;
h) data processing equipment, and media (meaning all forms of converted data, program or instruction vehicles employed in the Insured's data processing operations).

Perils Excluded

This policy does not insure against loss or damage:

a) by any fraudulent or dishonest act or omission by any Insured(s) or by any authorized representative thereof, or by any employee thereof, while working or otherwise, and whether acting alone or in concert with others; this exclusion shall not apply to robbery, or to safe burglary committed by an employee of the Insured;
b) by explosion or rupture of steam pipes, steam turbines, steam engines, steam vessels or steam boilers, which are designed to be operated at pressures in excess of fifteen pounds per square inch, if owned by, leased by or operated under the control of the Insured;
c) by mechanical breakdown or malfunction, including rupture or bursting caused by centrifugal force;
d) for the cost of making good, faulty or defective workmanship or materials, errors in design, or latent defects, but this exclusion does not apply to loss or damage resulting such faulty or defective workmanship or materials, errors in design or latent defects;
e) caused by or resulting from delay, loss of market, loss of use;
f) by shrinkage, evaporation, loss of weight, contamination, change in flavor, color, texture or finish, change in temperature or humidity;
g) by deterioration, wear and tear, rust or corrosion, moth, vermin, termites or other insects or inherent vice;
h) to property while being actually worked upon and directly resulting therefrom, excepting ensuing loss from a peril not otherwise excluded by this policy;
i) by unexplained or mysterious disappearance, or shortage disclosed on taking inventory;
j) to electrical appliances or devices of any kind (including wiring) by artificially generated electrical current; however, this exclusion shall not apply to ensuing loss from a peril not otherwise excluded by this policy;

k) caused by or resulting from hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attach, by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or by military, naval or air forces; or by an agent of any such government, power, authority, or forces; any weapon of war employing atomic fission or radioactive force whether in time of peace or war; insurrection, rebellion, revolution, civil war, usurped power or action taken by governmental authority in hindering, combating or defending against such an occurrence; seizure or destruction under quarantine or customs regulations; confiscation by or destruction by order of any governmental or public authority; or risks of contraband or illegal trade;

l) by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, or due to any act or condition incident to any of the foregoing, and whether such loss be direct or indirect, proximate of remote, or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in this policy;

m) by wet or dry rot; smog; smoke, fumes or vapors from agricultural or industrial operations; settling, cracking, shrinkage or expansion of pavements, foundations, walls, floors, roofs or ceilings; rain, snow, sand or dust whether driven by wind or not, to personal property in the open;

n) by pilferage, burglary, larceny, theft or attempted theft if the described property had been vacant beyond a period of thirty (30) consecutive days immediately preceding the loss;

o) to fences, pavements, swimming pools and related equipment, retaining walls, bulkheads, piers, wharves or docks when loss is caused by water pressure, ice or impact of watercraft;

p) occasioned directly or indirectly by an ordinance or law regulation construction, repair or demolition of buildings or structures, equipment, machinery or any other real or personal property, or by the suspension, lapse, or cancellation of any lease, contract, or order, nor for any claim for recovery due to interference by strikers or other persons with rebuilding, repairing, or replacing property, or with the resumption or continuation of operations;

q) occasioned directly or indirectly by an ordinance, law, regulation, or order pertaining to the manufacture, packaging, labeling, sale or distribution of goods, wares, merchandise or other products by the insured.

All other terms and conditions of the policy remain unaltered.

This endorsement is effective as of inception of the policy to which it is attached.

Attached to and forming part of Policy No. _____ issued to _____

_____.

DONGBU INSURANCE CO., LTD.

Date: _____ By: _____

EXCLUSION OF MOLD, FUNGUS, WET ROT, DRY ROT AND BACTERIA

We will not pay for loss or damage caused directly or indirectly by the presence, growth, proliferation, spread or any activity of mold, fungus, wet rot, dry rot and bacteria. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

We will not pay for loss or damage caused directly or resulting from continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 7 days and more.

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

DONGBU INSURANCE CO., LTD

Date issued:

By: _____

Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

SCHEDULES

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, the schedules of property included with these specifications represent, tot the best of the Insured's knowledge, a complete listing of the property it wishes to insure and the current replacement values thereof. The schedules are not to be used to establish sub-limits of coverage, nor are they to be considered as any for of valuation. The amount payable under this Policy shall not be limited by individual values shown on the schedule prepared for underwriters.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

WAIVER OF SUBROGATION - TENANTS

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, in event of loss, underwriters waive their rights of subrogation against any tenant occupying, renting or leasing property from the Insured.

Date Issued: _____

By: _____
Moylan's Insurance Underwrites, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

VALUATION

It is understood and agreed that, Recovery shall be made on the basis of one hundred percent (100%) of the property's current replacement value at the time and place of loss, subject to the limit of coverage provided by the Policy. The Insured shall not be required to rebuild damaged or destroyed structures on the same site nor with like kind and quality.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

MISREPRESENTATION & FRAUD

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, the insured shall not be prejudiced by an unintentional or inadvertent error, omission, incorrect valuation or incorrect description of the interest, risk or property; provided that notice is given to Underwriters as soon as practical after discovery of any such error or omission.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

CANCELLATION CLAUSE

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, if Underwriters desire to cancel this policy, other than for non-payment, they shall give not less than ninety (90) days prior written notice by email and Certified Mail to:

Greg P. Cruz, Chief Financial Officer
Guam Waterwroks Authority
P.O. Box 3010
Hagatna, Guam 96923
Email: gpcruz@guamwaterworks.org

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

AUTOMATIC ACQUISITION

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, this policy is extended to cover additional property which may be acquired during the term of this policy. Values must be reported to underwriters during the policy period for determination of additional premium. The Insured may add property up to 5% of the total schedule without any additional premium.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

WAIVER OF COINSURANCE OR AVERAGE CLAUSE

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, in the event of loss, there shall be no application of a coinsurance or average clause in determining the recovery due the Insured.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

DEMOLITION COST

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, this policy also covers, within the sum insured, the cost of demolishing any undamaged portion of the building(s) covered under this policy including the cost of clearing the site resulting from enforcement of any state or municipal law or ordinance regulating the construction or repair of buildings and in force at the time of loss which necessitates such demolition

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

INCREASED COST OF CONSTRUCTION

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, the amount of insurance includes within the sum insured the actual amount of the increased costs of repair, rebuilding or construction resulting from the enforcement of any applicable law or ordinance regulating the construction or repair of buildings.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

DEMOLITION COST AND INCREASED TIME TO REBUILD

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, underwriters will be liable for loss to the interest insured by the Policy, caused by enforcement of any state or municipal law or ordinance regulating the construction or repair of buildings and in force at the time such loss occurs, which requires the demolition of any portion of the described building(s) not damaged by the peril(s) insured against. Underwriters will also be liable for loss due to the additional period of time required for repair or reconstruction, in conformity with the minimum standard of such law or ordinance.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

BUSINESS INTERRUPTION EXTENSION

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, coverage is extended to include the Actual Loss sustained by the Insured resulting directly from Interruption of Business for a period not to exceed twenty-four (24) calendar months.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

EXTRA EXPENSE EXTENSION

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, coverage is extended to include the necessary Extra Expense incurred by the Insured in order to continue as nearly as practicable the normal conduct of the insured's business following loss or damage to property insured by this policy.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

DENIAL OF ACCESS

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, this Policy is extended to cover the actual loss sustained when access to Insured's property is impaired or denied by order of civil authority, subject to a limitation of 4 weeks.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

JURISDICTION

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, this insurance shall be governed by and construed in accordance with the laws of Guam and the exclusive jurisdiction of the USA including Guam Courts. The seat of arbitration shall be Guam.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

PRESERVATION OF PROPERTY

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, the expenses incurred by the insured in taking reasonable and necessary actions for the temporary protection/preservation of property insured will be added to the total physical loss or damage subject to the applicable deductible and without increase in the limit contained in the policy.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

DAMAGE TO BUILDING EXTERIOR

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, any endorsement or clause that excludes coverage for loss or damage to paint; or waterproofing material applied to the exterior of a Buildings, or shingles of any material; applied to the exterior surface of Buildings shall be waived.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

DAMAGE TO BUILDING INTERIOR

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, any endorsement or clause that excludes coverage for damage to the inside of a building or property in the building caused by rain, sand, or dust unless the wind first damages the roof or wall and enters through the resulting opening shall be waived.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

EARTHQUAKE DAMAGE

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, any endorsement or clause that limits coverage to damage that weakens the structural frame or therefore the stability of the life of the building or structure shall be waived.

Any endorsement or clause that excludes loss for plaster cracks between masonry and gypsum board and any other deterioration of cement or plaster, as well as any damage caused by shrinkage, settling, deterioration and/or wear and tear shall be waived.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Name Insured:_____

Policy No. _____

MULTI-YEAR POLICY ENDORSEMENT

In consideration of the 10% Term Discount given the Insured for the ____( ) years term of this policy, it is hereby understood and agreed that:

(A) In the event the insured elects to have policy cancelled before the expiry of the ____year term, the insured shall refund to the company the equivalent of the 10% discount on the premium earned; such earned premium to be computed short rate on the gross annual premium, when cancellation is effected other than on the annual anniversary date of the policy.

(B) In the event the company cancels the policy before the expiry of the _____ year term, the insured shall not be obligated to refund any part of the 10% term discount. Any earned premium shall be computed on pro rata basis.

All other policy terms and conditions remain unaltered.

DONGBU INSURANCE CO., LTD.

Effective Date: _____

By:_____
Moylan's Insurance Underwriters , Inc.
General Agent

Payment Schedule Agreement

Insured's Name: _____

Installment No.	Amount Due	Due Date	Due Date	Due Date	Due Date	Due Date
Beginning Balance	$					
1						
2						
3						
4						
5						
6						

By acknowledging this Payment Schedule Agreement ("Agreement"), the Insured understands and agrees that failure to make payments according to the Agreement shall cause the entire unpaid balance to become due.

In the event it becomes necessary to retain the services of an attorney in our collection efforts, the Insured agrees to pay any and all attorney's fees equivalent to 15% of the unpaid balance.

Any unpaid balance shall be assessed interest at the rate of 12% per annum.

The Insured further understands and agrees that if a Total Loss claim is filed against the policy, the premium balance will be deducted from the loss proceeds. For Partial Losses, the payment schedule will remain the same. Where the payment schedule has not been followed and a claim has been filed, the Insured agrees that premium payments must be paid in FULL prior to settlement.

Nothing contained in this Agreement shall be construed to vary, alter, waive or change any of the terms, limits or conditions of the policy except as set forth herein.

This Agreement is effective _____

This Agreement shall be attached to and shall form part of Policy No._____ issued by Dongbu Insurance Company

Dongbu Insurance Co. Ltd.
By: Moylan's Insurance Underwriters, Inc.
General Agent

_____
Authorized Signature
Date:

Insured:

_____
Signature of Insured
Date:

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This insurance does not apply to TERRORISM, including injury or damage arising, directly or indirectly, out of a "certified act of terrorism".

"Certified act of terrorism" means an act that is certified by the Secretary of Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism and Risk Insurance Act of 2002. The criteria contained in that Act for a "certified act of terrorism" includes the following:

1. The act resulted in aggregate 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 on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

This endorsement fulfills the requirements of the U.S. Terrorism Risk Insurance Act of 2002.

Effective _____

All other terms and conditions remain

Attached to and forming part of Policy No. _____

issued to _____

effectiv _____

Dongbu Insurance Company Ltd.

Date: _____

By:

Authorized Representative
Moylan's Insurance Underwriters, Inc.
General Agent

RESOLUTION NO. 23-FY2017

EXHIBIT C (3 of 4)

BUSINESS OWNERS POLICY

Moylan's Insurance Underwriters, Inc.
SUITE 102 JULALE SHOPPING CENTER
424 WEST O'BRIEN DRIVE, HAGÅTÑA, GUAM 96910
TEL: (671) 477-8613, 7500, 8150
E-mail: agana@moylans.net • FAX: (671) 477-1837

General Agent for:

Dongbu Insurance Co., Ltd.
Seoul, Korea

PLEASE READ YOUR POLICY. If incorrect return for immediate correction.
Carefully note condition requiring immediate notice of every occurrence, claim or suit.
Loss, if any, please notify: Equitable Adjusting & Service at 477-8495

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PLEASE READ YOUR POLICY

If incorrect return for immediate correction. Carefully note conditions requiring immediate notice of every occurrence, claim or suit.

☒ Coverage

☐ No Coverage

BUSINESSOWNERS POLICY - SECTION I
BUILDINGS, BUSINESS PERSONAL PROPERTY COVERAGES

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this 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.

Other words and phrases that appear in quotation marks have special meaning. Refer to H—PROPERTY DEFINITIONS.

A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this policy, means the following types of property for which a Limit of Insurance is shown in the Declarations:

a. **Buildings**, meaning the buildings and structures at the premises described in the Declarations, including:

(1) Completed additions;

(2) Permanently installed fixtures, machinery and equipment;

(3) Your personal property in apartments or rooms furnished by you as landlord;

(4) Outdoor fixtures;

(5) Personal property owned by you that is used to maintain or service the buildings or structures or the premises, including:

(a) Fire extinguishing equipment;

(b) Outdoor furniture;

(c) Floor coverings; and

(d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

(6) If not covered by other insurance:

(a) Additions under construction, alterations and repairs to the buildings or structures;

(b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the buildings or structures.

b. **Business Personal Property** located in or on the buildings at the described premises or in the open (or in a vehicle) within 100 feet of the described premises, including:

(1) Property you own that is used in your business;

(2) Property of others that is in your care, custody or control; but this property is not covered for more than the amount for which you are legally liable, plus the cost of labor, materials or services furnished or arranged by you on personal property of others; and

(3) Tenant's improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:

(a) Made a part of the building or structure you occupy but do not own; and

(b) You acquired or made at your expense but cannot legally remove.

2. Property Not Covered

Covered Property does not include:

a. Aircraft, automobiles, motortrucks and other vehicles subject to motor vehicle registration;

b. Bullion, money or securities;

c. Contraband, or property in the course of illegal transportation or trade;

d. Land (including land on which the property is located), water, growing crops or lawns;

e. Outdoor fences, radio or television antennas, including their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants, all except as provided

in the:

(1) Outdoor Property Coverage Extension; or

(2) Outdoor Signs Optional Coverage;

f. Watercraft (including motors, equipment and accessories) while afloat.

3. **Covered Causes of Loss**

☐ **a. Fire.**

☐ **b. Lightning.**

☐ **c. Explosion**, including the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass. This cause of loss does not include loss or damage by:

(1) Rupture, bursting or operation of pressure relief devices; or

(2) Rupture bursting due to expansion or swelling of the contents of any building or structure, caused by or resulting from water.

☐ **d. Smoke** causing sudden and accidental loss or damage. This cause of loss does not include smoke from agricultural smudging or industrial operations.

☐ **e. Aircraft or Vehicles**, meaning only physical contact of an aircraft, a spacecraft, a self propelled missile, a vehicle or an object thrown up by a vehicle with the Covered Property or with the building or structure containing the Covered Property. This cause of loss includes loss or damage by objects falling from aircraft.

We will not pay for loss or damage caused by or resulting from vehicles you own or operate.

☐ **f. Windstorm or Hail, but not including:**

(1) Frost or cold weather;

(2) Ice (other than hail), snow or sleet whether driven by wind or not;

(3) Loss of or damage to awnings or canopies of fabric or slat construction, including their supports, outside of buildings; or

(4) Loss of or damage to the interior of any building or structure, or the property inside the building or structure, caused by rain, snow, sand or dust, whether driven by wind or not, unless the building or structure first sustains wind or hail damage to its roof or walls through which the rain, snow, sand or dust enters.

☐ **g. Riot or Civil Commotion, including:**

(1) Acts of striking employees while occupying the described premises; and

(2) Looting occurring at the time and place of a riot or civil commotion.

☐ **h. Vandalism**, meaning willful and malicious damage to, or destruction of, Covered Property.

We will not pay for loss or damage:

(1) To glass (other than glass building blocks) that is part of a building, structure, or an outdoor sign; but we will pay for loss of or damage to other property caused by or resulting from breakage of glass by vandals.

(2) Caused by or resulting from theft, except for building damage caused by the breaking in or exiting of burglars.

☐ **i. Sprinkler Leakage**, meaning leakage or discharge of any substance from an Automatic Sprinkler System, including collapse of a tank that is part of the system.

If the building or structure containing the Automatic Sprinkler System is Covered Property, we will also pay the cost to:

(1) Repair or replace damaged parts of the Automatic Sprinkler System if the damage:

(a) Results in sprinkler leakage; or

(b) Is directly caused by freezing.

(2) Tear out and replace any part of the building or structure to repair damage to the Automatic Sprinkler System that has resulted in sprinkler leakage.

Automatic Sprinkler System means:

(a) Any automatic fire protective or extinguishing system, including connected:

(i) Sprinklers and discharge nozzles;

(ii) Ducts, pipes, valves and fittings;

(iii) Tanks, their component parts and supports; and

(iv) Pumps and private fire protection mains.

(b) When supplied from an automatic fire protective system:

(i) Non-automatic fire protective systems; and

(ii) Hydrants, standpipes and outlets.

☐ **j. Sinkhole Collapse,** meaning loss or damage caused by the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or similar rock formations. This cause of loss does not include the cost of filling sinkholes.

☐ **k. Volcanic Action,** meaning direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

(1) Airborne volcanic blast or airborne shock waves;

(2) Ash, dust or particulate matter; or

(3) Lava flow.

All volcanic eruptions that occur within any 72-hour period will constitute a single occurrence. This cause of loss does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss of or damage to Covered Property.

☐ **l. Transportation,** meaning loss or damage caused by:

(1) Collision, derailment or overturn of a vehicle;

(2) Stranding or sinking of vessels; and

(3) Collapse of bridges, culverts, piers, wharves or docks.

This cause of loss applies only to Covered Property in course of transit.

4. Additional Coverages

☐ **a. Debris Removal**

(1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the earlier of:

(a) The date of direct physical loss or damage; or

(b) The end of the policy period.

(2) The most we will pay under this Additional Coverage is 25% of:

(a) The amount we pay for the direct loss or damage; plus

(b) The deductible in this policy applicable to that loss or damage. But this limitation does not apply to any additional debris removal limit provided in paragraph (4) below.

(3) This Additional Coverage does not apply to costs to:

(a) Extract "pollutants" from land or water; or

(b) Remove, restore or replace polluted land or water.

(4) If:

(a) The sum of loss or damage and debris removal expense exceeds the Limit of Insurance; or

(b) The debris removal expense exceeds the amount payable under the 25% Debris Removal coverage limitation in paragraph (2) above:

We will pay up to an additional $5,000 for each location in any one occurrence under the Debris Removal Additional Coverage.

☐ **b. Preservation of Property**

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss of or damage to that property:

(1) While it is being moved or while temporarily stored at another location; and

(2) Only if the loss or damage occurs within 10 days after the property is first moved.

☐ **c. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to $1,000 for your liability for fire department service charges:

(1) Assumed by contract or agreement prior to loss; or

(2) Required by local ordinance.

☐ **d. Business Income**

We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to property at the described premises, including personal property in the open (or in a vehicle) within 100 feet, caused by or resulting from any Covered Cause of Loss.

We will only pay for loss of Business Income that occurs within 12 consecutive months after the date of direct physical loss or damage. This Additional Coverage is not subject to the Limits of Insurance.

Business Income means the:

(1) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

(2) Continuing normal operating expenses incurred, including payroll.

☐ **e. Extra Expense**

We will pay necessary Extra Expense you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property at the described premises, including personal property in the open (or in a vehicle) within 100 feet, caused by or resulting from a Covered Cause of Loss.

Extra Expense means expense incurred:

(1) To avoid or minimize the suspension of business and to continue "operations":

(a) At the described premises; or

(b) At replacement premises or at temporary locations, including:

(i) Relocation expenses; and

(ii) Costs to equip and operate the replacement or temporary locations.

(2) To minimize the suspension of business if you cannot continue "operations".

(3) (a) To repair or replace any property; or

(b) To research, replace or restore the lost information on damaged valuable papers and records;
to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage or Additional Coverage d., Business Income.

We will only pay for Extra Expense that occurs within 12 consecutive months after the date of direct physical loss or damage. This Additional Coverage is not subject to the Limits of Insurance.

☐ **f. Pollutant Clean Up and Removal**

We will pay your expense to extract "pollutants" from land or water at the described premises if the release, discharge or dispersal of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the earlier of:

(1) The date of direct physical loss or damage; or

(2) The end of the Policy period.

The most we will pay for each location under this Additional Coverage is $10,000 for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

5. Coverage Extensions

In addition to the Limits of Insurance, you may

extend the insurance provided by this policy as follows:

☐ **a. Personal Property at Newly Acquired Premises**

(1) You may extend the insurance that applies to Business Personal Property to apply to that property at any premises you acquire.

The most we will pay for loss or damage under this Extension is $10,000 at each premises.

(2) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires.

(b) 30 days expire after you acquire or begin construction at the new premises; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the premises.

☐ **b. Personal Property Off Premises**

You may extend the insurance that applies to Business Personal Property to apply to covered Business Personal Property, other than money and securities, while it is in course of transit or temporarily at a premises you do not own, lease or operate. The most we will pay for loss or damage under this Extension is $1,000.

☐ **c. Outdoor Property**

You may extend the insurance provided by this policy to apply to your outdoor fences, radio and television antennas, signs (other than signs attached to buildings) trees, shrubs and plants, including debris removal expense, caused by or resulting from any of the following causes of loss:

(1) Fire;

(2) Lightning;

(3) Explosion;

(4) Riot or Civil Commotion; or

(5) Aircraft.

The most we will pay for loss or damage under this Extension is $1,000, but not more than $250 for any one tree, shrub or plant.

☐ **d. Valuable Papers and Records Cost of Research**

You may extend the insurance that applies to Business Personal Property to apply to your costs to research, replace or restore the lost information on lost or damaged valuable papers and records, including those which exist on electronic or magnetic media, for which duplicates do not exist. The most we will pay under this Extension is $1,000 at each described premises.

B. EXCLUSIONS

1. 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 other cause or event that contributes concurrently or in any sequence to the loss.

a. Building Ordinance

The enforcement of any ordinance or law:

(1) Regulating the construction, use or repair of any property; or

(2) Requiring the tearing down of any property, including the cost of removing its debris.

b. Earth Movement

(1) Any earth movement (other than sink hole collapse), such as an earthquake, landslide or earth sinking, rising or shifting. But if loss or damage by fire or explosion results, we will pay for that resulting loss or damage.

(2) Volcanic eruption, explosion or effusion. But if loss or damage by fire or volcanic action results, we will pay for that resulting loss or damage.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire

would be covered under this policy.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if loss or damage by fire results, we will pay for that resulting loss or damage.

e. Power Failure

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises.

But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

f. War and Military Action

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

(1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;

(2) Mudslide or mudflow;

(3) Water that backs up from a sewer or drain; or

(4) Water under the ground surface pressing on, or flowing or seeping through:

(a) Foundations, walls, floors or paved surfaces;

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings.

But if loss or damage by fire, explosion or sprinkler leakage results, we will pay for that resulting loss or damage.

2. We will not pay for loss or damage caused by or resulting from:

a. Electrical Apparatus: Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires.

But if loss or damage by fire results, we will pay for that resulting loss or damage.

b. Burst Piping: Rupture or bursting of water pipes (other than Automatic Sprinkler Systems) unless caused by a Covered Cause of Loss.

c. Water Discharge: Leakage or discharge of water or steam resulting from the breaking or cracking of any part of a system or appliance containing water or steam (other than an Automatic Sprinkler System), unless the system or appliance is damaged by a Covered Cause of Loss.

d. Steam Apparatus: Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control.

But if loss or damage by fire or combustion explosion results, we will pay for that resulting loss or damage.

e. Mechanical Breakdown: Mechanical breakdown, including rupture or bursting caused by centrifugal force.

But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

3. **Business Income and Extra Expense Exclusions.** We will not pay for:

a. Any Extra Expense, or increase of Business Income loss, caused by or resulting from:

(1) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

(2) Suspension, lapse or cancellation of

any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations", we will cover such loss that affects your Business Income during the "period of restoration".

b. Any other consequential loss.

C. LIMITS OF INSURANCE

1. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

2. The most we will pay for loss of or damage to outdoor signs attached to buildings is $1,000 per sign in any one occurrence.

3. The limits applicable to the Coverage Extensions and the Fire Department Service Charge and Pollutant Clean Up and Removal Additional Coverages are in addition to the Limits of Insurance.

4. Building Limit - Automatic Increase

   a. The Limit of Insurance for Buildings will automatically increase by the annual percentage shown in the Declarations.

   b. The amount of increase will be:

      (1) The Building limit that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Building limit, times

      (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times

      (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Building limit, divided by 365.

   Example:

   If: The applicable Building limit is $100,000. The annual percentage increase is 8%. The number of days since the beginning of the policy year (or last policy change) is 146.

   The amount of increase is $100,000 x .08 x 146 ÷ 365 = $3,200.

5. Business Personal Property Limit - Seasonal Increase

   a. The Limit of Insurance for Business Personal Property will automatically increase by 25% to provide for seasonal variations.

   b. This increase will apply only if the Limit of Insurance shown for Business Personal Property in the Declarations is at least 100% of your average monthly values during the lesser of:

      (1) The 12 months immediately preceding the date the loss or damage occurs; or

      (2) The period of time you have been in business as of the date the loss or damage occurs.

D. DEDUCTIBLES

1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Insurance.

2. Regardless of the amount of the Deductible, the most we will deduct from any loss or damage under all of the following Optional Coverages in any one occurrence is $250:

   a. Burglary and Robbery;

   b. Employee Dishonesty;

   c. Exterior Grade Floor Glass; and

   d. Outdoor Signs.

   But this $250 deductible will not increase the deductible shown in the Declarations. This deductible will be used to satisfy the requirements of the deductible in the Declarations.

3. No deductible applies to the following Additional Coverages:

   a. Fire Department Service Charge;

   b. Business Income; and

   c. Extra Expense.

E. PROPERTY LOSS CONDITIONS

1. **Abandonment**

   There can be no abandonment of any property to us.

2. **Appraisal**

   If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having Jurisdiction. The appraisers will state separately the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

   a. Pay its chosen appraiser; and

   b. Bear the other expenses of the appraisal and umpire equally.

   If, we submit to an appraisal, we will still retain our right to deny the claim.

3. **Duties In The Event Of Loss Or Damage**

   You must see that the following are done in the event of loss or damage to Covered Property:

   a. Notify the police if a law may have been broken.

   b. Give us prompt notice of the loss or damage. Include a description of the property involved.

   c. As soon as possible, give us a description of how, when and where the loss or damage occurred.

   d. Take all reasonable steps to protect the Covered Property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs for consideration in the settlement of the claim. This will not increase the limit of insurance.

   e. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

   f. Permit us to inspect the property and records proving the loss or damage.

   g. If requested, permit us to question you under oath at such times as may be reasonably required about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed.

   h. Send us a signed, sworn statement of loss containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

   i. Cooperate with us in the investigation or settlement of the claim.

   j. Resume all or part of your "operations" as quickly as possible.

4. **Legal Action Against Us**

   No one may bring a legal action against us under this insurance unless:

   a. There has been full compliance with all of the terms of this insurance; and

   b. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

5. **Limitation - Electronic Media and Records**

   We will not pay for any loss of Business Income caused by direct physical loss of or damage to Electronic Media and Records after the longer of:

   a. 60 consecutive days from the date of direct physical loss or damage; or

   b. The period, beginning with the date of direct physical loss or damage, necessary to repair, rebuild or replace with reasonable speed and similar quality, other property at the described premises due to loss or damage caused by the same occurrence.

   Electronic Media and Records are:

   (1) Electronic data processing, recording or storage media such as films, tapes, discs, drums or cells;

   (2) Data stored on such media; or

(3) Programming records used for electronic data processing or electronically controlled equipment.

Example No. 1:

A Covered Cause of Loss damages a computer on June 1. It takes until September 1 to replace the computer, and until October 1 to restore the data that was lost when the damage occurred. We will only pay for the Business Income loss sustained during the period June 1-September 1. Loss during the period September 2-October 1 is not covered.

Example No. 2:

A Covered Cause of Loss results in the loss of data processing programming records on August 1. The records are replaced on October 15. We will only pay for the Business Income loss sustained during the period August 1 - September 29 (60 consecutive days). Loss during the period September 30-October 15 is not covered.

6. Loss Payment

In the event of loss or damage covered by this policy:

a. We will not pay you more than your financial interest in the Covered Property.

b. We will either:

(1) Pay the value of lost or damaged property, as described in paragraph d. below;

(2) Pay the cost of repairing or replacing the lost or damaged property, plus any reduction in value of repaired items;

(3) Take all or any part of the property at an agreed or appraised value; or

(4) Repair, rebuild or replace the property with other property of like kind and quality.

c. We will give notice of our intentions within 30 days after we receive the sworn statement of loss.

d. We will determine the value of Covered Property as follows:

(1) At replacement cost (without deduction for depreciation), except as provided in (2) through (7) below.

(a) You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.

(b) We will not pay on a replacement cost basis for any loss or damage:

(i) Until the loss or damaged property is actually repaired or replaced; and

(ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

(c) We will not pay more for loss or damage on a replacement cost basis than the least of:

(i) The cost to replace, on the same premises, the lost or damaged property with other property:

I. Of comparable material and quality; and

II. Used for the same purpose; or

(ii) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

(2) If the "Actual Cash Value-Buildings" option applies, as shown in the Declarations, paragraph (1) above does not apply to Buildings. Instead, we will determine the value of Buildings at actual cash value.

(3) The following property at actual cash value:

(a) Used or second-hand merchandise held in storage or for sale;

(b) Property of others;

(c) Household contents, except personal property in apartments or rooms furnished by you as landlord;

(d) Manuscripts;

(e) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac.

(4) Glass at the cost of replacement with safety glazing material if required by law.

(5) Tenants' Improvements and Betterments at:

(a) Replacement cost if you make repairs promptly.

(b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:

(i) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and

(ii) Divide the amount determined in (i) above by the number of days from the installation of improvements to the expiration of the lease. If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

(c) Nothing if others pay for repairs or replacement.

(6) Valuable Papers and Records, including those which exist on electronic or magnetic media (other than prepackaged software programs), at the cost of:

(a) Blank materials for reproducing the records; and

(b) Labor to transcribe or copy the records.

(7) Applicable only to the Optional Coverages:

(a) Money at its face value; and

(b) Securities at their value at the close of business on the day the loss is discovered.

The value of United States Government internal Revenue taxes and custom duties and refundable state and local taxes paid or fully determined on the following property held for sale will not be considered in determining the value of Covered Property:

(a) Distilled spirits;

(b) Wines;

(c) Rectified products; or

(d) Beer.

e. Our payment for loss of or damage to personal property of others will only be for the account of the owners of the property. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

g. We will pay for covered loss or damage within 30 days after we receive the sworn statement of loss, if:

(1) You have complied with all of the terms of this policy; and

(2) (a) We have reached agreement with you on the amount of loss; or

(b) An appraisal award has been made.

7. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, you may retain the property. But then you must return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

8. Resumption of Operations

We will reduce the amount of your:

a. Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

b. Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

9. Vacancy

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage, we will:

a. Not pay for any loss or damage caused by:

(1) Vandalism; or

(2) Sprinkler leakage unless you have protected the system against freezing.

b. Reduce the amount we would otherwise pay for the loss or damage by 15%.

Buildings under construction are not considered vacant.

F. PROPERTY GENERAL CONDITIONS

1. Control of Property

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

If you violate a condition of this policy, we will not pay for loss or damage at the involved location. But your coverage will continue for other locations at which the violation does not apply.

2. Mortgage Holders

a. The term "mortgage holder" includes trustee.

b. We will pay for covered loss of or damage to buildings or structures to each mortgage holder shown in the Declarations in their order of precedence, as interests may appear.

c. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the building or structure.

d. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the mortgage holder will still have the right to receive loss payment if the mortgage holder:

(1) Pays any premium due under this policy at our request if you have failed to do so;

(2) Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so; and

(3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgage holder.

All of the terms of this policy will then apply directly to the mortgage holder.

e. If we pay the mortgage holder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:

(1) The mortgage holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

(2) The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At our option, we may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

f. If we cancel this policy, we will give written notice to the mortgage holder at least:

(1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

(2) 30 days before the effective date of cancellation if we cancel for any other reason.

g. If we do not renew this policy, we will give written notice to the mortgage holder at least 10 days before the expiration date of this policy.

3. No Benefit to Bailee

No person or organization, other than you having custody of Covered Property will benefit from this insurance.

4. Policy Period, Coverage Territory

Under this form:

a. We cover loss or damage commencing:

(1) During the policy period shown in the Declarations; and

(2) Within the coverage territory or, with respect to property in transit, while it is between points in the coverage territory.

b. The coverage territory is:

(1) The United States of America (including its territories and possessions);

(2) Puerto Rico; and

(3) Canada.

G. OPTIONAL COVERAGES

If shown as applicable in the Declarations, the following Optional Coverages also apply. These coverages are subject to the terms and conditions applicable to property coverage in this policy, except as provided below.

☐ **1. Outdoor Signs**

a. We will pay for direct physical loss of or damage to all outdoor signs at the described premises:

(1) Owned by you; or

(2) Owned by others but in your care, custody or control.

b. Paragraph A.3., Covered Causes of Loss, and Section B., Exclusions, do not apply to this Optional Coverage, except for:

(1) Paragraph B.1.c., Governmental Action;

(2) Paragraph B.1.d., Nuclear Hazard; and

(3) Paragraph B.1.f., War and Military Action.

c. We will not pay for loss or damage caused by or resulting from:

(1) Wear and tear;

(2) Hidden or latent defect;

(3) Rust;

(4) Corrosion; or

(5) Mechanical breakdown.

d. The most we will pay for loss of or damage in any one occurrence is the Limit of Insurance for Outdoor Signs shown in the Declarations.

e. The provisions of this Optional Coverage supersede all other references to outdoor signs in this policy.

☐ **2. Exterior Grade Floor Glass**

a. We will pay for direct physical loss of or damage to all exterior grade floor and basement glass, including all lettering and ornamentation, located at the described premises and:

(1) Owned by you; or

(2) Owned by others but in your care, custody or control.

b. We will also pay for necessary:

(1) Expenses incurred to put up temporary plates or board up openings;

(2) Repair or replacement of encasing frames; and

(3) Expenses incurred to remove or replace obstructions.

c. Paragraph A.3., Covered Causes of Loss, and Section B., Exclusions, do not apply to this Optional Coverage, except for:

(1) Paragraph B.1.c., Governmental Action;

(2) Paragraph B.1.d., Nuclear Hazard; and

(3) Paragraph B.1.f., War and Military Action.

d. We will not pay for loss or damage caused by or resulting from:

(1) Wear and tear;

(2) Hidden or latent defect;

(3) Corrosion; or

(4) Rust.

☐ **3. Burglary and Robbery**

a. We will pay for direct physical loss of or damage to Business Personal Property, including money and securities, at the described premises resulting directly from actual or attempted:

(1) Burglary, meaning the taking of property from

Inside the described premises by a person unlawfully entering or leaving the premises as evidenced by marks of forcible entry or exit; or

(2) Robbery, meaning the taking of property from the care and custody of a person by one who has:

(a) Caused or threatened to cause that person bodily harm; or

(b) Committed an obviously unlawful act witnessed by the person from whom the property was taken.

b. Coverage for money and securities extends to that property while at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee having care and custody of the property, at the described premises, or in transit between any of these places.

c. We will not pay for loss or damage:

(1) To household and personal effects in living quarters occupied by you, your partner, officer, director or stockholder or any relative of any of these.

(2) To accounts, deeds, evidences of debt and manuscripts.

(3) Of property that is missing when there is no physical evidence to show what happened to it, such as shortage disclosed on taking inventory.

(4) Resulting from any dishonest or criminal act:

(a) That you or any of your partners commit whether acting alone or in collusion with other persons; or

(b) Committed by any of your employees, directors, trustees or authorized representatives:

(i) Acting alone or in collusion with other persons; or

(ii) While performing services for you or otherwise.

(5) Resulting from voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

(6) Of property that has been transferred to a person or place outside the described premises on the basis of unauthorized instructions.

(7) Resulting from delay, loss of use or loss of market.

(8) Occurring during a fire at the described premises.

d. The most we will pay for loss or damage in any one occurrence is:

(1) The limit shown in the Declarations for Inside the Premises for money and securities while:

(a) In or on the described premises; or

(b) Within a bank or savings institution:

(2) The limit shown in the Declarations for Outside the Premises for money and securities while any where else; and

(3) 25% of the Business Personal Property Limit of Insurance for all other property. But each of the following types of property are covered only up to $2,500:

(a) Furs, fur garments and garments trimmed with fur;

(b) Jewelry, watches, watch movements, jewels, precious and semi-precious stones, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth $100 or less per item; and

(c) Patterns, dies, molds and forms.

e. All loss or damage:

(1) Caused by one or more persons; or

(2) Involving a single act or series of related acts;
is considered one occurrence.

☐ **4. Employee Dishonesty**

a. We will pay for direct loss of or damage to Business Personal Property, including money and securities, resulting from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:

(1) Cause you to sustain loss or damage; and also

(2) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:

(a) Any employee: or

(b) Any other person or organization.

b. We will not pay for loss or damage:

(1) Resulting from any dishonest or criminal act that you or any of your partners commit whether acting alone or in collusion with other persons.

(2) The only proof of which as to its existence or amount is:

(a) An inventory computation; or

(b) A profit and loss computation.

c. The most we will pay for loss or damage in any one occurrence is the Limit of Insurance for Employee Dishonesty shown in the Declarations.

d. All loss or damage:

(1) Caused by one or more persons; or

(2) Involving a single act or series of related acts;
is considered one occurrence.

e. We will pay only for loss or damage you sustain through acts committed or event occurring during the Policy Period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

f. This Optional Coverage does not apply to any employee immediately upon discovery by:

(1) You; or

(2) Any of your partners, officers or directors not in collusion with the employee; of any dishonest act committed by that employee before or after being hired by you.

g. We will pay only for covered loss or damage discovered no later than one year from the end of the Policy Period.

h. If you (or any predecessor in interest) sustained loss or damage during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Optional Coverage, provided:

(1) This Optional Coverage became effective at the time of cancellation or termination of the prior insurance; and

(2) The loss or damage would have been covered by this Optional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.

i. The insurance under paragraph h. above is part of, not in addition to, the Limit of Insurance applying to this Optional Coverage and is limited to the lesser of the amount recoverable under:

(1) This Optional Coverage as of its effective date; or

(2) The prior insurance it had remained in effect.

☐ **5. Mechanical Breakdown**

a. We will pay for direct damage to Covered Property caused by an Accident to an Object. The Object must be:

(1) Owned by you or in your care, custody or control; and

(2) At the described premises.

b. Accident means a sudden and accidental breakdown of the Object or a part of the Object. At the time the breakdown occurs, it must manifest itself by physical damage to the Object that necessitates repair or replacement.

c. None of the following is an Accident:

(1) Depletion, deterioration, corrosion or erosion;

(2) Wear and tear;

(3) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;

(4) Breakdown of any vacuum tube, gas tube or brush;

(5) Breakdown of any electronic computer or electronic data processing equipment;

(6) Breakdown of any structure or foundation supporting the Object or any of its parts;

(7) The functioning of any safety or protective device; or

(8) The explosion of gases or fuel within the furnace of any Object or within the flues or passages through which the gases of combustion pass.

d. Object means any of the following equipment:

(1) Boiler and Pressure Vessels:

(a) Steam heating boilers and condensate return tanks used with them;

(b) Hot water heating boilers and expansion tanks used with them;

(c) Hot water supply boilers;

(d) Other fired or unfired vessels used for maintenance or service of the described premises but not used for processing or manufacturing;

(e) Steam boiler piping, valves, fittings, traps and separators, but only if they:

(i) Are on your premises or between parts of your premises;

(ii) Contain steam or condensate of steam; and

(iii) Are not part of any other vessel or apparatus;

(f) Feed water piping between any steam boiler and a feed pump or injector.

(2) Air Conditioning Units - Any air conditioning unit that has a capacity of 60,000 BTU or more, including:

(a) Inductors, converters and coils that make use of a refrigerant and form part of a cooling, humidity control or space heating system;

(b) Interconnecting piping, valves and fittings containing only a refrigerant, water, brine or other solution;

(c) Vessels heated directly or indirectly that:

(i) Form part of an absorption type system; and

(ii) Function as a generator, refrigerator or concentrator;

(d) Compressors, pumps, fans and blowers used solely with the system together with their driving electric motors; and

(e) Control equipment used solely with the system.

e. Object does not mean:

(1) As Boiler and Pressure Vessels:

(a) Equipment that is not under internal vacuum or internal pressure other than weight of contents;

(b) Boiler settings;

(c) Insulating or refractory material; or

(d) Electrical, reciprocating or rotating apparatus within or forming a part of the boiler or vessel.

(2) As Air Conditioning Units, any:

(a) Vessel, cooling tower, reservoir or other source of cooling water for a condenser or compressor, or any water piping leading to or from that source; or

(b) Wiring or piping leading to or from the unit.

f. We will not pay for an Accident to any Object while being tested.

g. Suspension

Whenever an Object is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an Accident to that Object. This can be done by delivering or mailing a written notice of suspension to:

(1) Your last known address; or

(2) The address where the Object is located.

If we suspend your insurance, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

H. PROPERTY DEFINITIONS

1. **"Operations"** means your business activities occurring at the described premises.

2. **"Period of Restoration"** means the period of time that:

   a. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

   b. Ends on the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality.

   "Period of restoration" does not include any increased period required due to the enforcement of any law that:

   (1) Regulates the construction, use or repair, or requires the tearing down of any property; or

   (2) Regulates the prevention, control, repair, clean-up or restoration of environmental damage.

   The expiration date of this policy will not cut short the "Period of restoration".

3. **"Pollutants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, re conditioned or reclaimed.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
SECTION I - BUSINESS OWNERS FIRE POLICY PROVISIONS

The endorsement modifies insurance provided under the following:

BUSINESSOWNERS POLICY

The provisions of the Standard Fire Policy are stated below. State law still requires that they be attached to all policies. If any conditions of this form are construed to be more liberal than any other policy conditions relating to the perils of fire, lightning or removal, the conditions of this form will apply.

IN CONSIDERATION OF THE PROVISIONS AND STIPULATIONS HEREIN OR ADDED HERETO, AND OF THE PREMIUM SPECIFIED in the Declarations or in endorsements made a part hereof, this Company, for the term of *years* specified in the Declarations from inception date shown in the Declarations at 12.00 noon (Standard Time) to expiration date shown in the Declarations at 12.00 noon (Standard Time) at location of property involved, to an amount not exceeding the limit of liability specified in the Declarations, does insure the Insured named in the Declarations and legal representatives, to the extent of the actual cash value of the property at the time of loss, but not exceeding the amount which it would cost to repair or replace the property with material of like kind and quality within a reasonable time after such loss, without allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair, and without compensation for loss resulting from interruption of business or manufacture, nor in any event for more than the interest of the Insured, against all DIRECT LOSS BY FIRE, LIGHTNING AND OTHER PERILS INSURED AGAINST IN THIS POLICY INCLUDING REMOVAL FROM PREMISES ENDANGERED BY THE PERILS INSURED AGAINST IN THIS POLICY, EXCEPT AS HEREINAFTER PROVIDED, to the property described in the Declarations while located or contained as described in this policy, or pro rata for five days at each proper place to which any of the property shall necessarily be removed for preservation from the perils insured against this policy, but not elsewhere.

Assignment of this policy shall not be valid except with the written consent of this Company.

This policy is made and accepted subject to the foregoing

provisions and stipulations and those hereinafter stated, which are hereby made a part of this policy, together with such other provisions, stipulations and agreements as may be added hereto, as provided in this policy.

Concealment, fraud. This entire policy shall be void if, whether before or after a loss, the insured has willfully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof or the interest of the insured therein, or in case of any fraud or false swearing by the insured relating thereto.

Uninsurable and excepted property. This policy shall not cover accounts, bills, currency, deeds, evidences of debt, money or securities; nor, unless specifically named hereon in writing, bullion or manuscripts.

Perils not included. This Company shall not be liable for loss by fire or other perils insured against in this policy caused, directly or indirectly, by (a) enemy attack by armed forces, including action taken by military naval or air forces in resisting an actual or an immediately impending enemy attack, (b) invasion, (c) insurrection, (d) rebellion, (e) revolution, (f) civil war, (g) usurped power, (h) order of any civil authority except acts of destruction at the time of and for the purpose of preventing the spread of fire, provided that such fire did not originate from any of the perils excluded by this policy, (i) neglect of the insured to use all reasonable means to save and preserve the property at and after a loss, or when the property is endangered by fire in neighboring premises, (j) nor shall this Company be liable for loss by theft.

Other insurance. Other insurance may be prohibited or the amount of insurance may be limited by endorsement attached hereto.

Conditions suspending or restricting insurance. Unless otherwise provided in writing added hereto this Company shall not be liable for loss occurring

(a) while the hazard is increased by any means within the control or knowledge of the insured, or

(b) while a described building, whether intended for occupancy owner or tenant, is vacant or unoccupied beyond a period of sixty consecutive days; or

(c) as a result of explosion or riot, unless fire ensue, and in that event for loss of fire only.

Other perils or subjects. Any other peril to be insured against or subject of insurance to be covered in this policy shall be by endorsement in writing hereon or added hereto.

Added provisions. The extent of the application of insurance under this policy and of the contribution to be made by this Company in case of loss, and any other provision or agreement not inconsistent with the provisions of this policy, may be provided for in writing added hereto, but no provision may be waived except such as by the terms of this policy is subject to change.

Waiver provisions. No permission affecting this insurance shall exist, or waiver of any provision be valid, unless granted herein or expressed in writing added hereto. No provision, stipulation or forfeiture shall be held to be waived by any requirement or proceeding on the part of this Company relating to appraisal or to any examination provided for herein.

Cancellation of policy. This policy shall be canceled at any time at the request of the insured, in which case this Company shall, upon demand and surrender of this policy, refund the excess of paid premium above the customary short rates for the expired time. This policy may be canceled at any time by this Company by giving to the insured a five days' written notice of cancellation with or without tender of the excess of paid premium above the pro rata premium for the expired time, which excess, if not tendered, shall be refunded on demand. Notice of cancellation shall state that excess premium (if not tendered) will be refunded on demand.

Mortgagee interests and obligations. If loss hereunder is made payable, in whole or in part, to a designated mortgagee not named herein as the insured, such interest in this policy may be canceled by giving to such mortgagee a ten days' written notice of cancellation.

If the insured fails to render proof of loss such mortgagee, upon notice, shall render proof of loss in the form herein specified within sixty (60) days thereafter and shall be subject to the provisions hereof relating to appraisal and time of payment and of bringing suit. If this Company shall claim that no liability existed as to the mortgagor or owner, it shall, to the extent of payment of loss to the mortgagee, be subrogated to all the mortgagee's rights of recovery, but without impairing mortgagee's right to sue; or it may pay off the mortgage debt and require an assignment thereof and of the mortgage. Other provisions relating to the interests and obligations of such mortgagee may be added hereto by agreement in writing.

Pro rata liability. This Company shall not be liable for a greater proportion of any loss than the amount hereby insured shall bear to the whole insurance covering the property against the peril involved, whether collectible or not.

Requirement in case loss occurs. The insured shall give immediate written notice to this Company of any loss, protect the property from further damage, forthwith separate the damaged and undamaged personal property, put it in the best possible order, furnish a complete inventory of the destroyed, damaged and undamaged property, showing in

detail quantities, costs, actual cash value and amount of loss claimed; and within sixty days after the loss, unless such time is extended in writing by this Company, the insured shall render to this Company a proof of loss, signed and sworn to by the insured, stating the knowledge and belief of the insured as to the following; the time and origin of the loss, the interest of the insured and of all others in the property, the actual cash value of each item thereof and the amount of loss thereto, all encumbrances thereon, all other contracts of insurance, whether valid or not, covering any of said property, any changes in the title, use, occupation, location, possession or exposures of said property since the issuing of this policy, by whom and for what purpose any building herein described and the several parts thereof were occupied at the time of loss and whether or not it then stood on leased ground, and shall furnish a copy of all the descriptions and schedules in all policies and, if required verified plans and specifications of any building, fixtures or machinery destroyed or damaged. The insured, as often as may be reasonably required, shall exhibit to any person designated by the Company all that remains of any property herein described, and submit to examinations under oath by any person named by this Company, and subscribe the same; and, as often as may be reasonably required, shall produce for examination all books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by this Company or its representative, and shall permit extracts and copies thereof to the made.

Appraisal. In case the insured and this Company shall fail to agree as to the actual cash value or the amount of loss, then, on the written demand of either, each shall select a competent and disinterested appraiser and notify the other of the appraiser selected within twenty days of such demand. The appraisers shall first select a competent and disinterested umpire; and failing for fifteen days to agree upon such umpire, then, on request of the insured or this Company, such umpire shall be selected a judge of a court of record in the state in which the property covered is located. The appraisers shall then appraise the loss, stating separately actual cash value and loss to each item; and failing to agree, shall submit their differences, only, to the umpire. An award in writing, so itemized, of any two when filed with this Company shall determine the amount of actual cash value and loss. Each appraiser shall be paid by the party selecting him and the expenses of appraisal and umpire shall be paid by the parties equally.

Company's options. It shall be optional with this Company to take all, or any part, of the property at the agreed or appraised value, and also to repair, rebuild or replace the property destroyed or damaged with other of like kind and quality within a reasonable time, on giving notice of its intention so to do within thirty days after the receipt of the proof of loss herein required.

Abandonment. There can be no abandonment to this Company of any property.

When loss payable. The amount of loss for which this Company may be liable shall be payable sixty days after proof of loss, as herein provided, is received by this Company and ascertainment of the loss is made either by agreement between the insured and this Company expressed in writing or by the filing with this Company of an award as herein provided.

Suit. No suit or action on this policy for the recovery of any claim shall be sustainable in any court of law or equity unless all the requirements of this policy shall have been complied with, and unless commenced within twelve months next after inception of the loss.

Subrogation. This Company may require from the insured an assignment of all right of recovery against any part for loss to the extend that payment therefor is made by this Company.

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

☐ **Endorsement No. 1**
BUILDING LIMITATION CLAUSE

Nothwithstanding anything contained herein to the contrary, it is hereby mutually understood and agreed that the insurance provided by the Insurance Company on the building described under this Policy excludes the following structure which is attached thereto to read as follows:

> **Any structure or any portion of any structure including any property contained herein, which is not of the same Construction Type as that indicated under the Declarations whether or not such structure be attached to or in contact with the dwelling, building, including but not limited to fences, carports, patios or outdoor kitchens.**

It is further understood and agreed that the structure described above in the event of loss is not covered under any perils provided under this Policy.

☐ **Endorsement No. 2**
COINSURANCE CLAUSE

Important, this policy contains a coinsurance clause. If the amount of insurance purchased is not equal to ___※___% of the actual cash value or replacement cost of your insured property, then the settlement you receive arising from the future losses will not be sufficient to replace the loss you have suffered. It is your responsibility as the insured to make certain the insured value, as stated below, is equal to the actual cash value or full replacement cost of your insured property if you desire full protection.

This company shall not be liable for a greater proportion of any loss or damage to the property described herein than the sum hereby insured bears to ____※____ percent (%) of the actual cash value of said property at the time such loss shall happen, not for more than the proportion which this policy bears to the total insurance thereon.

If the insurance under this policy be divided into two or more items, the foregoing shall apply to each item separately.

※ **See Schedule Attached**

☐ **Endorsement No. 3**
Agreed Value Clause

It is hereby understood and agreed that with respect to the insurance of a building or buildings this policy in the event of total loss shall be considered a Valued Policy in accordance with the terms of Section 43356 of the Government Code of Guam. In the event of partial loss, the condition of the attached Coinsurance Clause shall apply.

☐ **Endorsement No. 4**
COINSURANCE CLAUSE

Important, this policy contains a coinsurance clause. If the amount of the insurance purchased is not equal to ___※___% of the actual cash value or replacement cost of your insured property, then the settlement you receive arising from future losses will not be sufficient to replace the loss you have suffered. It is your responsibility as the insured to make certain the insured value, as stated below, is equal to the actual cash value or full replacement cost of your insured property if you desire full protection.

It is a condition of this cover that in the event of loss, this Company shall not be liable for a greater proportion of any loss, less the amount of the deductible, if any, from typhoon and/or windstorm than the amount hereby insured bears to ____※____ Percent (%) of the actual cash value of the property described in this Policy at the time such loss shall happen.

※ **See Schedule Attached**

☐ **Endorsement No. 5**
LENDER'S LOSS PAYABLE CLAUSE

Loss, if any, under this policy shall be payable to **See Declaration Schedule** as lender, mortgagee, or trustee, as interest may appear.

It is understood that the lender, mortgagee or trustee now has or will acquire from time to time an insurable interest in certain property insured under this policy as established by warehouse receipts, bills of lading documentary or other written evidence.

This insurance, solely as to the interest therein of the lender, mortgagee or trustee, shall not be impaired or invalidated by any act or neglect of the borrower, mortgagor or owner of the within described property except as provided in the last paragraph hereof, nor by any change in the title of ownership of the property, nor by the occupation of the premises wherein such property is located for purposes more hazardous than are permitted by this policy; provided that in case of the borrower, mortgagor or owner shall neglect

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

to pay any premium due under this policy the lender, mortgagee or trustee shall, on demand, pay the same.

Provided, also, that the lender, mortgagee or trustee shall notify this Company of any change of ownership or occupancy or increase of hazard which shall come to the knowledge of said lender, mortgagee or trustee, and unless permitted by this policy. It shall noted thereon and the lender, mortgagee or trustee shall, on demand, pay the premium for such increased hazard for the term of the use thereof; otherwise this policy shall be pull and void.

This company reserves the right to cancel this policy at any time as provided by its terms, but in such case this policy shall continue in force for the benefit only of the lender, mortgagee or trustee for ten days after notice to the lender, mortgagee or trustee of such cancellation and shall then cease, and this Company shall have the right, on like notice to cancel this agreement.

Wherever this Company shall pay the lender, mortgagee or trustee any sum for loss or damage under this policy and shall claim that as to the borrower, mortgagor or owner, no liability therefore existed, this company shall, to the extent of such payment be thereupon legally subrogated to all the rights of the party to whom such payment shall be made, under all securities held as collateral to the debt, or may at its option, pay the lender, mortgagee or trustee, the whole principal due or to grow due on the debt with interest, and shall thereupon received a full assignment and transfer of the debt and of the mortgage and of all such other securities as evidence the interest of the lender, mortgagee or trustee in the within described property; but no subrogation shall impair the right of the lender, mortgagee or trustee to recover the full amount of its claim against the borrower, mortgagor or owner.

All the other terms and conditions of the policy to which this Endorsement is attached and of which it is a part, remain unchanged, which other terms and conditions include the limit(s) of liability named in the policy and the conditions of any Value Reporting, Full Reporting, Total Insurance, Coinsurance, Reduced Rate Contribution or Average Clauses incorporated therein or attached thereto.

☐ **Endorsement No. 6**
EARTHQUAKE

This endorsement modifies insurance provided under the following:

a. The following are added to COVERED CAUSES OF LOSS

☐ In Paragraph A.3 in the Bussinesowners Property Coverage Form:

(1) Earthquake

(2) Volcanic Eruption, meaning the eruption, explosion or effusion of a volcano.

b. All Earthquake shocks or Volcanic Eruption that occur within any 168-hour period will constitute a single Earthquake or Volcanic Eruption. The expiration of this policy will not reduce the 168-hour period.

c. We will not pay for loss or damage caused by or resulting from :

(1) Fire, explosion (other than volcanic explosion), landslide, mine subsidence, tidal wave, flood, mudslide or mudflow, even if attributable to an Earthquake or Volcanic Eruption.

(2) Any Earthquake or Volcanic Eruption that begins before inception of this insurance. But if this policy replaces earthquake insurance that includes loss or damage that occurs after the expiration of the policy, we will pay for loss or damage by Earthquake or Volcanic Eruption that occurs on or after the inception of insurance, if the series of Earthquake Shocks or Volcanic Eruptions began within 168 hours prior to the inception of this insurance.

d. The EARTH MOVEMENT EXCLUSION does not apply.

e. The DEDUCTIBLES Paragraph is replaced by the following for Earthquake and Volcanic Eruption:

(1) We will subtract a sum from the amount of loss or damage in any one occurrence.

i) The sum we subtract from each separate item will be the amount as shown in the Declarations.

ii) This Deductible applies separately to the following:

1) Each building or structure;

2) The contents of each building or structure; and

3) Personal property in the open.

(2) No Deductible applies to the following Additional

Coverages:

i) Business Income; and

ii) Extra Expense.

f. The following is added to the LIMITS OF INSURANCE SECTION:

The limit of Insurance that applies to coverage under this endorsement also applies to the Business Income and Extra Expense Additional Coverages.

BUSINESSOWNERS POLICY - SECTION II
BUSINESS LIABILITY COVERAGE

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this 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 C - WHO IS AN INSURED.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION F - LIABILITY AND MEDICAL EXPENSES DEFINITIONS.

A. COVERAGES

1. **Business Liability.** We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury", "property damage", "personal injury" or "advertising injury" to which this insurance applies. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under COVERAGE EXTENSION-SUPPLEMENTARY PAYMENTS.

   a. This insurance applies only:

      (1) To "bodily injury" or "property damage":

         (a) That occurs during the policy period; and

         (b) That is caused by an "occurrence". The "occurrence" must take place in the "coverage territory".

      (2) To "personal injury" caused by an offense:

         (a) Committed in the "coverage territory" during the policy period; and

         (b) Arising out of the conduct of your business, excluding advertising, publishing, broadcasting or telecasting done by or for you.

      (3) To "advertising injury" caused by an offense committed:

         (a) In the "coverage territory" during the policy period; and

         (b) In the course of advertising your goods, products or services.

   b. We will have the right and duty to defend any "suit" seeking those damages. But:

      (1) The amount we will pay for damages is limited as described in Section D - Limits of Insurance;

      (2) We may investigate and settle any claim or "suit" at our discretion; and

      (3) Our right and duty to defend and when we have used up the applicable limit of Insurance in the payment of judgments or settlements or medical expenses.

   c. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

   d. "Property damage" that is loss of use of tangible property that is not physically injured will be deemed to occur at the time of the "occurrence" that caused it.

   e. Coverage Extension - Supplementary Payments

      In addition to the Limit of Insurance, we will pay, with respect to any claim or "suit" we defend:

      (1) All expenses we incur.

      (2) Up to $250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for "bodily injury" applies. We do not have to furnish these bonds.

(3) The cost of bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to furnish these bonds.

(4) All reasonable expenses incurred by the Insured at our request to assist us in the investigation or defense of the claim or "suit" including actual loss of earnings up to $100 a day because of time off from work.

(5) All costs taxed against the Insured in the "suit" .

(6) Prejudgement interest awarded against the Insured on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgement interest based on that period of time after the offer.

(7) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance

☐ **2. Medical Expenses**

a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

(1) On premises you own or rent;

(2) On ways next to premises you own or rent; or

(3) Because of your operations; provided that:

(a) The accident takes place in the "coverage territory" and during the policy period;

(b) The expenses are incurred and reported to us within one year of the date of the accident; and

(c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

b. We will make these payments regardless of fault. These payments will not exceed the Limit of Insurance. We will pay reasonable expenses for:

(I) First aid at the time of an accident;

(2) Necessary medical, surgical, x-ray and dental services including prosthetic devices; and

(3) Necessary ambulance, hospital, professional nursing and funeral services.

B. EXCLUSIONS

1. Applicable to Business Liability Coverage. This insurance does not apply to:

a. "Bodily injury" or "property damage" expected or intended from the standpoint of the Insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. "Bodily injury" or "property damage" for which the Insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

(1) Assumed in a contract or agreement that is an "Insured contract"; or

(2) That the Insured would have in the absence of the contract or agreement.

c. "Bodily injury" or "property damage" for which any Insured may be held liable by reason of:

(1) Causing or contributing to the intoxication of any person;

(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

(3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

d. Any obligation of the Insured under a workers compensation, disability benefits or unemployment compensation law or any similar law.

e. "Bodily Injury" to:

(1) An employee of the Insured arising out of and in the course of employment by the Insured; or

(2) The spouse, child, parent, brother or sister of that employee as a consequence of (1) above.

This exclusion applies:

(a) Whether the insured may be liable as an employer or in any other capacity; and

(b) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

f. (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, release or escape of pollutants:

(a) At or from premises you own, rent or occupy;

(b) At or from any site or location used by or for you or others for the handling, storage, disposal, processing or treatment of waste;

(c) That are at any time transported, handled, stored, treated, disposed of or processed as waste by or for you or any person or organization for whom you may be legally responsible; or

(d) At or from any site or location on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations:

(i) If the pollutants are brought on or to the site or location in connection with such operations; or

(ii) If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the pollutants.

(2) Any loss, cost or expense arising out of any governmental direction or request that you test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

Subparagraphs (a) and (d)(i) of paragraph (1) of this exclusion do not apply to "bodily injury" or "property damage" caused by heat, smoke or fumes from a hostile fire. As used in this exclusion, a hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be.

g. "Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion does not apply to:

(1) A watercraft while ashore on premises you own or rent;

(2) A watercraft you do not own that is:

(a) Less than 26 feet long; and

(b) Not being used to carry persons or property for a charge;

(3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;

(4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of the operation of any of the following equipment:

(a) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

(b) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

h. "Bodily injury" or "property damage" arising out of:

(1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or

(2) The use of "mobile equipment" in, or while in practice or preparation for, a prearranged racing, speed or demolition contest or in

any stunting activity.

i. "Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. "Bodily injury" or "property damage" due to rendering or failure to render any professional service. This includes but is not limited to:

(1) Legal, accounting or advertising services;

(2) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;

(3) Supervisory, inspection or engineering services;

(4) Medical, surgical, dental, x-ray or nursing services or treatment;

(5) Any health service or treatment;

(6) Any cosmetic or tonsorial service or treatment;

(7) Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;

(8) Ear piercing services; and

(9) Services in the practice of pharmacy; but this exclusion does not apply to an insured whose operations include those of a retail druggist or drugstore.

k. "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 your care, custody or control;

(5) That particular part of real property on which you or any contractor or subcontractor working directly or indirectly on your behalf is performing operations, if the "property damage" arises out of those operations; or

(6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

l. "Property damage" to "your product" arising out of it or any part of it.

m. "Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard."

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

n. "Property damage" to "impaired property" or property that has not been physically injured, arising out of:

(1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or

(2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

o. Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

(1) "Your product";

(2) "Your work"; or

(3) "Impaired property";

If such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

p. "Personal injury" or "advertising injury:"

(1) Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;

(2) Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;

(3) Arising out of the willful violation of a penal statute or ordinance committed by or with the consent of the insured; or

(4) For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

q. "Advertising injury" arising out of:

(1) Breach of contract, other than misappropriation of advertising ideas under an implied contract;

(2) The failure of goods, products or services to conform with advertised quality or performance;

(3) The wrong description of the price of goods, products or services; or

(4) An offense committed by an insured whose business is advertising, broadcasting, publishing or telecasting.

Exclusions c.,d.,e.,f.,g.,h.,i.,k.,l.,m.,n. and o. do not apply to damage by fire or explosion to premises rented to you. A separate Limit of Insurance applies to this coverage as described in Section D., Limits of Insurance.

2. **Applicable to Medical Expenses Coverage** - We will not pay expenses for "bodily injury":

a. To any insured.

b. To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. To a person injured on that part of premises you own or rent that the person normally occupies.

d. To a person, whether or not an employee of any insured, if benefits for the "bodily injury" are pay able or must be provided under a workers compensation or disability benefits law or a similar law.

e. To a person injured while taking part in athletics.

f. Included within the "products-completed operations hazard".

g. Excluded under Business Liability Coverage.

h. Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

3. **Applicable to both Business Liability Coverage and Medical Expenses Coverage - Nuclear Energy Liability Exclusion.**

This insurance does not apply:

a. Under Business Liability Coverage, to "bodily injury" or "property damage":

(1) With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which:

(a) Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or

(b) The insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America or any agency thereof, with any person or organization.

b. Under Medical Expenses Coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization .

c. Under Business Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of the "nuclear material"; if

(1) The "nuclear material":

(a) Is at any "nuclear facility" owned by, or operated by or on behalf of, an insured; or

(b) Has been discharged or dispersed therefrom;

(2) 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 an insured; or

(3) 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"; but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

As used in this exclusion:

"byproduct material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"hazardous properties" include radioactive, toxic or explosive properties;

"nuclear facility" means:

(a) Any "nuclear reactor";

(b) Any equipment or device designed or used for:

(1) Separating the isotopes of uranium or plutonium;

(2) Processing or utilizing "spent fuel"; or

(3) Handling, processing or packaging "waste";

(c) Any equipment or device used for the processing, fabricating 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;

(d) 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;

"nuclear material" means "source material", "special nuclear material" or "byproduct material";

"nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

"property damage" includes all forms of radioactive contamination of property;

"source material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"special nuclear material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";

"waste" means any waste material:

(a) Containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content; and

(b) Resulting from the operation by any person or organization of any "nuclear facility" included under paragraphs (a) and (b) of the definition of "nuclear facility".

C. **WHO IS AN INSURED**

1. If you are designated in the Declarations as:

   a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.

   b. A partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds, but only with respect to the conduct of your business.

   c. An organization other than a partnership or joint venture you are an insured. Your executive officers and directors are insureds but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

2. Each of the following is also an insured:

   a. Your employees, other than your executive officers, but only for acts within the scope of their employment by you. However, none of these employees is an insured for:

      (1) "Bodily injury" or "personal injury" to you or to a co-employee while in the course of his or her employment;

      (2) "Bodily injury" or "personal injury" arising out of his or her providing or failing to provide professional health care services; or

      (3) "Property damage" to property owned or occupied by or rented or loaned to that employee, any of your other employees, or any of your partners or members (if you are a partnership or joint venture).

   b. Any person (other than your employee), or any organization while acting as your real estate manager.

   c. Any person or organization having proper temporary custody of your property if you die, but only:

      (1) With respect to liability arising out of the maintenance or use of that property; and

      (2) Until your legal representative has been appointed.

   d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this policy.

3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:

   a. "Bodily injury" to a co-employee of the person driving the equipment; or

   b "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.

   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.

D. **LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE**

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

   a. Insureds;

   b. Claims made or "suits" brought; or

   c. Persons or organizations making claims or bringing "suits".

2. The most we will pay for the sum of all damages because of all:

   a. "Bodily injury", "property damage" and "medical expenses" arising out of any one "occurrence"; and

   b. "Personal injury" and "advertising injury" sustained by any one person or organization; is the Liability and Medical Expenses limit shown in the Declarations. But the most we will pay for all medical expenses because of "bodily injury" sustained by any one person is the Medical Expenses limit shown in the Declarations.

3. The most we will pay under Business Liability

Coverage for damages because of "property damage" to premises rented to you arising out of any one fire or explosion is the Fire Legal Liability limit shown in the Declarations.

4. Aggregate Limits

The most we will pay for:

a. Injury or damage under the "products completed operations hazard" arising from all "occurrences" during the policy period is the Liability and Medical Expenses limit; and

b. All other injury or damage, including medical expenses, arising from all "occurrences" during the policy period is twice the Liability and Medical Expenses limit. This limitation does not apply to "property damage" to premises rented to you arising out of fire or explosion.

The limits of this policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

E. LIABILITY AND MEDICAL EXPENSES GENERAL CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this policy.

2. Duties In The Event Of Occurrence, Claim Or Suit

a. You must see to it that we are notified promptly of an "occurrence" that may result in a claim. Notice should include:

(1) How, when and where the "occurrence" took place; and

(2) The names and addresses of any injured persons and witnesses.

b. If a claim is made or "suit" is brought against any insured, you must see to it that we receive prompt written notice of the claim or "suit".

c. You and any other involved insured must:

(1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";

(2) Authorize us to obtain records and other information;

(3) Cooperate with us in the investigation, settlement or defense of the claim or "suit"; and

(4) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Financial Responsibility Laws

a. When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, the insurance provided by the policy for "bodily injury" liability and "property damage" liability will comply with the provisions of the law to the extent of the coverage and limits of insurance required by that law.

b. With respect to "mobile equipment" to which this insurance applies. We will provide any liability, uninsured motorists, under insured motorists. No-fault or other coverage required by any motor vehicle law. We will provide the required limits for those coverages.

4. Legal Action Against Us

No person or organization has a right under this policy:

a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or

b. To sue us on this policy unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed

by us, the insured and the claimant or the claimant's legal representative.

5. **Separation Of Insureds**

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

a. As if each Named Insured were the only Named Insured; and

b. Separately to each Insured against whom claim is made or "suit" is brought.

F. **LIABILITY AND MEDICAL EXPENSES DEFINITIONS**

1. **"Advertising Injury"** means injury arising out of one or more of the following offenses:

a. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods. products or services;

b. Oral or written publication of material that violates a person's right of privacy;

c. Misappropriation of advertising ideas or style of doing business; or

d. Infringement of copyright, title or slogan.

2. **"Auto"** means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".

3. **"Bodily Injury"'** means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

4. **"Coverage Territory"** means:

a. The United States of America (including its territories and possessions), Puerto Rico and Canada;

b. International waters or air space, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above; or

c. All parts of the world if:

(1) The injury or damage arises out of:

(a) Goods or products made or sold by you in the territory described in a. above; or

(b) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; and

(2) The insured's responsibility to pay damages is determined in a "suit" on the merits in the territory described in a. above or in a settlement we agree to.

5. **"Impaired Property"** means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:

a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or

b. You have failed to fulfil the terms of a contract or agreement;

if such property can be restored to use by:

(1) The repair, replacement, adjustment or removal of "your product" or "your work"; or

(2) Your fulfilling the terms of the contract or agreement.

6. **"Insured Contract"** means:

a. A lease of premises;

b. A sidetrack agreement;

c. An easement or license agreement in connection with vehicle or pedestrian private railroad crossings at grade;

d. Any other easement agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;

e. An indemnification of a municipality as required by ordinance, except in connection with work for a municipality;

f. An elevator maintenance agreement; or

g. That part of any other contract or agreement pertaining to your business under which you assume the tort liability of another to pay damages because of "bodily injury" or "property damage" to a third person or organization, if the contract or agreement is made prior to the "bodily injury" or "property damage" . Tort liability means

a liability that would be imposed by law in the absence of any contract or agreement.

An "insured contract" does not include that part of any contract or agreement:

(a) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:

(1) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or

(2) Giving directions or instructions, or failing to give them, if that is the primary cause of injury or damage;

(b) Under which the insured, if an architect, engineer or surveyor, assumes liability for injury or damage arising out of the insured's rendering or failing to render professional services, including those listed in (a) above and supervisory, inspection or engineering services; or

(c) That indemnifies any person or organization for damage by fire or explosion to premises rented or loaned to you.

7. **"Loading or Unloading"** means the handling of property:

a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";

b. While it is in or on an aircraft watercraft or "auto"; or

c. 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".

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

a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;

b. Vehicles maintained for use solely on or next to premises you own or rent;

c. Vehicles that travel on crawler treads;

d. Vehicles, whether self-propelled or not, on which are permanently mounted:

(1) Power cranes, shovels, loaders, diggers or drills; or

(2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

e. Vehicles not described in a., b., c or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

(1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

(2) Cherry pickers and similar devices used to raise or lower workers;

f. Vehicles not described in a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

(1) Equipment designed primarily for:

(a) Snow removal;

(b) Road maintenance, but not construction or resurfacing;

(c) Street cleaning;

(2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

(3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

9. **"Occurrence"** means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

10. **"Personal Injury"** means injury, other than "bodily injury", arising out of one or more of the following offenses:

    a. False arrest, detention or imprisonment;

    b. Malicious prosecution;

    c. Wrongful entry into, or eviction of a person from, a room, dwelling or premises that the person occupies;

    d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or

    e. Oral or written publication of material that violates a person's right of privacy.

11. a. **"Products Completed Operations Hazard"** includes all "bodily injury" and "property damage" arising out of "your product" or "your work" except:

        (1) Products that are still in your physical possession; or

        (2) Work that has not yet been completed or abandoned.

        The "bodily injury" or "property damage" must occur away from premises you own or rent, unless your business include the selling, handling or distribution of "your product" for consumption on premises you own or rent.

    b. **"Your work"** will be deemed completed at the earliest of the following times:

        (1) When all of the work called for in your contract has been completed.

        (2) When all of the work to be done at the site has been completed if your contract calls for work at more than one site.

        (3) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

        Work that may need service, maintenance, correction, repair or replacement but which is otherwise complete, will be treated as completed.

    c. This hazard does not include "bodily injury" or "property damage" arising out of:

        (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle created by the "loading or unloading" of it; or

        (2) The existence of tools, uninstalled equipment or abandoned or unused materials.

12. **"Property Damage"** means:

    a. Physical injury to tangible property, including all resulting loss of use of that property; or

    b. Loss of use of tangible property that is not physically injured.

13. **"Suit"** means a civil proceeding in which damages because of "bodily injury", "property damage", "personal injury" or "advertising injury" to which this insurance applies are alleged. "Suit" includes an arbitration proceeding alleging such damages to which you must submit or submit with our consent.

14. **"Your Product"** means:

    a. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

        (1) You;

        (2) Others trading under your name; or

        (3) A person or organization whose business or assets you have acquired; and

    b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

    "Your product" includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in a. and b. above.

    "Your product" does not include vending for the use of others but not sold.

15. **"Your Work"** means:

    a. Work or operations performed by you or on your behalf; and

b. Materials, parts or equipment furnished in connection with such work or operations.

"Your work" includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in a. or b. above.

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

☐ **Endorsement No. 01**
ASBESTOS EXCLUSION CLAUSE

It is hereby understood and agreed that such insurance as is afforded by this policy for personal injury liability and property damage liability is subject to the following exclusion;

This insurance does not apply to any liability for property damage, bodily injury, sickness, disease, occupational disease, disability, shock, death, mental anguish and mental injury at any time arising out of the manufacture of or mining of, or use, or exposure to asbestos products, asbestos fibers or asbestos dust, or to any obligation of the insured to indemnity any party because of damages arising out of such property damage, bodily injury, sickness, disease, occupational disease, disability, shock, death, mental anguish or mental injury at any time as a result of the manufacture of, use of or exposure to asbestos products, asbestos fibers or asbestos dust.

It is further understood and agreed that the Company shall not be obligated to defend any suit or claim against the insured alleging personal injury or property damage seeking damages, if such suit or claim arises from personal injury or property damage resulting from or contributed to, by any, and all manufacture or, use of, or exposure to asbestos products, asbestos fibers or asbestos dust.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the policy, except as hereinabove set forth.

☐ **Endorsement No. 02**
COMMUNICABLE DISEASE EXCLUSION CLAUSE

It is hereby understood and agreed that no coverage applies to bodily injury or property damage which arises out of the transmission of a communicable disease by a covered person.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the policy, except as hereinabove set forth.

☐ **Endorsement No. 03**
PUNITIVE DAMAGES EXCLUSION ENDORSEMENT

It is hereby understood and agreed that this Policy excludes all fines, penalties, punitive or exemplary damages.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the Policy except as herein above set forth.

☐ **Endoresement No. 04**
Y2K EXCLUSION CLAUSE

This insurance does not apply to "bodily injury", "property damage", " personal injury" or "advertising injury" arising or "products/completed operations" liability 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
(i) Computer hardware, including microprocessors;
(ii) Computer application software;
(iii) Computer operating systems and related software;
(iv) Computer networks;
(v) Microprocessors (computer chips) not part of any computer system; or
(vi) Any other computerized or electronic equipment or components; or

(2) Any other products, and any services, data or function that directly or indirectly use or rely on, in any manner, on 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 device, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by or for the Named Insured to determine, rectify or test for, any potential or actual problems described in Paragraph a. of this endorsement.

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

☐ **Endorsement No. 05**
AMENDMENT - LIMIT OF LIABILITY (SINGLE LIMIT)

This endorsement modifies such insurance as is afforded by the provision of the policy relating to the following:

It is agreed that the provisions of the policy captioned "LIMITS OF LIABILITY" relating to Bodily Injury and Property Damage Liability are amended to read as follows:

LIMITS OF LIABILITY

Regardless of the number of (1) Insured under this policy, (2) persons or organizations who sustain bodily injury or property damage (4) units of mobile equipment to which this policy applies, the Company's liability is limited as follows:

BODILY INJURY AND PROPERTY DAMAGE LIABILITY

(a) The limit of liability stated in the Schedule of this Endorsement is applicable to "each occurrence" is the total limit of the company's liability for all damages because of bodily injury and property damage as a result of one occurrence.

(b) Subject to the above provisions respecting "each occurrence", the total liability of the company for all damages because of all bodily injury and property damages which occur during each annual period while this policy is in force commencing from its effective date shall not exceed the limit of liability stated in the Schedule of this endorsement as "aggregate".

Nothing herein contained shall be held to vary, alter, waived or extent any of the Agreements, Conditions, Declarations, Exclusions Limitations or Terms of the Policy or any Coverage parts thereof other than as stated above.

BUSINESSOWNERS POLICY CONDITIONS

All coverages of Section I and II are subject to the following conditions.

A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.

2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

   a. 5 days before the effective date of cancellation if any one of the following conditions exists at any building that is Covered Property in this policy.

      (1) The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:

         (a) Seasonal unoccupancy; or

         (b) Buildings in the course of construction, renovation or addition.

         Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.

      (2) After damage by a covered cause of loss, permanent repairs to the building:

         (a) Have not started, and

         (b) Have not been contracted for, within 30 days of initial payment of loss.

      (3) The building has:

         (a) An outstanding order to vacate;

         (b) An outstanding demolition order; or

         (c) Been declared unsafe by governmental authority.

      (4) Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.

      (5) Failure to:

         (a) Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or

         (b) Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.

   b. 10 days before the effective date of cancellation if we cancel for nonpayment of premium.

   c. 30 days before the effective date of cancellation if we cancel for any other reason.

3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.

4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

5. If this policy is canceled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata The cancellation will be effective even if we have not made or offered a refund.

6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. CONCEALMENT, MISREPRESENTATION OR FRAUD

This policy is void in any case of fraud by you at any time as it relates to this policy. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This policy;

2 The Covered Property;

3. Your interest in the Covered Property; or

4. A claim under this policy.

D. 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.

E. INSPECTIONS AND SURVEYS

We have the right but are not obligated to:

1. Make inspections 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 recommendations.

F. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

G. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this policy without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.

H. OTHER INSURANCE

1. If there is other insurance covering the same loss or damage, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

2. Business Liability Coverage is excess over any other insurance that insures for direct physical loss or damage.

3. When this insurance is excess, we will have no duty under Business Liability Coverage to defend any claim or "suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

I. PREMIUMS

1. The first Named Insured shown in the Declarations:

   a. Is responsible for the payment of all premiums; and
   b. Will be the payee for any return premiums we pay.

2. The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued.

   On each renewal, continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

3. With our consent, you may continue this policy in force by paying a continuation premium for each successive one-year period. The premium must be:

   a. Paid to us prior to the anniversary date; and

   b. Determined in accordance with paragraph 2. above.

   Our forms then in effect will apply. If you do not pay the continuation premium, this policy will expire on the first anniversary date that we have not received the premium.

4. Undeclared exposures or change in your business operation, acquisition or use of locations may occur during the policy period that are not shown in the Declarations. If so, we may require an additional premium. That premium will be determined in accordance with our rates and rules then in effect.

J. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHER TO US

1. Applicable to Businessowners Property coverage:

   If any person or organization to or for whom we make payment under this policy has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

   a. Prior to a loss to your Covered Property.

   b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:

      (1) Someone insured by this insurance,

      (2) A business firm:

         (a) Owned or controlled by you; or

         (b) That owns or controls you; or

      (3) Your tenant.

   You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers. This will not restrict your insurance.

2. Applicable to Businessowners Liability coverage:

   If the Insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The Insured must do nothing after loss to impair them. At our request, the Insured will bring "suit" or transfer those rights to us and help us enforce them. This condition does not apply to Medical Expenses Coverage.

K. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

BUSINESSOWNERS POLICY - SECTION III
WORKMEN'S COMPENSATION AND EMPLOYERS' LIABILITY

Agrees with the insured, named in the declarations made a part hereof, in consideration of the payment of the premium and in reliance upon the statements in the declaration and subject to the limits of liability, exclusions, conditions and other terms of this policy section:

INSURING AGREEMENTS

A. COVERAGE E - WORKMEN'S COMPENSATION

To pay promptly when due all compensation and other benefits required of the insured by the Workmen's Compensation Law.

B. COVERAGE F - EMPLOYERS' LIABILITY

To pay on behalf of the insured all sums which the insured shall become legally obligated to pay as damages because of bodily injury by accident or disease, including death at any time resulting therefrom.

(a) Sustained in the Territory of Guam by any employee of the insured arising out of and in the course of his employment by the insured either in operations in a territory designated in the declarations or in operations necessary or incidental thereto; or

(b) Sustained while temporarily outside the territory of Guam by any employee of the insured who is a citizen or resident of the territory of Guam arising out of and in the course of his employment by the insured in connection with operations in a territory designated in the declarations; but this insurance does not apply to any suit brought in or any judgment rendered by any court outside the territory of Guam or to an action on such judgment wherever brought.

DEFENSE, SETTLEMENT, SUPPLEMENTARY PAYMENTS

As respects the insurance afforded by the other terms of this policy the company shall:

(a) Defend any proceeding against the insured seeking such benefits and any suit against the insured alleging such injury and seeking damages on account thereof, even if such proceeding or suit is groundless, false or fraudulent; but the company may make such investigation, negotiation and settlement of any claim or suit as it deems expedient;

(b) Pay all premiums on bonds to release attachments for an amount not in excess of the applicable limit of liability of this policy all premiums on appeal bonds required in any such defended proceeding or suits but without any obligation to apply for or furnish any such bonds;

(c) Pay all expenses incurred by the company, all costs taxed against the insured in any such proceeding or suit and all interest accruing after entry of judgment until the company has paid or tendered or deposited in court such part of such judgment as does not exceed the limit of the company's liability thereon;

(d) Reimburse the insured for all reasonable expenses, other than loss of earnings, incurred at the company's request.

The amounts incurred under this insuring agreement, except settlements of claims and suits, are payable by the company in addition to the amounts payable under Coverage E or the applicable limit of liability under Coverage F.

APPLICATION OF POLICY

This policy applies only to injury:

(1) By accident occurring during the policy period, or

(2) By disease caused or aggravated by exposure of which the last day of the last exposure, in the employment of the insured, to conditions causing the disease occurs during the policy period.

EXCLUSIONS

This policy does not apply:

(a) Under coverages E and F, to operations conducted at or from any workplace not described in the declarations if the insured has, under the Workmen's Compensation Law, other insurance for such operations or is a qualified self-insurer therefor;

(b) Under coverages E and F, unless required by law or described in the declarations, to domestic employment or to farm or agricultural employment;

(c) Under coverage F, to liability assumed by the insured under any contract or agreement, but this exclusion does not apply to a warranty that work performed by or on behalf of the insured will be done in a workmanlike manner;

(d) Under coverage F;

(1) To punitive or exemplary damages on account of bodily injury to or death of any employee employed in violation of law, or

(2) With respect to any employee employed in violation of law with the knowledge or acquiescence of the insured or any executive officer thereof;

(e) Under coverage F, to bodily injury by disease unless prior to thirty-six months after the end of the policy period written claim is made or suit is brought against the insured for damages because of such injury or death resulting therefrom;

(f) Under coverage F, to any obligation for which the insured or any carrier as his insurer may be held liable under the workmen's compensation or occupational disease law of a territory designated in the declarations any other Workmen's Compensation or Occupational Disease Law, any unemployment compensation or disability benefits law, or under any similar law.

CONDITIONS

1. PREMIUM

The premium bases and rates for the classifications of operations described in the declarations are as stated therein and for classifications not so described are those applicable in accordance with the manuals in use by the company. This policy is issued by the company and accepted by the insured with the agreement that if any change in classifications, rates or rating plans is or be comes applicable to this policy under any law regulating this insurance or because of any amendments affecting the benefits provided by the Workmen's Compensation Law, such change with the effective date thereof shall be stated in an endorsement issued to form a part of this policy;

When used as a premium basis, "remuneration" means the entire remuneration, computed in accordance with the manuals in use by the company, earned during the policy period by (a) all executive officers and other employees of the insured engaged in operations covered by this policy, and (b) any other person performing work which may render the company liable under this policy for injury to or death of such person in accordance with the Workmen's Compensation Law. "Remuneration" shall not include the remuneration of any person within division (b) of the foregoing if the insured maintains evidence satisfactory to the company that the payment of compensation and other benefits under such law to such person is secured by other valid and collectible insurance or by any other undertaking approved by the governmental agency having jurisdiction thereof.

If the declarations provide for adjustment of premium on other than an annual basis, the insured shall pay the deposit premium to the company upon the inception of this policy and thereafter interim premiums shall be computed in accordance with the manuals in use by the company and paid by the insured promptly after the end of each interval specified in the declarations. The deposit premium shall be retained by the company until termination of this policy and credited to the final premium adjustment.

The insured shall maintain records of the information necessary for premium computation on the bases stated in the declarations, and shall send copies of such records to the company at the end of the policy period and at such times during the policy period as the company may direct. If the insured does not furnish records of the remuneration of persons within division (b) of the definition of remuneration foregoing the remuneration of such persons shall be computed in accordance with the manuals in use by the company.

The premium stated in the declarations is an estimated premium only. Upon termination of this policy, the earned premium shall be computed in accordance with the rules, rates, rating plans, premiums and minimum premiums applicable to this insurance in accordance with the manuals in use by the company. If the earned premium thus computed exceeds the premium previously paid, the insured shall pay the excess to the company; if less, the company shall return to the insured the unearned portion paid by the insured. All premiums shall be fully earned whether any workmen's compensation law, or any part thereof, is or shall be declared invalid or unconstitutional.

2. LONG TERM POLICY

If this policy is written for a period longer than one year, all the provisions of this policy shall apply separately to each consecutive twelve months period, or, if the first or last consecutive period is less than twelve months, to such period of less than twelve months, in the same manner as if a separate policy had been written for each consecutive period. The earned premium for each such period shall be computed as provided by Condition 1 of this policy subject, except as otherwise provided in the manuals in use by the company with respect to classifications of operations for which this policy provides a per capita premium basis, to the following provisions:

(a) The premium rates for the first consecutive period shall be those stated in the declarations and those applicable for such period in accordance with the manuals in use by the company;

(b) The premium bases, classifications of operations, rates, rating plans, premiums and minimum premiums for each such subsequent period shall be those applicable for such period in accordance with the manuals in use by the company.

3. PARTNERSHIP OR JOINT VENTURE AS INSURED

If the insured is a partnership or joint venture, such insurance as is afforded by this policy applies to each partner or member thereof as an insured only while he is acting within the scope of his duties as such partner or member.

4. INSPECTION AND AUDIT

The company and any rating authority having jurisdiction by law shall each be permitted but not obligated to inspect at any reasonable time the workplaces, operations, machinery and equipment covered by this policy. Neither the 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 insured or others, to determine or warrant that such workplaces, operations, machinery or equipment are safe or healthful, or are in compliance with any law, rule or regulation.

The company and any rating authority having jurisdiction by law shall each be permitted to examine and audit the insured's payroll records, general ledger, disbursements, vouchers, contracts, tax reports and all other books, documents and records of any and every kind at any reasonable time during the policy period and any extension thereof and within three years after termination of this policy, as far as they show or tend to show or verify the amount of remuneration or other premium basis, or relate to the subject matter of this insurance.

5. NOTICE OF INJURY

When an injury occurs written notice shall be given by or on behalf of the insured to the company or any of its authorized agents as soon as practicable. Such notice shall contain particulars sufficient to identify the insured and also reasonably obtainable information respecting the time, place and circumstances of the injury, the names and addresses of the injured and of available witnesses.

6. NOTICE OF CLAIM OR SUIT

If claim is made or suit or other proceeding is brought against the insured, the insured shall immediately forward to the company every demand, notice, s ummons or other process received by him or his repre sentative.

7. ASSISTANCE AND COOPERATION OF THE INSURED

The insured shall cooperate with the company and, upon the company's request, shall attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits or proceedings.

The insured shall not, except at his own cost, voluntarily make any payment, assume any obligation or incur any expense other than for such immediate medical and other services at the time of injury as are required by the Workmen's Compensation Law.

8. STATUTORY PROVISIONS - Coverage E

The company shall be directly and primarily liable to any person entitled to the benefit of the Workmen's Compensation Law under this policy. The obligations of the company may be enforced by such person, or for his benefit by any agency authorized by law, whether against the company alone or jointly with the insured. Bankruptcy or insolvency of the insured or of the insured's estate, or any default of the insured, shall not relieve the company of any of its obligations under coverage E.

As between the employee and the company, notice or knowledge of the injury on the part of the insured shall be notice or knowledge as the case may be, on the part of the company; the jurisdiction of the insured, for the purposes of the Workmen's Compensation Law, shall be jurisdiction of the company and the company shall in all things be bound by and subject to the findings, judgments, awards, decrees, orders or decisions rendered against the insured in the form and manner provided by such law and within the terms, limitations and provisions of this policy not inconsistent with such law.

All of the provisions of the Workmen's Compensation Law shall be and remain a part of this policy as fully and completely as if written herein, so far as they apply to compensation and other benefits provided by this policy and to special taxes, payments into security or other special funds, and assessments required of or levied against compensation insurance carriers under such law.

The insured shall reimburse the company for any payments required of the company under the Workmen's Compensation Law, in excess of the benefits regularly provided by such law, solely because of injury to (a) any employee by reason of the serious and willful misconduct of the insured, or (b) any employee employed by the insured in violation of law with the knowledge or acquiescence of the insured or any executive officer thereof.

Nothing herein shall relieve the insured of the obligations imposed upon the insured by the other terms of this policy.

9. LIMITS OF LIABILITY - Coverage F

The words "damages because of bodily injury by accident or disease, including death at any time resulting therefrom", in Coverage F include damages for care and loss of services and damages for which the insured is liable by reason of suits or claims brought against the insured by others to recover the damages obtained from such others because of such bodily injury sustained by employees of the insured arising out of and in the course of their employment. The limit of liability stated in the declarations for Coverage F is the total limit of the company's liability for all damages because of bodily injury by accident, including death at any time resulting therefrom, sustained by one or more employees of the insured in operations in any territory designated in the declarations or in operations necessary or incidental thereto.

The inclusion herein of more than one insured shall not operate to increase the limits of the company's liability.

10. ACTION AGAINST COMPANY - Coverage F

No action shall lie against the company unless, as a condition precedent thereto, the insured shall have fully complied with all the terms of this policy, nor until the amount of the insured's obligation to pay shall have been finally determined either by judgment against the insured after actual trial or by written agreement of the insured, the claimant and the company.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. Nothing contained in this policy shall give any person or organization any right to join the company as a co-defendant in any action against the insured to determine the insured's liability.

Bankruptcy or insolvency of the insured or of the insured's estate shall not relieve the company of any of its obligations under coverage F.

11. OTHER INSURANCE

If the insured has other insurance against a loss covered by this policy, the company shall not be liable to the insured hereunder for a greater proportion of such loss than the amount which would have been payable under this policy, had no such other insurance existed, bears to the sum of said amount and the amounts which would have been payable under each other policy applicable to such loss, had each such policy been the only policy so applicable.

12. SUBROGATION

In the event of any payment under this policy, the company shall be subrogated to all rights of recovery therefor of the insured and any person entitled to the benefits of this policy against any person or organization, and the insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The insured shall do nothing after loss to prejudice such rights.

13. CHANGES

Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy or stop the company from asserting any right under the terms of this policy; nor shall the terms of this policy be waived or changed, except by endorsement issued to form a part of this policy, signed by a duly authorized representative of the company.

14. ASSIGNMENT

Assignment of interest under this policy shall not bind the company until its consent is endorsed hereon. If, however, during the policy period the insured shall die and written notice is given to the company within thirty days after the date of such death this policy shall cover the insured's legal representative as insured; provided that notice of cancellation addressed to the insured named in the declarations and mailed or delivered, after such death to the address shown in this policy shall be sufficient notice to effect cancellation of this policy.

15. CANCELLATION

This policy may be canceled by the insured by surrender thereof to the company or any of its authorized agents or by mailing to the company written notice stating when thereafter the cancellation shall be effective. This policy may be canceled by the company by mailing to the insured at the address shown in this policy written notice stating when not less than ten days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of the surrender or the effective date and hour of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the insured or by the company shall be equivalent to mailing.

If the insured cancels, unless the manuals in use by the company otherwise provide, earned premium shall be

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

(1) computed in accordance with the customary short rate table and procedure and (2) not less than the minimum premium stated in the declarations. If the company cancels, earned premium shall be computed pro rata. Premium adjustment may be made at the time cancellation is effected and, if not then made, shall be made as soon as practicable after cancellation becomes effective. The company's check or the check of its representative mailed or delivered as aforesaid shall be a sufficient tender of any refund of premium due to the insured.

When the insurance under the Workmen's Compensation Law may not be canceled except in accordance with such law, this condition so far as it applies to the insurance under this policy with respect to such law, is amended to conform to such law.

16. TERMS OF POLICY CONFORMED TO STATUTE - Coverage E

Terms of this policy which are in conflict with the provisions of the Workmen's Compensation Law are hereby amended to conform to such law.

17. DECLARATIONS

By acceptance of this policy the insured agrees that the statements in the declarations 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 its agents relating to this insurance.

DEFINITIONS

(a) WORKMEN'S COMPENSATION LAW. The unqualified term "workmen's compensation law" means the workmen's compensation law and any occupational dis ease law of the territory designated in Section III of the declarations, but does not include those provisions of any such law which provide non-occupational disability benefits.

(b) TERRITORY. The word "territory" means the Territory of Guam.

(c) BODILY INJURY BY ACCIDENT; BODILY INJURY BY DISEASE. The contraction of disease is not an accident within the meaning of the word "accident" in the terms "bodily injury by accident and only such disease as results directly from a bodily injury by accident is included within the term "bodily injury by accident". The term "bodily injury by disease" includes only such disease as is not included within the term "bodily injury by accident."

(d) ASSAULT AND BATTERY. Under Coverage F, assault and battery shall be deemed an accident unless ommitted by or at the direction of the Insured.

☐ **Endorsement No. 01**
WORKMEN'S COMPENSATION UNDER TITLE 33 GOVERNMENT CODE OF GUAM

The obligations of Paragraph One (Coverage A) of the Policy include Title 33, Government Code of Guam, otherwise known as Public Law 80, First Guam Legislature (Workmen's Compensation Law of Guam), and all laws amendatory thereof or supplementary thereto which may be or become effective while this Policy is in force.

The Company shall carry out the provisions of Section 37035, Title 33, Government Code of Guam, and shall comply with Section 37036 of Title 33, Government Code of Guam. Insolvency or bankruptcy of the employer or discharge therein, or both, shall not relieve the Carrier from payment of compensation for disability or death sustained by an employee during the life of the Policy.

The Company agrees to abide by all the provisions of the Title 33, Government Code of Guam and all lawful rules, regulations, orders and decisions of the Workmen's Compensation Commission and Commissioner of Guam unless and until set aside, modified or reversed by a court having jurisdiction of the parties and the subject matter.

If the Employer is a contractor the subject of whose contract includes operations covered by this policy and he shall sub-contract all or any part of such contract to one or more sub-contractors, the remuneration of all the direct employees of all such sub-contractors shall be included in the return of remuneration under the provisions of this Policy upon which premium is computed. Such remuneration so reported shall be considered the remuneration of employees of this Employer and shall in all instances be governed by the same terms, conditions, requirements and obligations of the Policy as the remuneration of the direct Employees of the Employer. The requirements of this paragraph shall not apply as respects any such sub-contractor who has secured compensation for his direct employees as required by Title 33, Government Code of Guam, but this Employer shall not claim the benefit of this exemption unless and until he shall satisfy the Corporation by certifi-

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

cate or otherwise that any such subcontractor has legally secured the payment of compensation to his own direct employees and then only respecting any sub-contractor who has furnished such proof.

This Policy and Endorsement shall not be cancelled prior to the date specified in this policy or Endorsement for its expiration until at least thirty (30) days have elpased after a notice of cancellation has been sent to the Commissioner and the Employer in accordance with the provisions of subsection (c) of Section 37012,Title 33, Government Code of Guam.

All terms, conditions, requirements and obligations expressed in this Policy or in any other endorsement attached thereto which are not inconsistent with or inapplicable to the provisions of this endorsement are hereby made a part of this endorsement as fully and completely as if wholly written herein.

References to the law of any state in Conditions 2 and 4 of this Policy are hereby declared to include for the purpose of this endorsement only, the provisions of Title 33,Government Code of Guam.

☐ **Endorsement No. 02**
EXECUTIVE OFFICERS ENDORSEMENT

Notwithstanding anything to the contrary contained in this policy or any other endorsements hereto, it is hereby noted and agreed that coverage hereunder is extended to apply in respect of Executive Officers of the Employer.

☐ **Endorsement No. 03**
AMENDATORY ENDORSEMENT

It is hereby agreed that:

Condition 4-Inspection and Audit of the policy is amended to read as follows:

"The Company and any rating authority having jurisdiction by law shall each be permitted but not obligated to inspect at any reasonable time the workplaces, operations, machinery and equipment covered by this policy. Neither the 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 insured or others, to determine or warrant that such workplaces, operations, machinery or equipment are safe or healthful, or are in compliance with any law, rule or regulation."

"The company and any rating authority having jurisdiction by law shall each be permitted to examine and audit the insured's payroll records, general ledger, disbursements, vouchers, contracts, tax reports and all other books, documents and records of any and every kind at any reasonable time during the policy period and any extension thereof and within three years after termination of this policy, as far as they show or tend to show or verify the amount of remuneration or other premium basis, or relate to the subject matter of this insurance."

IN WITNESS WHEREOF. the company has caused this policy to be signed by its president and manager, but this policy shall not be valid unless completed by the attachment hereto of a Declarations page designated as part Two and countersigned on the aforesaid Declarations page by a duly authorized agent of the Company.

Choi Yonjo

YONJO CHOI
MANAGER

Jeongnam Kim

JEONG-NAM KIM
PRESIDENT

MACHINERY AND PLANT BREAKDOWN

Underwriters agree (subject to the terms and conditions of the Policy to which this extension forms part) to insure against MACHINERY AND PLANT BREAKDOWN and resultant Business Interruption.

The words "MACHINERY AND PLANT" in capital letters shall mean all integral parts of any boiler or any item of machinery or plant of any kind and description the property of the Insured or in which the Insured has insurable interest.

The word "BREAKDOWN" in capital letters shall mean the actual failure breaking distortion explosion or burning out of any part of the MACHINERY AND PLANT whilst in use or connected ready for use causing its sudden stoppage and necessitating its immediate repair or replacement before it can resume normal work and arising out of

1) mechanical or electrical defects in the item
2) failure or fluctuation of electricity supply.

Unless damage results from a peril insured by the policy of which this extension forms a part this insurance does not cover direct or indirect damage caused by any failure of a system resulting in damage (whether direct or indirect) to any such system or to any other property insured.

This extension does not cover the amounts of the Self Insured Retention stated in the Schedule in respect of each and every loss as ascertained after the application of all other terms and conditions of the policy including any condition of Average (Underinsurance)

This extension does not insure against:

1. Damage resulting from experiments or overload or similar tests requiring the imposition of abnormal conditions.

2. Damage due to faults or defects which were in existence when the insurance was arranged and known to the Insured (or his representative) but not disclosed to the Underwriters.

3. Wastage of material or the like or wearing out of any part of a machine caused by or naturally resulting from ordinary usage or working or other gradual deterioration rust oxidation corrosion or erosion.

4. Damage to exchangeable parts and detachable tools and appliances such as moulds engraved cylinders bits drills cutters or other cutting edges saw blades dies pattern rollers pulverising and crushing hammers refractory lining screens sieves chains belts ropes elevator and conveyor bands batteries tyres connecting wires trailing cables flexible pipes and hoses attachments working below ground level jointing and packing material and parts not made of metal unless damage results from a peril insured by the policy of which this extension forms a part.

5. Loss or damage for which a supplier contractor or repairer is responsible either by law or under contract.

Underwriters shall not be liable for the costs

1. of normal upkeep normal making good maintenance
2. arising from false of unauthorised programming punching labelling or inserting inadvertent cancelling of information or discarding of data media and from loss of information caused by magnetic fields.

Provisions applying to BREAKDOWN only

Basis of Settlement

a. Reinstatement Basis

In the event of BREAKDOWN to MACHINERY AND PLANT which at the time of BREAKDOWN is less than 3 years old for which indemnity is provided by this extension Underwriters will pay the cost of reinstatement meaning

1. where the MACHINERY AND PLANT is lost or destroyed to the extent that it cannot be economically repaired the cost of replacement by similar MACHINERY AND PLANT

2. where the MACHINERY AND PLANT is damaged the cost of repairing or restoring the damage portions to a condition substantially the same as but not better or more extensive than its condition when new.

b Indemnity Basis

In the event of BREAKDOWN other than as described above Underwriters will pay the amount of loss meaning

1. where the MACHINERY AND PLANT is lost or destroyed the value of the MACHINERY AND PLANT prior to its loss or destruction.

2. where the MACHINERY AND PLANT is damaged the cost of repairing or restoring the damaged portions to a condition substantially the same as but not better or more extensive than its condition prior to the occurrence of the damage

c) Special Provisions

The following provisions will apply

1. Where BREAKDOWN occurs to only part of the MACHINERY AND PLANT the liability of Underwriters shall not exceed the amount which Underwriters would have been liable to pay had the MACHINERY AND PLANT been wholly destroyed

2. The work of reinstatement must be commenced and carried out without unreasonable delay and in any case must be completed within twelve months after the BREAKDOWN or within such further time as Underwriters may allow during the said twelve months and may be carried out wholly or partially upon another site and in any manner suitable to the requirements of the Insured provided that it does not increase the liability of Underwriters

3. Underwriters' liability for the cost of reinstatement shall be limited to the value of the MACHINERY AND PLANT prior to the occurrence of BREAKDOWN until the cost of reinstatement shall have actually been incurred

SERVICE OF SUIT CLAUSE (U.S.A.)

This Service of Suit Clause will not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in any Arbitration provision within this Policy. This Clause is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to such Arbitration provision for resolving disputes arising out of this contract of insurance (or reinsurance).

It is agreed that in the event of the failure of the Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Insured (or Reinsured), will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' 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 AM Insurance, Suite 113F Ada's Commercial Center, 215-A Chalan Santo Papa, Agana, Guam that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured (or Reinsured) to give a written undertaking to the Insured (or Reinsured) that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their 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 Reinsured) or any beneficiary hereunder arising out of this contract of insurance (or reinsurance), and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

14/09/2005

LMA5020

Form approved by Lloyd's Market Association

U.S.A. & CANADA

LAND, WATER AND AIR EXCLUSION

Notwithstanding any provision to the contrary within the Policy of which this Endorsement forms part (or within any other Endorsement which forms part of this Policy), this Policy does not insure land (including but not limited to land on which the insured property is located), water or air, howsoever and wherever occurring, or any interest or right therein.

SEEPAGE AND/OR POLLUTION AND/OR CONTAMINATION EXCLUSION

Notwithstanding any provision to the contrary within the Policy of which this Endorsement forms part (or within any other Endorsement which forms part of this Policy), this Policy does not insure:

(a) any loss, damage, cost or expense, or

(b) any increase in insured loss, damage, cost or expense, or

(c) any loss, damage, cost, expense, fine or penalty, which is incurred, sustained or imposed by order, direction, instruction or request of, or by any agreement with, any court, government agency or any public, civil or military authority, or threat thereof, (and whether or not as a result of public or private litigation),

which arises from any kind of seepage or any kind of pollution and/or contamination, or threat thereof, whether or not caused by or resulting from a peril insured, or from steps or measures taken in connection with the avoidance, prevention, abatement, mitigation, remediation, clean-up or removal of such seepage or pollution and/or contamination or threat thereof.

The term "any kind of seepage or any kind of pollution and/or contamination" as used in this Endorsement includes (but is not limited to):

(a) seepage of, or pollution and/or contamination by, anything, including but not limited to, any material designated as a "hazardous substance" by the United States Environmental Protection Agency or as a "hazardous material" by the United States Department of Transportation, or defined as a "toxic substance" by the Canadian Environmental Protection Act for the purposes of Part II of that Act, or any substance designated or defined as toxic, dangerous, hazardous or deleterious to persons or the environment under any other Federal, State, Provincial, Municipal or other law, ordinance or regulation; and

(b) the presence, existence, or release of anything which endangers or threatens to endanger the health, safety or welfare of persons or the environment.

DEBRIS REMOVAL ENDORSEMENT

THIS ENDORSEMENT CONTAINS PROVISIONS WHICH MAY LIMIT OR PREVENT RECOVERY UNDER THIS POLICY FOR LOSS WHERE COSTS OR EXPENSES FOR DEBRIS REMOVAL ARE INCURRED.

Nothing contained in this Endorsement shall override any Seepage and/or Pollution and/or Contamination Exclusion or any Radioactive Contamination Exclusion or any other Exclusion applicable to this Policy.

Any provision within this Policy (or within any other Endorsement which forms part of this Policy) which insures debris removal is cancelled and replaced by the following:

1. In the event of direct physical damage to or destruction of property, for which Underwriters hereon agree to pay, or which but for the application of a deductible or underlying amount they would agree to pay (hereinafter referred to as "Damage or Destruction"), this Policy also insures, within the Sum Insured, subject to the limitations and method of calculation below, and to all the other terms and conditions of the Policy, costs or expenses;

(a) which are reasonably and necessarily incurred by the Assured in the removal, from the premises of the Assured at which the Damage or Destruction occurred, of debris which results from the Damage or Destruction; and

(b) of which the Assured becomes aware and advises the amount thereof to Underwriters hereon within one year of the commencement of such Damage or Destruction.

2. In calculating the amount, if any, payable under this Policy for loss where costs or expenses for removal of debris are incurred by the Assured (subject to the limitations in paragraph 1 above):

(a) the maximum amount of such costs or expenses that can be included in the method of calculation set out in (b) below shall be the greater of US$25,000 (twenty-five thousand dollars) or 10% (ten percent) of the amount of the Damage or Destruction from which such costs or expenses result; and

(b) the amount of such costs or expenses as limited in (a) above shall be added to:

(i) the amount of the Damage or Destruction; and

(ii) all other amounts of loss, which arise as a result of the same occurrence, and for which Underwriters hereon also agree to pay, or which but for the application of a deductible or underlying amount they would agree to pay; and

the resulting sum shall be the amount to which any deductible or underlying amount to which this Policy is subject and the limit (or applicable sub-limit) of this Policy, shall be applied.

24/11/88
NMA2340

RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE - PHYSICAL DAMAGE - DIRECT (U.S.A.)

This Policy does not cover any loss or damage arising directly or indirectly from nuclear reaction nuclear radiation or radioactive contamination however such nuclear reaction nuclear radiation or radioactive contamination may have been caused * NEVERTHELESS if Fire is an insured peril and a Fire arises directly or indirectly from nuclear reaction nuclear radiation or radioactive contamination any loss or damage arising directly from that Fire shall (subject to the provisions of this Policy) be covered EXCLUDING however all loss or damage caused by nuclear reaction nuclear radiation or radioactive contamination arising directly or indirectly from that Fire.

* NOTE. - If Fire is not an insured peril under this Policy the words "NEVERTHELESS" to the end of the clause do not apply and should be disregarded.

7/5/59
NMA1191

ELECTRONIC DATE RECOGNITION EXCLUSION (EDRE)

This Policy does not cover any loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

(a) the calculation, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, programme or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not; or

(b) any change, alteration, or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, programme or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not.

This clause applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

17/12/97
NMA2802

ELECTRONIC DATA ENDORSEMENT B

1. Electronic Data Exclusion

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

(a) This Policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA from any cause whatsoever (including but not limited to COMPUTER VIRUS) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorised instructions or code including a set of maliciously introduced unauthorised instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

(b) However, in the event that a peril listed below results from any of the matters described in paragraph (a) above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage occurring during the Policy period to property insured by this Policy directly caused by such listed peril.

Listed Perils

Fire

Explosion

2. Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost of the blank media plus the costs of copying the ELECTRONIC DATA from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling such ELECTRONIC DATA. If the media is not repaired, replaced or

restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Assured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

25/01/01

NMA2915

WAR AND TERRORISM EXCLUSION ENDORSEMENT

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

1. war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or

2. any act of terrorism.

   For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to 1 and/or 2 above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Assured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

08/10/01

NMA2918

BIOLOGICAL OR CHEMICAL MATERIALS EXCLUSION

It is agreed that this Insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.

06/02/03
NMA 2962

U.S. TERRORISM RISK INSURANCE ACT OF 2002 AS AMENDED NOT PURCHASED CLAUSE

This Clause is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as amended as summarized in the disclosure notice.

It is hereby noted that the Underwriters have made available coverage for "insured losses" directly resulting from an "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002", as amended ("TRIA") and the Insured has declined or not confirmed to purchase this coverage.

This Insurance therefore affords no coverage for losses directly resulting from any "act of terrorism" as defined in TRIA except to the extent, if any, otherwise provided by this policy.

All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

LMA5219
12 January 2015

ASBESTOS ENDORSEMENT

A. This Insurance only insures asbestos physically incorporated in an insured building or structure, and then only provides indemnity in respect of that part of the asbestos which has been physically damaged during the period of insurance by one of these Listed Perils:

Fire, Lightning, Explosion, Aircraft, Riot or Civil Commotion, Earthquake, Subterranean Fire, Storm or Flood, Escape of Water, Impact, Sprinkler Leakage, Subsidence.

This coverage is subject to all limitations in the policy to which this endorsement is attached and in addition to each of the following specific limitations:

1. The said building or structure must be insured under this Insurance for damage by a Listed Peril.

2. The Listed Peril must be the immediate sole cause of the damage to the asbestos.

3. The Assured must report to the Underwriters the existence and cost of the damage as soon as practicable after the Listed Peril first damaged the asbestos. However this Insurance does not insure any such damage first reported to the Underwriters more than 12 (twelve) months after the expiration, or termination, of the period of insurance.

4. This Insurance shall provide no cover (whether for physical damage, business interruption, delay of repair or other consequential loss) in respect of:

   (i) wear and tear or inherent defect, quality or vice in or of any asbestos;

   (ii) any compliance with or breach of any legal or other duty or obligation (including without limitation any duty arising from any contract or statute, or any instruction, request or order of any court or governmental or regulatory authority) of any person in connection with the design, manufacture, installation, use, retention, treatment, management, repair, replacement or removal of any asbestos (damaged or otherwise); or

   (iii) any asbestos which the Listed Peril has not physically damaged.

B. Except as set forth in the foregoing Part A of this endorsement, this Insurance does not insure asbestos or any interest relating thereto.

LMA5011 22/11/04

Form approved by Lloyd's Market Association

MICROORGANISM EXCLUSION (ABSOLUTE)

This Policy does not insure any loss, damage, claim, cost, expense or other sum directly or indirectly arising out of or relating to:

> mold, mildew, fungus, spores or other microorganism of any type, nature, or description, including but not limited to any substance whose presence poses an actual or potential threat to human health.

This Exclusion applies regardless whether there is (i) any physical loss or damage to insured property; (ii) any insured peril or cause, whether or not contributing concurrently or in any sequence; (iii) any loss of use, occupancy, or functionality; or (iv) any action required, including but not limited to repair, replacement, removal, cleanup, abatement, disposal, relocation, or steps taken to address medical or legal concerns.

This Exclusion replaces and supersedes any provision in the Policy that provides insurance, in whole or in part, for these matters.

14/09/2005

LMA5018

Form approved by Lloyd's Market Association

FRAUDULENT CLAIM CLAUSE

If the (re)insured shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this contract shall become void and all claim hereunder shall be forfeited.

LMA5062

04/06/2006

Form approved by Lloyd's Market Association

SANCTION LIMITATION AND EXCLUSION CLAUSE

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

15/09/10

LMA3100

SAMPLE

ENDORSEMENTS attaching to and forming part of this policy

1. The Insuring Clause of the Policy is amended to read as follows:
SUBJECT TO THE EXCLUSION, CONDITIONS AND LIMITATIONS CONTAINED HEREIN, this Policy insured (1) the Property of the Insured which has been declared to and agreed by Underwriters and (2) Property of others in which the Insured has insurable interest, as more fully defined in the Schedule, against RISKS OF DIRECT PHYSICAL LOSS OR DAMAGE occurring during the period of this Policy

2. The schedules of property provided to Underwriters represent, to the best of the Insured's knowledge, a complete listing of all its owned and leased real and personal property and the current replacement values thereof. The schedules are not to be used to establish sub-limits of coverage, nor are they to be considered as any form of valuation. The amount payable under this Policy shall not be limited by individual values shown on the schedules prepared for Underwriters

3. Ingress/Egress: This Policy is extended to cover the actual loss sustained during the period of time when, as a result of a direct physical loss or damage caused by a peril insured against, access to real or personal property of the Insured is impaired or denied by order of civil authority or otherwise in whole or in part (4 week limitation)

4. Preservation of Property: In the case of actual or imminent physical loss or damage of the type insured against by this Policy, the expenses incurred by the Insured in taking reasonable and necessary actions for the temporary protection and preservation of property insured hereunder shall be added to the total physical loss or damage, if any, otherwise recoverable under this Policy and be subject to the applicable Deductible and without increase in the Limit provisions contained in this Policy

5. Condition 5 (Valuation) of the Policy is amended to read as follows:
In the event of loss recovery shall be made on the basis of 100% of the property's current replacement value at the time and place of loss. The Insured shall not be required to rebuild damaged or destroyed property on the same site nor with like kind and quality

6. Condition 16 (Cancellation) of the Policy is amended to read as follows:
This Policy may be cancelled by the Insured at any time by written notice or by surrender of this Policy. If Underwriters desire to cancel this Policy they shall give 90 days' prior written notice by email and Certified Mail to: Greg P. Cruz, Chief Financial Officer, Guam Waterworks Authority, P.O. Box 3010, Hagatna, Guam 96932, e-mail address: gpcruz@guamwaterworks.org.

If this Insurance shall be cancelled by the Insured the Underwriters shall retain the customary short rate proportion of the premium hereon, except that if this Insurance is on an adjustable basis the Underwriters shall receive the earned premium hereon or the short rate proportion of any minimum or deposit premium stipulated herein whichever is the greater.

If this insurance shall be cancelled by or on behalf of the Underwriters, the Underwriters shall retain the pro rata proportion of the premium hereon except that if this Insurance is on an adjustable basis the Underwriters shall receive the earned premium hereon or the pro rata proportion of any minimum premium stipulated herein whichever is the greater.

Payment or tender of any unearned premium by the Underwriters shall not be a condition precedent to the effectiveness of Cancellation but such payment shall be made as soon as practicable.

If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

7. The Professional Fees clause in the Policy is amended to read as follows: "The sums insured herein are deemed to include architects', surveyors' and consultants' fees necessarily incurred by the Insured in the reinstatement of the property following upon its destruction or damage by any peril insured against including fees for the preparation of a claim or an estimate of loss subject to the scales of professional charges prevailing at the time of the destruction or damage."

8. Underwriters waive their rights of subrogation against any tenant occupying, renting or leasing property from the Insured

9. This insurance includes losses resulting from interruption or interference with the Business in consequence of damage to or loss of use of:

   1. property at the Guam Waterworks Authority, including equipment anywhere on Guam.
   2. property of electricity, steam, water, gas, refrigeration, telephone or signal communication, power or other similar type of utility services

SAMPLE

ANNUAL REVIEW CLAUSE

Policy Number:

Inception Date:

Expiry Date:

In consideration of the granting of this Policy for a period in excess of 12 months, it is agreed by both Underwriters and the Insured that on each 12 month Anniversary Date the Underwriters will be required to continue insurance coverage under this Policy for a further period of 12 months at the same premium and subject to the same terms and conditions, except if any of the following factors apply as at that Anniversary Date (in which case the Underwriters are entitled to review the insurance coverage and amend its terms and conditions, including the premium and the deductible or excess, or, at the sole option of the Underwriters, to issue notice of cancellation in accordance with the conditions set out under the Policy):

1. There has been a Material Change in the Risk.

2. There has been an increase of more than 10% in the Insured's estimated turnover for the forthcoming 12 months period in comparison to that given for the preceding 12 months period.

3. There has been a change in law which has the effect of increasing the Underwriters' exposure.

4. The Incurred Claims exceed 50% of the Net Premium in respect of the prior 12 months' period of insurance to which this clause relates.

5. There has been significant adverse development in the historical loss record in any of the prior 5 years whereby Incurred Claims exceed 50% of the Net Premium.

6. There has been a change in legal regulations relating to insurance contracts which oblige the Underwriters to alter any terms or conditions of the Policy, or

7. There has been a change in Underwriters' reinsurance arrangements - having the effect that reinsurance protection is no longer available to the Underwriters on substantially the same terms and conditions as previously.

The term "Material Change in the Risk" shall mean any change relating to or affecting the Insured's business activities which, if disclosed, might influence the Underwriters to either decline to continue the insurance or to stipulate a higher premium including, but not limited to, the following:

(a) Any change in the business activities of the Insured of a partial or additional nature

(b) Any change, either through expansion or contraction, in the territories or countries in which the Insured transacts their business either in terms of domicile, operations therein or exports thereto

(c) Any change in production methods or the adoption of new technology in the business of the Insured

(d) Any change in approach to the training of the Insured's employees or a change in the minimum required competencies of such employees

(e) Any change in approach to the risk management procedures adopted by the Insured

(f) In respect of any information previously supplied to Underwriters, any change in that information

The term "Incurred Claims" means the total cost of claims including actual claim payments (including medical, legal and other costs and expenses) and reserves set by the Underwriters on outstanding claims (also including such costs and expenses).

The term "Net Premium" means the premium received by the Underwriters net of tax and any commissions or other deductions.

Nothing in this Clause shall prejudice any rights the Underwriters may have to cancel this policy in accordance with (i) any cancellation condition, or the like, which may be contained in the Policy or (ii) in accordance with any general principle of contract law (including but not limited to misrepresentation).

The terms of this Clause apply only to this Policy and not to any subsequent policy issued in renewal of this policy nor to any Excess Liability Policy which may be issued to operate in excess of this Policy (unless specifically stated to the contrary herein).

SAMPLE

Dongbu Insurance Co., Ltd.

Seoul, Korea

General Liability Policy

Part Two. This Declarations Page and Coverage Part(s) with "policy provision Part One" completes the below numbered

Item	DECLARATIONS	POLICY NUMBER:		
1.	*Named Insured* Address:			
2	POLICY PERIOD: 12:01 AM STANDARD TIME AT THE ADDRESS OF THE NAMED INSURED AS STATES HEREIN	FROM:	TO:	
	Insurance hereunder is provided in the insurance company named below. (hereinafter called the Company) **Dongbu Insurance Co., Ltd.**			
3.	The insurance afforded is only with respect to such of the following parts designated by an "X" in [ ] and Coverages therein as are indicated by specific premium charge or charges. The limit of Company's Liability against each such Coverage shall be as stated herein, subject to all the terms of this policy having reference thereto.			
	Comprehensive General Liability Insurance..... [ ] Owners' Landlords' and Tenants' Liability Insurance..... [ ] Manufacturers' and Contractors' Liability Insurance..... [ ] **Contractual Liability Insurance**..... [ ] **Products and Completed Operations Liability Insurance**..... [ ] Owners' and contractors protection liability..... [ ]	**LIMITS OF LIABILITY**		ADVANCE PREMIUM
		EACH OCCURRENCE	**EACH AGGREGATE**	
	Bodily Injury Liability	$	$	$
	Property Damage Liability	$	$	$
		EACH PERSON	**EACH ACCIDENT**	
	Premises Medical Payments..... [ ]	$	$	$
		AGGREGATE		
	Personal Injury Liability Insurance..... [ ]			$
			EACH CLAIMS	**AGGREGATE**
		INDIVIDUAL PARTNERSHIP	$ XXX	XXX
	Comprehensive Automobile Liability Insurance..... [ ]	**EACH PERSON**	**EACH OCCURRENCE**	
	Bodily Injury Liability	$	$	$
	Property Damage Liability	XXX	$	$
		EACH PERSON	**EACH ACCIDENT**	
	Automobile Medical Payments Insurance..... [ ]	$	XXX	$
	Garage Insurance..... [ ]	See Coverage Part for Limits of Liability		$
	Automobile Physical Damage Insurance (Non-Fleet)..... [ ]	See Coverage Part for Limits of Liability		$
	Automobile Physical Damage Insurance (Fleet Automatic)..... [ ]			$
	Schedule Automobile Liability Insurance..... [ ]	See Coverage Part for Limits of Liability		$
	Endorsement and Additional Coverage Parts # (IDENTIFY BY FORM NUMBERS)	**See Schedule of Endorsement attached.**		
	If Policy Period more than one year and the premium is to be paid		**Total Advanced Premium**	$
	In installments, premium is payable: on effective date of policy $	1st Anniversary $	2nd Anniversary	$
	Audit Period: Annual, unless otherwise stated			$
4	The named Insured is: Individual [ ] Partnership [ ] Corporation [ ] Joint Venture [ ] Other [X] Hospital Authority			
	Business of the named insured is:			
5	Policy Territory: Island of Guam, The United States and in United States territories or possessions.			

Form No. KGL - 0301

CLT /COV /AGT /UND /HFC

Signed By: _____

Authorized Representative
Moylan's Insurance Underwriters, Inc.
General Agent

Named Insured: _____

SCHEDULE OF ENDORSEMENT

Subject to the following clauses/riders or endorsements marker "X" under the policy:

Subject to the following clauses/riders or endorsements attached to and forming part of this policy:

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits of conditions of the Policy except as herein above set forth.

This endorsement is effective as of inception of the policy of which this form is made a part.

Attached to and forming part of Policy No. _____ of the **Dongbu Insurance Co., Ltd.**

Date issued:

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Named Insured: _____

GUAM WATERWORKS AUTHORITY

GENERAL LIABILITY POLICY SPECIMEN

"Terms and Conditions contained therein will be provided to the Corporation without change"



MOYLAN'S INSURANCE UNDERWRITERS, INC.
Home of the Good Guys and Gals
424 W OBrien Dr Ste 102
Hagatna GU 96910

RISK DETAILS

TYPE	Commercial General Liability reinsurance
ORIGINAL INSURED	The Guam Waterworks Authority, any director, officer, elected or appointed official, contract employee, servant, employee or volunteer worker acting for or on behalf of the Authority
ADDRESS	Lot 2512, Municipality of Mangilao 688 Route 15 Fadian Mangilao GUAM 96923
REINSURED	Dongbu Insurance Company Ltd, Guam
PERIOD	36 months from 1st May 2017 to 1st May 2020 both days at 12:01am local standard time at the address of the Original Insured. Or 60 months from 1st May 2017 to 1st May 2022 both days at 12:01am local standard time at the address of the Original Insured. Period hereon: 1st May 2017 to 1st May 2018 both days at 12:01am local standard time at the address of the Original Insured.
BUSINESS	Ownership, operation and maintenance of fresh and waste water facilities
LIMIT OF INDEMNITY	Section A - Public Liability: USD 50,000,000 any one occurrence Section B - Pollution Liability: USD 15,000,000 any one occurrence and in the aggregate Section C - Products Liability: USD 50,000,000 any one occurrence and in the aggregate
TERRITORIAL LIMITS	Guam but worldwide in respect of Products.
CONDITIONS	Underwriters agree to waive sight of retention Subject to the express terms of this Reinsurance, Reinsurers are liable under this Reinsurance to the extent that the Reassured is liable under the contract protected hereunder. Claims Control Clause as attached NMA1998 Service of Suit Clause as attached LMA3100 Sanction Limitation and Exclusion Clause This reinsurance is subject to notice of cancellation at the anniversary date. Notice of cancellation with effect from 1st May 2018 is hereby given Annual Review Clause as attached Original Conditions Wording: NVA07 Intl CGL plus Personal Injury Extension as attached

Excess USD 300,000 each and every loss
Employees, officials and directors of the Insured are covered whilst attending meetings worldwide subject to the policy terms, conditions and limitations

If Underwriters desire to cancel this policy other than for non-payment of premium, they shall give not less than ninety (90) days' prior written notice by e-mail and Certified Mail to:
Greg P Cruz, Chief Financial Officer
PO Box 3010
Hagatna
Guam 96923
e-mail gpcruz@guamwaterworks.org

Additional Insureds, waivers of subrogation, indemnities and contractual agreements, hold harmless agreements and cross liability clauses shall be held covered subject to notification to Insurers as soon as is practicable

Including the Insured's liability arising out of any events held throughout the year on the Insured's premises

Including the liability of the Insured for bodily injury and/or property damage caused by an occurrence arising out of the giving or serving of alcoholic beverages by the Insured at functions incidental to the Insured's business, subject to a policy limit of USD 1,000,000 any one occurrence. Such limit is included within and not in addition to the limit of liability shown in the policy

In the event of a claim under this policy, Insurers waive the right to invoke the legal defence of sovereign immunity

EXPRESS WARRANTIES

None
(Other than those that may be expressly contained within the policy conditions, wordings, clauses and in addition to any implied warranties under the law to which this insurance is subject – failure to comply with a warranty will, in normal circumstances, void this insurance policy).

CONDITIONS PRECEDENT

None
(Other than those that may be expressly contained within the policy conditions, wordings, clauses and in addition to any implied warranties under the law to which this insurance is subject – failure to comply with any such Condition Precedent may result in the cancellation of or denial of coverage under this policy).

SUBJECTIVITIES

None
(Other than those that may be expressly contained within the policy conditions, wordings, clauses to which this insurance is subject – failure to comply with any such Subjectivities may result in the cancellation of this policy and the issuance of a policy premium refund on a pro rata basis).

CHOICE OF LAW & JURISDICTION

This insurance shall be governed by and construed in accordance with the laws of Guam and the exclusive jurisdiction of the Guam courts. The seat of arbitration shall be Tamuning

PREMIUM PAYMENT TERMS

It is a condition of this contract of reinsurance that the premiums due must be paid to and received by Reinsurer on or before midnight on the dates specified

If this condition is not complied with this policy shall terminate from midnight on the due date of the first breach with the Reinsured hereby agreeing to pay premium calculated at not less than pro rata temporis

1) 1st July 2017 - 50%
2) 1st October 2017 - 50%

The second instalment is to be paid as an Additional Premium and not as deferred

TAXES PAYABLE BY REINSURED WHICH ARE ADMINISTERED BY REINSURERS	None
RECORDING, TRANSMITTING & STORING INFORMATION	Where the Broker maintains risk and claim data/information/documents the Broker may hold data/information/documents electronically
INSURER CONTRACT DOCUMENTATION	This document details the contract terms entered into by the reinsurer(s), and constitutes the contract document

INFORMATION

The following information was provided to insurer(s) to support the assessment of the risk at the time of underwriting.

2012 turnover - USD 67,315,207
2013 turnover - USD 67,111,723
2014 turnover - USD 81,000,000
2015 turnover - USD 94,000,000
2016 turnover - USD 104,987,000

Invitation for Competitive Sealed Bids IFB 2017-12

PREMISES

The Authority occupies an approximate 15,000ft administration building at 578 North Marine Corps Drive, Tamuning, Guam. It also has the following facilities located throughout Guam:

Fresh water system

1 treatment plant
21 reservoirs
33 booster pump stations
35 pressure relief valve vaults
120 water well sites
19 owned water storage tanks
394 miles of pipe

Waste water system

7 treatment plants
164 booster pump stations
72 pumping stations
6,776 manholes
224 miles of pipe

Operations consist principally of administration, routine maintenance and repair work. 333 employees

In addition to the Insured's fresh water sources, the US Navy supplies water from its system to the Insured for sale to non-military customers

No data is currently available as to contractual obligations incurred by the Authority

CLAIMS

No claims exceeding the deductible in the last 5 years

SECURITY DETAILS

INSURER'S LIABILITY **LMA3333**

(Re)insurer's liability several not joint

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning 'signing' below. In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite under this contract. The business address of each member is Lloyd's, One Lime Street, London, EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportions may be obtained by writing to Market Services, Lloyd's, at the above address.

Proportion of liability

Unless there is 'signing' (see below) the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its 'written line'. Where this contract permits, written lines, or certain written lines, may be adjusted ('signed'). In that case, a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a 'signed line'. The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred. Although reference is made at various points in this clause to 'this contract' in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

ORDER HEREON 100% of 100%

BASIS OF WRITTEN LINES

Percentage of whole

SIGNING PROVISIONS

In the event that the written lines hereon exceed 100% of the order, any lines written "to stand" will be allocated in full and all other lines will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order without further agreement of any of the insurers.

However:

a) in the event that the placement of the order is not completed by the commencement date of the period of insurance then all lines written by that date will be signed in full;

b)the signed lines resulting from the application of the above provisions can be varied, before or after the commencement date of the period of insurance, by the documented agreement of the insured and all insurers whose lines are to be varied. The variation to the contracts will take effect only when all such insurers have agreed, with the resulting variation in signed lines commencing from the date set out in that agreement.

PUBLIC & PRODUCTS LIABILITY INSURANCE

1. OPERATIVE CLAUSE

The Underwriters will indemnify the Insured against their liability to pay damages (including claimants' costs, fees and expenses) in accordance with the law of any country but not in respect of any judgement, award, payment or settlement made within countries which operate under the laws of the United States of America or Canada (or to any order made anywhere in the world to enforce such judgement, award, payment or settlement either in whole or in part) unless the Insured has requested that there shall be no such limitation and has accepted the terms offered by Underwriters in granting such cover, which offer and acceptance must be signified by specific endorsement to this Policy.

This indemnity applies only to such liability as defined by each insured Section of this Policy arising out of the Business specified in the Schedule, subject always to the terms, Conditions and Exclusions of such Section and of the Policy as a whole.

For the purpose of determining the indemnity granted

1.1. "Injury" means death, bodily injury, illness or disease of or to any person;

1.2 "Damage" means loss of possession or control of or actual damage to tangible property;

1.3 "Pollution" means pollution or contamination of the atmosphere or of any water, land or other tangible property;

1.4 "Product" means any property after it has left the custody or control of the Insured which has been designed, specified, formulated, manufactured, constructed, installed, sold, supplied, distributed, treated, serviced, altered or repaired by or on behalf of the Insured, but shall not include food or drink supplied by or on behalf of the Insured primarily to the Insured's employees as a staff benefit.

5 "Terrorism" means an act, including but not limited to the use of force or violence and/or threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or governments(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

6 "Occurrence" means an event, including continuous or repeated exposures to substantially the same general conditions, which result in Injury and/or Damage neither expected nor intended from the standpoint of the Insured. All events of a series consequent upon or attributable to one source or original cause shall be deemed one Occurrence

2. INDEMNITY TO OTHERS

The indemnity granted extends to

2.1 at the request of the Insured, any party who enters into an agreement with the Insured for any purpose of the Business, but only to the extent required by such agreement to grant such indemnity and subjects always to Clauses 7.3.3, and 12.3;

2.2. officials of the Insured in their business capacity for their liability arising out of the performance of the Business and/or in their private capacity arising out of their temporary engagement of the Insured's employees;

2.3 at the request of the Insured any person or firm for their liability arising out of the performance of a contract to provide labour only services to the Insured;

2.4 the officers, committee and members of the Insured's canteen, social, sports, medical, fire fighting and welfare organisations in their respective capacity as such;

2.5 the personal representatives of the estate of any person indemnified by reason of this Clause 2 in respect of liability incurred by such persons;

provided always that all such persons or parties shall observe, fulfil and be subject to the terms, Conditions and Exclusions of this Policy as though they were the Insured.

3. CROSS LIABILITIES

Each person or party specified as the Insured in the Schedule is separately indemnified in respect of claims made against any of them by any other, subject to Underwriters' total liability not exceeding the stated Indemnity Limits.

4. DEFENCE COSTS

The Underwriters will pay all costs, fees and expenses incurred by the Insured with the Underwriters prior written consent in the investigation defence or settlement of any claim made against the Insured under this Policy (hereinafter called "Defence Costs") other than in respect of any actions in the United States of America or Canada.

Defence Costs extend to include the costs of representation at any inquest inquiry or other proceedings in respect of matters which have a direct relevance to any claim made or which might be made against the Insured provided such claim or claims arise from an Occurrence which is the subject of indemnity by this Policy

5. INDEMNITY LIMITS

Underwriters' liability to pay damages (including claimants' costs, fees and expenses) shall not exceed the sum stated in the Schedule against each Section in respect of any one Occurrence or series of Occurrences arising from one originating cause, but under Section B and Section C the Indemnity Limits represent Underwriters' total liability in respect of all Occurrences.

Defence Costs will be payable in addition to the Indemnity Limits unless this Policy is endorsed to the contrary.

Should liability arising from the same originating cause form the subject of indemnity by more than one Section of this Policy, each Section shall be subject to its own Indemnity Limit, provided always

that the total amount of Underwriters' liability shall not exceed the greatest Indemnity Limit available under any one of the Sections providing indemnity.

SECTION A - PUBLIC LIABILITY

6. SECTION A - INDEMNITY

The Insured is indemnified by this Section in accordance with the Operative Clause for and/or arising out of Injury and/or Damage occurring during the Period of Insurance but not against liability arising out of

6.1 Pollution;

6.2 or in connection with any Product.

7. SECTION A - EXCLUSIONS

This section does not cover liability

7.1 arising out of the ownership, possession or use of any motor vehicle or trailer by or on behalf of the Insured, other than claims

7.1.1 caused by the use of any tool or plant forming part of or attached to or used in connection with any motor vehicle or trailer;

7.1.2 arising beyond the limits of any carriageway or thoroughfare and caused by the loading or unloading of any motor vehicle or trailer;

7.1.3 for damage to any bridge, weighbridge, road or anything beneath caused by the weight of any motor vehicle or trailer or the load thereon;

7.1.4 arising out of any motor vehicle or trailer temporarily in the Insured's custody or control for the purpose of parking;

provided always that no indemnity is granted against liability compulsorily insurable by legislation or for which the government or other authority has accepted responsibility;

7.2 arising out of the ownership, possession or use by or on behalf of the Insured of any aircraft, watercraft or hovercraft (other than watercraft not exceeding five metres in length and then only whilst on inland waterways);

7.3 for and/or arising out of Damage to property owned, leased or hired by or under hire purchase or on loan to the Insured or otherwise in the Insured's care, custody or control other than

7.3.1 premises (or the contents thereof) temporarily occupied by the Insured for work therein, and/or other property temporarily in the Insured's possession for work thereon (but no indemnity is granted for Damage to that part of the property on which the Insured is working and which arises out of such work);

7.3.2 clothing and personal effects belonging to employees and visitors of the Insured;

7.3.3 premises tenanted by the Insured to the extent that the Insured would be held liable in the absence of any specific agreement.

SECTION B - POLLUTION LIABILITY

8. SECTION B - INDEMNITY

The Insured is indemnified by this Section in accordance with the Operative Clause for and/or arising out of Injury and/or Damage occurring during the Period of Insurance and arising out of Pollution, but only to the extent that the Insured can demonstrate that such Pollution

8.1 was the direct result of a sudden, specific and identifiable event occurring during the Period of Insurance;

8.2 was not the direct result of the Insured failing to take reasonable precautions to prevent such Pollution.

9. SECTION B - EXCLUSIONS

This Section is subject to the Exclusions of Sections A7 and C11, and also does not cover liability for and/or arising out of

9.1 Damage to premises which is presently or was at any time previously owned, leased or tenanted by the Insured;

9.2 Damage to land or water within or below the boundaries of any land or premises which is presently or was at any time previously owned, leased or tenanted by the Insured or otherwise in the Insured's care, custody or control.

SECTION C - PRODUCTS LIABILITY

10. SECTION C - INDEMNITY

The Insured is indemnified by this Section in accordance with the Operative Clause for and/or arising out of Injury and/or Damage occurring during the Period of Insurance but only against liability arising out of or in connection with any Product and not against liability arising out of Pollution.

11. SECTION C - EXCLUSIONS

This Section does not cover liability

11.1 for and/or arising out of Damage to any Product or part thereof;

11.2 for costs incurred in the repair, reconditioning, modification or replacement of any Product or part thereof and/or financial loss consequent upon the necessity for such repair, reconditioning, modification or replacement;

11.3 arising out of the recall of any Product or part thereof;

11.4 arising out of any Product or part thereof which with the Insured's knowledge is intended to be incorporated into the structure, machinery or controls of any aircraft.

12. GENERAL EXCLUSIONS APPLICABLE TO ALL SECTIONS OF THE POLICY

This Policy does not cover liability

12.1 arising out of the deliberate, conscious or intentional disregard by the Insured's technical or administrative management of the need to take all reasonable steps to prevent Injury or Damage;

12.2 for and/or arising out of Injury to any person under a contract of employment or apprenticeship with or the provision of labour only services to the Insured where such Injury arises out of the execution of such contract;

12.3 arising out of liquidated damages clauses, penalty clauses or performance warranties unless proven that liability would have attached in the absence of such clauses or warranties;

12.4 directly or indirectly occasioned by, happening through or in consequence of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military or usurped power;

12.5 directly or indirectly caused by or contributed to by or arising from

12.5.1 ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel;

12.5.2 the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;

12.6 for Injury and/or Damage directly or indirectly caused by, resulting from or in connection with any act of Terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

This exclusion also excludes Injury and/or Damage directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of Terrorism.

If the Underwriters allege that by reason of this exclusion, any Injury and/or Damage is not covered by this Policy the burden of proving the contrary shall be upon the Insured.

In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

12.7 directly or indirectly caused by or alleged to be caused by or contributed to in whole or in part or arising from the existence of or exposure to asbestos and /or any asbestos containing materials

12.8 for the Excess as stated in the Schedule in respect of the first amount of each claim or series of claims arising out of one originating cause

(if any product from one prepared or acquired batch causes Damage to property of or Injury to more than one person, the Damage to property of all persons and all Injury resulting from that batch shall be considered as arising out of one originating cause);

12.9 which forms the subject of insurance by any other policy and this Policy shall not be drawn into contribution with such other insurance;

12.10 for awards or damages of a punitive or exemplary nature whether in the form of fines, penalties, multiplication of compensation awards or damages or aggravated damages or in any other form whatsoever.

13. GENERAL CONDITIONS

(Conditions 13.1 to 13.4 are precedent to Underwriters' liability to provide indemnity under this Policy).

13.1 The Insured shall give written notice to the Underwriters as soon as reasonably practicable of any Occurrence that may give rise to a claim under this Policy and shall give all such additional information as the Underwriters may require. Every claim, writ, summons or process and all documents relating thereto shall be forwarded to the Underwriters immediately they are received by the Insured.

13.2 No admission, offer, promise or payment shall be made or given by or on behalf of the Insured without the prior written consent of the Underwriters who shall be entitled to take over and conduct in the name of the Insured the defence or settlement of any claim or to prosecute in the name of the Insured to their own benefit any claim for indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings and in the settlement of any claim and the Insured shall give all such information and assistance as the Underwriters may reasonably require.

13.3 The Insured shall give notice as soon as reasonably practicable of any fact or event which materially changes the information supplied to Underwriters at the time when this Policy was effected and Underwriters may amend the terms of this Policy according to the materiality of the change.

13.4 Where the premium is provisionally based on the Insured's estimates, the Insured shall keep accurate records and after expiry of the Period of Insurance declare as soon as possible such details as Underwriters require. The premium shall then be adjusted and any difference paid by or allowed to the Insured as the case may be subject to any minimum premium that may apply.

13.5 The Underwriters may at any time pay to the Insured in connection with any claim or series of claims under this Policy to which an Indemnity Limit applies the amount of such Limit (after deduction of any sums already paid) or any lesser amount for which such claims can be settled and upon such payment being made the Underwriters shall relinquish the conduct and control of and be under no further liability in connection with such claims except for the payment of Defence Costs incurred prior to the date of such payment (unless the Indemnity Limit is stated to be inclusive of Defence Costs).

Provided that if Underwriters exercise the above option and the amount required to dispose of any claim or series of claims exceeds the Indemnity Limit and such excess amount is insured either in whole or in part, with Defence Costs payable in addition to the Indemnity Limit under this Policy then the Underwriters will also contribute their proportion of subsequent Defence Costs incurred with their prior consent.

13.6 Any dispute concerning the interpretation of this Policy and/or Schedule will be determined in accordance with the Law of Guam.

The Insured and Underwriters submit to the exclusive jurisdiction of any court of competent jurisdiction within Guam and agree to comply with all requirements necessary to give such court jurisdiction. All matters arising hereunder shall be determined in accordance with the law and practice of such court.

13.7 Any phrase or word in this Policy will be interpreted in accordance with the law of Guam. The Policy and the Schedule shall be read together as one contract and any word or

expression to which a specific meaning has been attached in any part of this Policy or the Schedule shall bear such specific meaning wherever it may appear.

13.8 The Underwriters may cancel this Policy by giving sixty days' notice in writing of such cancellation to the Insured's last known address.

13.9 If any claim under this Policy is in any respect fraudulent all benefit under the Policy shall be forfeited.

CLAIMS CONTROL CLAUSE

The following clause applies to all circumstances that may give rise to a claim under the Original Policy. Adherence by the Reinsured to the conditions set out herein is a condition precedent to Reinsurer's liability

(1) The Reinsured shall inform Reinsurers of any circumstance that may give rise to a claim on the Original Policy. In addition, the Reinsured shall provide Reinsurers with all available supporting information and documentation relating to the circumstance as soon as reasonably practicable but in any event within 14 days of the Reinsured becoming aware of such circumstance.

(2) Reinsurers shall have the right but not the obligation to assume control of the investigation of the circumstance and the defence and/or settlement of any resultant claim. Where Reinsurers assume control, the Reinsured shall act according to Reinsurers' direction.

(3) No settlement shall be made by the Reinsured without prior written approval of Reinsurers.

Subject otherwise to the Terms Conditions Limitations and Exclusions of the Policy

SERVICE OF SUIT CLAUSE (USA)

It is agreed that in the event of the failure of Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Insured (or Reinsured), will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' 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 to 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

AM Insurance
Suite 113F
Ada's Commercial Center
Agana
Guam

and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured (or Reinsured) to give a written undertaking to the Insured (or Reinsured) that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their 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 Reinsured) or any beneficiary hereunder arising out of this contract of insurance (or reinsurance), and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

NMA1998

24/04/1986

PERSONAL INJURY EXTENSION

The insurance provided by this Policy extends to include the Insured's legal liability for damages sustained by any person arising out of one or more of the following offences committed during the Policy period:-

1. False arrest, restraint, detention or imprisonment.
2. Malicious prosecution.
3. Wrongful entry, eviction or other invasion of the right of private occupancy.
4. The publication or utterance of a libel or slander or of other defamatory or disparaging material in violation of an individual's right of privacy except publication or utterance in the course of or related to advertising, broadcasting or telecasting activities conducted by or on behalf of the Named Insured.
5. Incidental medical malpractice error or mistake by a physician, surgeon, nurse, medical technician or other person performing medical services but only for or on behalf of the Insured in the provision of emergency medical relief.

The following additional exclusions shall apply to the Insurance provided by this extension:-

(a) liability assumed by the Named Insured under any contract or agreement

(b) personal injury arising out of the wilful violation of penal statute or ordinance committed by or with the knowledge or consent of the Named Insured

(c) personal injury arising out of offence 4 above

(i) if the first injurious publication or utterance of the same or similar material was made prior to the effective date of this insurance

(ii) if such publication or utterance was made by or at the direction of the Insured with the knowledge of the false nature thereof

(d) liability for personal injury sustained by any person directly or indirectly related to the past, present or potential employment of such person by the Insured.

The limit of liability applicable to Personal Injury claims shall be USD 10,000,000 any one offence and in the aggregate during the Policy period

MEMORANDUM OF UNDERSTANDING

Annual Review Clause

Policy Number: 17N1598

Inception Date: 1st May 2017

Expiry Date: 1st May 2020/1st May 2022

In consideration of the granting of this Policy for a period in excess of 12 months, it is agreed by both Underwriters and the Reinsured that on each 12 month Anniversary Date the Underwriters will be required to continue insurance coverage under this Policy for a further period of 12 months at the same premium and subject to the same terms and conditions, except if any of the following factors apply as at that Anniversary Date (in which case the Underwriters are entitled to review the insurance coverage and amend its terms and conditions, including the premium and the deductible or excess, or, at the sole option of the Underwriters, to issue notice of cancellation in accordance with the conditions set out under the Policy):

1. There has been a Material Change in the Risk.

2. There has been an increase of more than 10% in the Insured's estimated turnover for the forthcoming 12 months period in comparison to that given for the preceding 12 months period.

3. There has been a change in law which has the effect of increasing the Underwriters' exposure.

4. The Incurred Claims exceed 50% of the Net Premium in respect of the prior 12 months' period of insurance to which this clause relates.

5. There has been significant adverse development in the historical loss record in any of the prior 5 years whereby Incurred Claims exceed 50% of the Net Premium.

6. There has been a change in legal regulations relating to insurance contracts which oblige the Underwriters to alter any terms or conditions of the Policy, or

7. There has been a change in Underwriters' reinsurance arrangements - having the effect that reinsurance protection is no longer available to the Underwriters on substantially the same terms and conditions as previously.

The term "Material Change in the Risk" shall mean any change relating to or affecting the Insured's business activities which, if disclosed, might influence the Underwriters to either decline to continue the insurance or to stipulate a higher premium including, but not limited to, the following:

(a) Any change in the business activities of the Insured of a partial or additional nature
(b) Any change, either through expansion or contraction, in the territories or countries in which the Insured transacts their business either in terms of domicile, operations therein or exports thereto
(c) Any change in production methods or the adoption of new technology in the business of the Insured
(d) Any change in approach to the training of the Insured's employees or a change in the minimum required competencies of such employees
(e) Any change in approach to the risk management procedures adopted by the Insured
(f) In respect of any information previously supplied to Underwriters, any change in that information

The term "Incurred Claims" means the total cost of claims including actual claim payments (including medical, legal and other costs and expenses) and reserves set by the Underwriters on outstanding claims (also including such costs and expenses).

The term "Net Premium" means the premium received by the Underwriters net of tax and any commissions or other deductions.

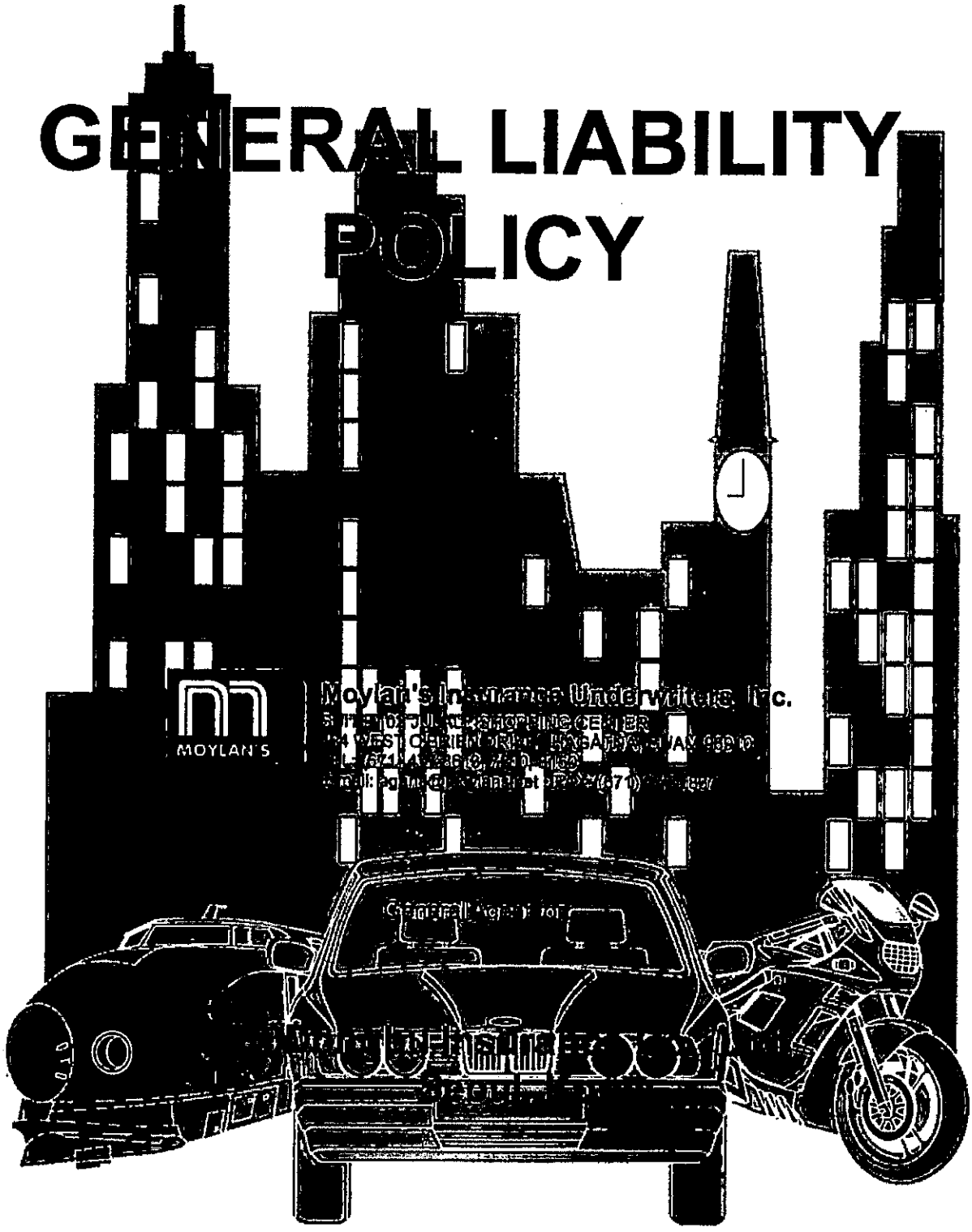
Nothing in this Clause shall prejudice any rights the Underwriters may have to cancel this policy in accordance with (i) any cancellation condition, or the like, which may be contained in the Policy or (ii) in accordance with any general principle of contract law (including but not limited to misrepresentation).

The terms of this Clause apply only to this Policy and not to any subsequent policy issued in renewal of this policy nor to any Excess Liability Policy which may be issued to operate in excess of this Policy (unless specifically stated to the contrary herein).

LIABILITY POLICY GENERAL LIABILITY POLICY GENERAL LIABILITY POLICY GENERAL LIABILITY POLICY GENERAL LIABILITY POLICY GENERAL LIABILITY

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GENERAL LIABILITY POLICY



Moylan's Insurance Underwriters, Inc.

PLEASE READ YOUR POLICY. If incorrect return for immediate correction.
Carefully note condition requiring immediate notice of every occurrence, claim or suit.
Loss, if any, please notify: Equitable Adjusting & Service at 477-9613

GENERAL LIABILITY POLICY GENERAL LIABILITY POLICY GENERAL LIABILITY POLICY GENERAL LIABILITY POLICY GENERAL LIABILITY POLICY GENERAL

LIABILITY POLICY GENERAL LIABILITY POLICY GENERAL LIABILITY POLICY GENERAL LIABILITY POLICY GENERAL LIABILITY POLICY GENERAL LIABILITY

Dongbu Insurance Co., Ltd.

(Herein called the Company)

In consideration of the payment of the premium, in reliance upon the statements in the declarations made a part hereof and subject to all of the terms of this policy, the company hereby agrees with the Named Insured as follows:

COVERAGE

Coverage is afforded under this policy in accordance with the specific Coverage Parts identified in the Declarations as being a part of this policy.

SUPPLEMENTARY PAYMENTS

The Company will pay, in addition to the applicable limit of liability:

(a) all expenses incurred by the Company, all costs taxed against the Insured in any suit defended by the Company and all interest on the entire amount of any judgment therein which accrues after entry of the judgment and before the Company has paid or tendered or deposited in court that part of the judgment which does not exceed the limit of the Company's liability thereon;

(b) premiums on appeal bonds required in any such suit, premiums on bonds to release attachments in any such suit for an amount not in excess of the applicable limit of liability of this policy, and the cost of bail bonds required of the Insured because of accident or traffic law violation arising out of the use of any vehicle to which this policy applies, not to exceed $250 per bail bond, but the Company shall have no obligation to apply for or furnish any such bonds;

(c) expenses incurred by the Insured for first aid to others at the time of an accident, for bodily injury to which this policy applies;

(d) reasonable expenses incurred by the Insured at the Company's request, including actual loss of wages or salary (but not loss of other income) not to exceed $25 per day because of his attendance at hearings or trials at such request.

DEFINITIONS

When used in this policy (including endorsements forming a part hereof):

"automobile" means a land motor vehicle, trailer or semitrailer designed for travel on public roads (including any machinery or apparatus attached thereto), but does not include mobile equipment;

"bodily injury" means bodily injury, sickness or disease sustained by any person;

"collapse hazard" includes "structural property damage" as defined herein and property damage to any other property at any time resulting therefrom. "Structural property damage" means the collapse of or structural injury to any building or structure due to (1) grading of land, excavating, borrowing, filling, back-filling, tunnelling, pile driving, cofferdam work or caisson work or (2) moving, shoring, underpinning, raising or demolition of any building or structure or removal or rebuilding of any structural support thereof. The collapse hazard does not include property damage (1) arising out of operations performed for the Named Insured by independent contractors, or (2) included within the completed operations hazard or the underground property damage hazard, or (3) for which liability is assumed by the Insured under an incidental contract;

"completed operations hazard" includes bodily injury and

property damage arising out of operations or reliance upon a representation or warranty made at any time with respect thereto, but only if the bodily injury or property damage occurs after such operations have been completed or abandoned and occurs away from premises owned by or rented to the Named Insured.""operations" include materials, parts or equipment furnished in connection therewith. Operations shall be deemed completed at the earliest of the following times:

(1) when all operations to be performed by or on behalf of the Named Insured under the contract have been completed,

(2) when all operations to be performed by or on behalf of the Named Insured at the site of the operations have been completed, or

(3) when the portion of the work out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

Operations which may require further service or maintenance work, or correction, repair or replacement because of any defect or deficiency, but which are otherwise complete, shall be deemed completed.

The completed operations hazard does not include bodily injury or property damage arising out of

(a) operations in connection with the transportation of property, unless the bodily injury or property damage arises out of a condition in or on a vehicle created by the loading or unloading thereof,

(b) the existence of tools, uninstalled equipment or abandoned or unused materials, or

(c) operations for which the classification stated in the policy or in the Company's manual specifie "including completed operations";

"damages" include damages for death and for care and loss of services resulting from bodily injury and damages for loss of use of property resulting from property damage;

"elevator" means any hoisting or lowering device to connect floors or landings, whether or not in service, and all appliances thereof including any car, platform, shaft, hoistway, stairway, runway, power equipment and machinery; but does not include an automobile servicing hoist, or a hoist without a platform outside a building if without mechanical power or if not attached to building walls, or a hod or material hoist used in alteration, construction or demolition operations, or an inclined conveyor used exclusively for carrying property or a dumbwaiter used exclusively for carrying property and having a compartment height not exceeding four feet;

"explosion hazard" includes property damage arising out of blasting or explosion. The explosion hazard does not include property damage (1) arising out of the explosion of air or steam vessels, piping under pressure, prime movers, machinery or power transmitting equipment, or (2) arising out of operations performed for the Named Insured by independent contractors, or (3) included within the completed operations hazard or the underground property damage hazard, or (4) for which liability is assumed by the Insured under an incidental contract;

"incidental contract" means any written (1) lease of premises, (2) easement agreement, except in connection with construction or demolition operations on or adjacent to a railroad, (3) undertaking to indemnify a municipality required by municipal ordinance, except in connection with work for the municipality, (4) sidetrack agreement, or (5) elevator maintenance agreement;

"Insured" means any person or organization qualifying as an Insured in the "Persons Insured" provision of the applicable insurance coverage. The insurance afforded applies separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the Company's liability;

"mobile equipment" means a land vehicle (including any machinery or apparatus attached thereto), whether or not self-propelled, (1) not subject to motor vehicle registration, or (2) maintained for use exclusively on premises owned by or rented to the Named Insured, including the ways immediately adjoining, or (3) designed for use principally off public roads, or (4) designed or maintained for the sole purpose of affording mobility to equipment of the following types forming an integral part of or permanently attached to such vehicle: power cranes, shovels, loaders, diggers and drills; concrete mixer (other than the mix-in-transit type); graders, scrapers, rollers and other road construction or repair equipment; air-compressors, pumps and generators, including spraying, welding and building cleaning equipment; and geophysical exploration and well servicing equipment;

"Name Insured" means the person or organization named in the declarations of this policy;

"Named Insured's products" means goods or products manufactured, sold, handled or distributed by the Named Insured or by others trading under his name, including any container thereof (other than a vehicle), but "named Insured's products" shall not include a vending machine or any property other than such container, rented to or located for use of others but not sold;

"occurrence" means an accident, including injurious exposure to conditions, which results, during the policy period, in bodily injury or property damage neither expected nor intended from the standpoint of the Insured;

"policy territory" means:

(1) the United States of America, its territories or possessions, or Canada, or

(2) international waters or air space, provided the bodily injury or property damage does not occur in the course of travel or transportation to or from any other country, state or nation, or

(3) anywhere in the world with respect to damages because of bodily injury or property damage arising out of a product which was sold for use or consumption within the territory described in paragraph (1) above, provided the original suit for such damages is brought within such territory;

"products hazard" includes bodily injury and property damage arising out of the Named Insured's products or reliance upon a representation or warranty made at any time with respect thereto, but only if the bodily injury or property damage occurs away from premises owned by or rented to the Named Insured and after physical possession of such products has been relinquished to others;

"property damage" means injury to or destruction of tangible property;

"underground property damage hazard" includes underground property damage as defined herein and property damage to any other property at any time resulting therefrom. "Underground property damage" means property damage to wires, conduits, pipes, mains, sewers, tanks, tunnels, any similar property, and any apparatus in connection therewith, beneath the surface of the ground or water, caused by and occurring during the use of mechanical equipment for the purpose of grading land, paving, excavating, drilling, borrowing, filling, back-filling or pile driving. The underground property damage hazard does not include property damage (1) arising out of operations performed for the Named Insured by independent contractors, or (2) included within the completed operations hazard, or (3) for which liability is assumed by the Insured under an incidental contract.

NUCLEAR ENERGY LIABILITY EXCLUSION (BROAD FORM)

This exclusion modifies the provisions of this policy relating to ALL LIABILITY AND MEDICAL PAYMENTS INSURANCE OTHER THAN COMPREHENSIVE PERSONAL AND FARMER'S COMPREHENSIVE PERSONAL INSURANCE. This policy does not apply:

a. **Under any Liability Coverage,** to bodily injury or property damage:

(1) with respect to which an insured under the policy is also an Insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, or Nuclear Insurance Association of Canada, or would be an Insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(2) resulting from the hazardous properties of nuclear material and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the Insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization;

b. **Under any Medical Payments Coverage,** or under any Supplementary Payments provision relating to first aid, to expenses incurred with respect to bodily injury resulting from the hazardous properties of

nuclear material and arising out of the operation of a nuclear facility by any person or organization;

c. **Under any Liability Coverage,** to bodily injury or property damage resulting from the hazardous properties of nuclear material, if:

(1) the nuclear material (a) is at any nuclear facility owned by, or operated by or on behalf of, an insured, or (b) has been discharged or dispersed therefrom;

(2) 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 an Insured; or

(3) 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, but if such facility is located within the United States of America, its territories or possessions, or Canada, this exclusion (3) applies only to property damage to such nuclear facility and any property thereat;

d. **As used in this Exclusion:**

(1) **"Hazardous properties"** include radioactive, toxic, or explosive properties;

(2) **"Nuclear material"** means source material, special nuclear material or byproduct material;

(3) **"Source material", "special nuclear material"**; and **"byproduct material"** have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;

(4) **"Spent fuel"** means any fuel element or fuel component, solid or liquid which has been used or exposed to radiation in a nuclear reactor;

(5) **"Waste"** means any material (a) containing byproduct material and (b) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (6) (a) or (b) thereof;

(6) **"Nuclear facility"** means: (a) any nuclear reactor; (b) any equipment or device designed or used for (i) separating the isotopes of uranium or plutonium, (ii) processing or utilizing spent fuel, or (iii) handling, processing or packaging waste; (c) any equipment or device used for the processing, fabricating 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; (d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste; and (e) includes the site on which any of the foregoing is located, all operations conducted on such site, and all premises used for such operations;

(7) **"Nuclear reactor"** means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass or fissionable material;

(8) **"Property damage"** includes all forms of radioactive contamination of property.

Environmental Pollution and/or Contamination Exclusion

Except with respect to such Insurance as may be provided by the policy for motor vehicle liability, none of the coverage provisions of the policy apply to personal injury, bodily injury or property damage arising out of pollution and/or contamination caused by the discharge, dispersal, release or escape of:

(1) oil into or upon any watercourse or body of water or
(2) oil into or upon land or the atmosphere or
(3) any other contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water.

Section (2) and (3) of this exclusion do not apply if such discharge, dispersal, release or escape is sudden,

accidental, unexpected and unintentional from the standpoint of the Insured.

As used in this endorsement:
"oil" includes any petroleum substance, petroleum derivative, oil waste and oil mixed with waste;

"contaminants, and pollutants" include smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, gases, waste materials, other irritants.

CONDITIONS

1. **Premiums**
All premiums for this policy shall be computed in accordance with the Company's rules, rates, rating plans, premiums and minimum premium applicable to the insurance afforded herein.

Premium designated in this policy as "advance premium" is a deposit premium only which shall be credited to the amount of the earned premium due at the end of the policy period. At the close of each period (or part thereof terminating with the end of the policy period) designated in the declarations as the audit period the earned premium shall be computed for such period and, upon notice thereof to the Named Insured, shall become due and payable. If the total earned premium for the policy period is less than the premium previously paid, the Company shall return to the Named Insured the unearned portion paid by the Named Insured.

The Named Insured shall maintain records of such information as is necessary for premium computation, and shall send copies of such records to the Company at the end of the policy period and at such times during the policy period as the Company may direct.

2. **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 such property or operations are safe.

The Company may examine and audit the Named Insured's books and records at any time during the policy period and extensions thereof and within three years after the final termination of this policy, as far as they relate to the subject matter of this insurance.

3. **Financial Responsibility Laws**
When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, such insurance as is afforded by this policy for bodily injury liability or for property damage liability shall comply with the provisions of such law to the extent of the coverage and limits of liability required by such law. The insured agrees to reimburse the Company for any payment made by the Company which it would not have been obligated to make under the terms of this policy except for the agreement contained in this paragraph.

4. **Insured's Duties in the Event of Occurrence, Claim or Suit**

(a) In the event of an occurrence, written notice containing particulars sufficient to identify the Insured and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the injured and of available witnesses, shall be given by or for the Insured to the Company, or any of its authorized agents as soon as practicable. The Named Insured shall promptly take at his expense all reasonable steps to prevent other bodily injury or property damage from arising out of the same or similar conditions, but such expenses shall not be recoverable under this policy.

(b) If claim is made or suit is brought against the Insured, the Insured shall immediately forward to the Company every demand, notice, summons or other process received by him or his representative.

(c) The Insured shall cooperate with the Company and, upon the Company's request, assist in making settlements, in the conduct of suits and in enforcing any right of contribution or indem-

nity against any person or organization who may be liable to the insured because of bodily injury or property damage with respect to which insurance is afforded under this policy; and the Insured shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The Insured shall not, except at his own cost, voluntarily make any payment, assume any obligation or incur any expense other than for first aid to others at the time of accident.

5. Action Against Company

No action shall lie against the Company unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this policy, nor until the amount of the Insured's obligation to pay shall have been finally determined either by judgment against the insured after actual trial or by written agreement of the Insured, the claimant and the Company.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. No person or organization shall have any right under this policy to join the Company as a party to any action against the Insured to determine the Insured's liability, nor shall the Company be impleaded by the Insured or his legal representative. Bankruptcy or insolvency of the Insured or of the Insured's estate shall not relieve the Company of any of its obligations hereunder.

6. Other Insurance

The insurance afforded by this policy is a primary insurance, except when stated to apply in excess of or contingent upon the absence of other insurance. When this insurance is primary and the Insured has other insurance which is stated to be applicable to the loss on an excess or contingent basis, the amount of the Company's liability under this policy shall not be reduced by the existence of such other insurance. When both this insurance and other insurance apply to the loss on the same basis, whether primary, excess or contingent, the Company shall not be liable under this policy for a greater proportion of the loss than that stated in the applicable contribution provision below:

(a) **Contribution by Equal Shares.** If all of such other valid and collectible insurance provides for contribution by equal shares, the Company shall not be liable for a greater proportion of such loss than would be payable if each insurer contributes an equal share until the share of each insurer equals the lowest applicable limit of liability under any one policy or the full amount of the loss is paid, and with respect to any amount of loss not so paid the remaining insurers then continue to contribute equal shares of the remaining amount of the loss until each such insurer has paid its limit in full or the full amount of the loss is paid.

(b) **Contribution by Limits.** If any of such other insurance does not provide for contribution by equal shares, the Company shall not be liable for a greater proportion of such loss than applicable limit of liability under this policy for such loss bears to the total applicable limit of liability of all valid and collectible insurance against such loss.

7. Subrogation

In the event of any payment under this policy, the Company shall be subrogated to all the Insured's rights of recovery therefor against any person or organization and the Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing after loss to prejudice such rights.

8. Changes

Notice to any agent or knowledge possessed by any agent or by any other person shall not affect a waiver or a change in any part of this policy or estop the Company from asserting any right under the terms of this policy; not shall the terms of this policy be waived or changed, except by endorsement issued to form a part of this policy.

9. Assignment

Assignment of interest under this policy shall not bind the Company until its consent is endorsed hereon; if, however, the Named Insured shall die, such insurance as is afforded by this policy shall apply (1) to the Named Insured's legal representative, as the Named Insured, but only while acting within the scope of his duties as such, and (2) with respect to the property of the Named Insured, to the person having proper temporary custody thereof, as Insured, but only until the appointment and qualification of the legal representative.

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

10. Three Year Policy
If this policy is issued for a period of three years, the limits of the Company's liability shall apply separately to each consecutive annual period thereof.

11. Cancellation
This policy may be cancelled by the Named Insured by surrender thereof to the Company or any of its authorized agents or by mailing to the Company written notice stating when thereafter the cancellation shall be effective. This policy may be cancelled by the Company by mailing to the Named Insured at the address shown in this policy, written notice stating when not less than ten days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of surrender or the effective date and hour of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the Named Insured or by the Company shall be equivalent to mailing.

If the Named Insured cancels, earned premium shall be computed in accordance with the customary short rate table and procedure. If the Company cancels, earned premium shall be computed pro rata. Premium adjustment may be made either at the time cancellation is effected or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

12. Declarations
By acceptance of this policy, the Named Insured agrees that the statements in the declarations 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 its agents relating to this insurance.

☐ **COMPREHENSIVE GENERAL LIABILITY INSURANCE COVERAGE PART**

I. COVERAGE A - BODILY INJURY LIABILITY COVERAGE B- PROPERTY DAMAGE LIABILITY

The company will pay on behalf of the insured all sums which the insured shall become legally obligated to pay as damages because of

Coverage A. **bodily injury or**
Coverage B. **property damage**

to which this insurance applies, caused by an **occurrence**, and the company shall have the right and duty to defend any suit against the **insured** seeking damages on account of such **bodily injury** or **property damage**, even if any of the allegations of the suit are groundless, false or fraudulent, and may make such investigation and settlement of any claim or suit as it deems expedient, but the company shall not be obligated to pay any claim or judgment or to defend any suit after the applicable limit of the company's liability has been exhausted by payment of judgments or settlements.

Exclusions

This insurance does not apply:

(a) to liability assumed by the **insured** under any contract or agreement except an **incidental contract**; but this exclusion does not apply to a warranty of fitness or quality of the **named insured's products** or a warranty that work performed by or on behalf of the **named insured** will be done in a workmanlike manner;

(b) to **bodily injury** or **property damage** arising out of the ownership, maintenance, operation, use, loading or unloading of

(1) any **automobile** or aircraft owned or operated by or rented or loaned to any **insured**, or

(2) any other **automobile** or aircraft operated by any person in the course of his employment by any insured; but this exclusion does not apply to the parking of an **automobile** on premises owned by, rented to or controlled by the **named insured** or the ways immediately adjoining, if such **automobile** is not owned by or rented or loaned to any **insured**.

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

(c) to **bodily injury** or **property damage** arising out of (1) the ownership, maintenance, operation, use, loading or unloading of any **mobile equipment** while being used in any prearranged or organized racing, speed or demo-lition contest or in any stunting activity or in practice or preparation for any such contest or activity or (2) the operation or use of any snowmobile or trailer designed for use therewith;

(d) to **bodily injury** or **property damage** arising out of and in the course of the transportation of **mobile equipment** by an automobile owned or operated by or rented or loaned to any **insured**;

(e) to **bodily injury** or **property damage** arising out of the ownership, maintenance, operation, use, loading or unloading of

(1) any watercraft owned or operated by or rented or loaned to any **insured**, or

(2) any other watercraft operated by any person in the course of his employment by any Insured;

but this exclusion does not apply to watercraft while ashore on premises owned by, rented to or controlled by the **named insured**;

(f) to **bodily injury** or **property damage** arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any water course of body of water; but this exclusion does not apply if such discharge, dispersal, release or escape is sudden and accidental;

(g) to **bodily injury** or **property damage** due to war, whether or not declared, civil war, insurrection, rebellion or revolution or to any act or condition incident to any of the foregoing, with respect to

(1) liability assumed by the **insured** under an incidental contract, or

(2) expenses for first aid under the Supplementary Payment provision;

(h) to **bodily injury** or **property damage** for which the **insured** or his indemnitee may be held liable

(1) as a person or organization engaged in the business of manufacturing, distributing, selling or serving alcoholic beverages, or

(2) if not so engaged as an owner or lessor of premises used for such purposes, if such liability is imposed

(i) by, or because of the violation of, any statute, ordinance or regulation pertaining to the sale, gift, distribution or use of any alcoholic beverage, or

(ii) by reason of the selling, serving or giving of any alcoholic beverage to a minor or to a person under the influence of alcohol or which causes or contributes to the intoxication of any person;

but part (ii) of this exclusion does not apply with respect to liability of the **insured** or his indemnitee as an owner or lessor described in (2) above;

(i) to any obligation for which the insured or any carrier as his insurer may be held liable under any workmen's compensation, unemployment compensation or disability benefits law, or under similar law;

(j) to **bodily injury** to any employee of the **insured** arising out of and in the course of his employment by the **insured** or to any obligation of the **insured** to indemnify another because of damages arising out of such injury; but this exclusion does not apply to liability assumed by the **insured** under an **incidental contract**;

(k) to **property damage** to

(1) property owned or occupied by or rented to the **insured**,

(2) property used by the **insured**, or

(3) property in the care, custody or control of the **insured** or as to which the **insured** is for any purpose exercising physical control;

but parts (2) and (3) of this exclusion do not apply with respect to liability under a written sidetrack agreement and

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

part (3) of this exclusion does not apply with respect to **property damage** (other than to **elevators**) arising out of the use of an **elevators** at premises owned by, rented to or controlled by the **named insured;**

(l) to **property damage** to premises alienated by the **named insured** arising out of such premises or any part thereof;

(m) to loss of use of tangible property which has not been physically injured or destroyed resulting from

(1) a delay in or lack of performance by or on behalf of the **named insured** of any contract or agreement, or

(2) the failure of the **named insured's products** or work performed by or on behalf of the **named insured** to meet the level of performance, quality, fitness or durability warranted or represented by the **named insured;**

but this exclusion does not apply to loss of use of other tangible property resulting form the sudden and accidental physical injury to or destruction of the **named insured's products** or work performed by or on behalf of the **named insured** after such products or work have been put to use by any person or organization other than an **insured.**

(n) to **property damage** to the **named insured's products** arising out of such products or any part of such products;

(o) to **property damage** to work performed by or on behalf of the **named insured** arising out of the work or any portion thereof, or out of materials, parts or equipment furnished in connection therewith;

(p) to damages claimed for the withdrawal, inspection, repair, replacement, or loss of use of the **named insured's products** or work completed by or for the **named insured** or of any property of which such products or work form a part, if such products, work or property are withdrawn from the market or from use because of any known or suspected defect or deficiency therein;

(q) to **property damage** included within:

(1) the **explosion hazard** in connection with operations identified in this policy by a classification code number which includes the symbol **"x"**,

(2) the **collapse hazard** in connection with operations identified in this policy by a classification code number which includes the symbol **"c"**,

(3) the **underground property damage hazard** in connection with operations identified in this policy by a classification code number which includes the symbol **"u"**,

II. PERSON INSURED

Each of the following is an insured under this insurance to the extent set forth below:

(a) if the **named insured** is designated in the declarations as an individual, the person so designated but only with respect to the conduct of a business of which he is the sole proprietor, and the spouse of the **named insured** with respect to the conduct of such a business;

(b) if **the named insured** is designated in the declarations as a partnership or joint venture, the partnership or joint venture so designated and any partner or member thereof but only with respect to his liability as such;

(c) if the **named insured** is designated in the declarations as other than an individual, partnership or joint venture, the organization so designated and any executive officer, director or stockholder thereof while acting within the scope of his duties as such;

(d) any person (other than an employee of the **named insured**) or organization while acting as real estate manager for the **named insured**; and

(e) with respect to the operation, for the purpose of locomotion upon a public highway, of **mobile equipment** registered under any motor vehicle registration law,

(i) an employee of the **named insured** while operating any such equipment in the course of his employment, and

(ii) any other person while operating with the permis-

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

sion of the **named insured** any such equipment registered in the name of the **named insured** and any person or organization legally responsible for such operation, but only if there is no other valid and collectible insurance available, either on a primary or excess basis, to such person or organization;

provided that no person or organization shall be an **insured** under this paragraph (e) with respect to:

(1) **bodily injury** to any fellow employee of such person injured in the course of his employment, or

(2) **property damage** to property owned by, rented to, in charge of or occupied by the **named insured** or the employer of any person described in subparagraph (ii)

This insurance does not apply to **bodily injury** or **property damage** arising out of the conduct of any partnership or joint venture of which the insured is a partner or member and which is not designated in this policy as **named insured.**

III. LIMITS OF LIABILITY

Regardless of the number of (1) **insureds** under this policy, (2) persons or organizations who sustain **bodily injury** or **property damage**, or (3) claims made or suits brought on account of bodily **injury** or **property damage**, the company's liability is limited as follows:

Coverage A - The total liability of the company for all damages, including damages for care and loss of services, because of **bodily injury** sustained by one or more persons as the result of any one occurrence shall not exceed the limit of **bodily injury** liability stated in the declarations as applicable to "each **occurrence**".

Subject to the above provision respecting "each **occurrence**", the total liability of the company for all damages because of (1) all **bodily injury** included within the **completed operations hazard** and (2) all bodily injury included within the **products hazard** shall not exceed the limit of **bodily injury** liability stated in the declarations as **"aggregate"**.

Coverage B - The total liability of the company for all damages because of all property damage sustained by one or more persons or organizations as the result of any one occurrence shall not exceed the limit of **property damage** liability stated in the declarations as applicable to "each **occurrence**".

Subject to the above provision respecting "each **occurrence**", the total liability of the company for all damages because of all **property damage** to which this coverage applies and described in any of the numbered subparagraphs below shall not exceed the limit of **property damage** liability stated in the declarations as "aggregate",

(1) all **property damage** arising out of premises or operations rated on a remuneration basis or contractor's equipment rated on a receipts basis, including **property damage** for which liability is assumed under any **incidental contract** relating to such premises or operations, but excluding **property damage** included in subparagraph (2) below;

(2) all **property damage** arising out of and occurring in the course of operations performed for the **named insured** by independent contractors and general supervision thereof by the **named insured**, including any such **property damage** for which liability is assumed under any incidental contract relating to such operations, but this subparagraphs (2) does not include **property damage** arising out of maintenance or repairs at premises owned by or rented to the **named insured** or structural alterations at such premises which do not involve changing the size of or moving buildings or other structures.,

(3) all **property damage** included within the **products hazard** and all **property damage** included within the **completed operations hazard.**

Such aggregate limit shall apply separately to the **property damage** described in subparagraphs (1), (2) and (3) above, and under subparagraphs (1) and (2), separately with respect to each project away from premises owned by or rented to the **named insured.**

Coverage A and B - For the purpose of determining the limit of the company's liability, all **bodily injury** and **property damage** arising out of continuous or repeated

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

exposure to substantially the same general conditions shall be considered as arising out of one **occurrence.**

IV. POLICY TERRITORY

This insurance applies only **bodily injury** or **property damage** which occurs within the **policy territory.**

☐ **OWNERS LANDLORD'S AND TENANTS' LIABILITY INSURANCE COVERAGE PART**
(COVERAGE FOR DESIGNATED PREMISES AND RELATED OPERATIONS IN PROGRESS INCLUDING STRUCTURAL ALTERATIONS, NEW CONSTRUCTION AND DEMOLITION)

I. COVERAGE A - BODILY INJURY LIABILITY
COVERAGE B - PROPERTY DAMAGE LIABILITY

The company will pay on behalf of the **insured** all sums which the **insured** shall become legally obligated to pay as damages because of

Coverage A. **bodily injury or**
Coverage B. **property damage**

to which this insurance applies, caused by an **occurrence** and arising out of the ownership, maintenance or use of the **insured premises** and all operations necessary or incidental thereto, and the company shall have the right and duty to defend any suit against the **insured** seeking damages on account of such **bodily injury** or **property damage**, even if any of the allegations of the suit are groundless, false or fraudulent, and may make such investigation and settlement of any claim or suit as it deems expedient, but the company shall not be obligated to pay any claim or judgment or to defend any suit after the applicable limit of the company's liability has been exhausted by payment or judgments or settlements.

Exclusions

This insurance does not apply:

(a) to liability assumed by the **insured** under any contract or agreement except an **incidental contract**; but with respect to **bodily injury** or **property damage** occurring while work performed by or on behalf of the **named insured** is in progress, this exclusion does not apply to a warranty that such work will be done in a workmanlike manner;

(b) to **bodily injury** or **property damage** arising out of the ownership, maintenance, operation, use, loading or unloading of

(1) any **automobile** or aircraft owned or operated by or rented or loaned to any **insured**, or

(2) any other **automobile** or aircraft operated by any person in the course of his employment by any **insured**;

but this exclusion does not apply to the parking of an **automobile** on insured premises, if such **automobile** is not owned by or rented or loaned to any **insured**;

(c) to **bodily injury** or **property damage** arising out of (1) the ownership, maintenance, operation, use, loading or unloading of any **mobile equipment** while being used in any prearranged or organized racing, speed or demolition contest or in any stunting activity or in practice or preparation for any such contest or activity or (2) the operation or use of any snowmobile or trailer designed for use therewith;

(d) to **bodily injury** or **property damage** arising out of and in the course of the transportation of **mobile equipment** by any automobile owned or operated by or rented or loaned to any insured;

(e) to **bodily injury** or **property damage** arising out of and in the ownership, maintenance, operation, use, loading or unloading of

(1) any watercraft owned or operated by or rented or loaned to any **insured**, or

(2) any other watercraft operated by any person in the course of his employment by any **insured**;

but this exclusion does not apply to watercraft while ashore on the **insured premises**;

(f) to **bodily injury** or **property damage** arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants,

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

contaminants or pollutants into or upon land, the atmosphere or any water course or body of water; but this exclusion does not apply if such discharge, dispersal, release or escape is sudden and accidental;

(g) to **bodily injury** or **property damage** due to war, whether or not declared, civil war, insurrection, rebellion or revolution or to any act or condition incident to any of the foregoing, with respect to

(1) liability assumed by the insured under an **incidental contract**, or

(2) expenses for first aid under the Supplementary Payments provision;

(h) to **bodily injury** or **property damage for** which the insured or his indemnitee may be held liable

(1) as a person or organization engaged in the business of manufacturing, distributing, selling or serving alcoholic beverages, or

(2) if not so engaged, as an owner or lessor of premises used for such purposes, if such liability is imposed

(i) by, or because of the violation of, any statute ordinance or regulations pertaining to the sale, gift, distribution or use of any alcoholic beverage, or

(ii) by reason of the selling, serving or giving of any alcoholic beverage to a minor or to a person under the influence of alcohol or which causes or contributes to the intoxication of any person;

but part (ii) of this exclusion does not apply with respect to liability of the **insured** or his indemnitee as an owner or lessor described in (2) above;

(i) to any obligation for which the **insured** or any carrier as his insurer may be held liable under any workmen's compensation, unemployment compensation or disability benefits law, or under any similar law;

(j) to **bodily injury** to any employee of the **insured** arising out of and in the course of his employment by the insured or to any obligation of the insured to indemnify another because of damages arising out of such injury; but this exclusion does not apply to liability assumed by the insured under an **incidental contract**;

(k) to property damage to

(1) property owned or occupied by or rented to the **insured**,

(2) property used by the **insured**, or

(3) property in the care, custody or control of the **insured** or as to which the **insured** is for any purpose exercising physical control;

but parts (2) and (3) of this exclusion to do not apply with respect to liability under a written sidetrack agreement and part (3) of this exclusion does not apply with respect to **property damage** (other than **elevators**) arising out of the use of an elevator at the **insured premises**;

(l) to **property damage** to premises alienated by the **named insured** arising out of such premises or any part thereof;

(m) to loss of use of tangible property which has not been physically injured or destroyed resulting from

(1) a delay in or lack of performance by or on behalf of the **named insured** of any contract or agreement, or

(2) the failure of the **named insured's products** or work performed by or on behalf of the **named insured** to meet the level of performance, quality, fitness or durability warranted or represented by the **named insured**;

but the exclusion does not apply to loss of use of other tangible property resulting from the sudden and accidental physical injury to or destruction of the **named insured's products** or work performed by or on behalf of the **named insured** after such products or work have been put to use by any person or organization other than an **insured**.

(n) to **property damage** to the **named insured's products** arising out of such products or any part of

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

such products;

(o) to **property damage** to work performed by or on behalf of the **named insured** arising out of the work or any portion thereof, or out of materials, parts or equipment furnished in connection therewith;

(p) to **bodily injury** or **property damage** included within the **completed operations hazard** or the **products hazard;**

(q) to **bodily injury** or **property damage** arising out of operations on or from premises (other than the **insured premises**) owned by, rented to or controlled by the **named insured**, or to liability assumed by the **insured** under any contract or agreement relating to such premises.

II. PERSONS INSURED

Each of the following is an **insured** under this insurance to the extent set forth below;

(a) if the **named insured** is designated in the declarations as an individual, the person so designated but only with respect to the conduct of a business of which he is the sole proprietor, and the spouse of the **named insured** with respect to the conduct of such a business;

(b) if the **named insured** is designated in the declaration as a partnership or joint venture, the partnership or joint venture so designated and any partner or member thereof but only with respect to his liability as such;

(c) if the **named insured** is designated in the declarations as other than an individual, partnership or joint venture, the organization so designated and any executive officer, director or stockholder thereof while acting within the scope of his duties as such;

(d) any person (other than an employee of the **named insured**) or organization while acting as real estate manager for the **name insured**; and

(e) with respect to the operation, for the purpose of locomotion upon a public highway, of **mobile equipment** registered under any motor vehicle registration law,

(i) an employee of the **named insured** while operating any such equipment in the course of his employment, and

(ii) any other person while operating with the permission of the **named insured** any such equipment registered in the name of the **named insured** and any person or organization legally responsible for such operation, but only if there is no other valid and collectible insurance available, either on a primary or excess basis, to such person or organization;

provided that no person or organization shall be an **insured** under this paragraph (e) with respect to:

(1) **bodily injury** to any fellow employee of such person injured in the course of his employment, or

(2) **property damage** to property owned by, rented to, in charge of or occupied by the **named insured** or the employer of any person described in subparagraph (ii)

This insurance does not apply to bodily injury or property damage arising out of the conduct of any partnership or joint venture of which the insured is a partner or member and which is not designated in this policy as a **named insured.**

III. LIMITS OF LIABILITY

Regardless of the number of (1) **insureds** under this policy, (2) persons or organizations who sustain **bodily injury** or **property damage**, or (3) claims made or suits brought on account to **bodily injury** or **property damage**, the company's liability is limited as follows:

Coverage A - The total liability of the company for all damages, including damages for care and loss of services, because of **bodily injury** sustained by one or more persons as the result of any one **occurrence** shall not exceed the limit of **bodily injury** liability stated in the declarations as applicable to "each **occurrence**".

Coverage B - The total liability of the company for all damages, because of all property damage sustained by one or more persons or organizations as the result of any one occurrence shall not exceed the limit of **property damage** liability stated in the declarations as applicable to "each **occurrence**".

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

☐ **MANUFACTURER'S AND CONTRACTORS' LIABILITY INSURANCE COVERAGE PART (COVERAGE FOR PREMISES AND FOR OPERATIONS IN PROGRESS INCLUDING OPERATIONS OF INDEPENDENT CONTRACTORS)**

I. COVERAGE A - BODILY INJURY LIABILITY COVERAGE B - PROPERTY DAMAGE LIABILITY

The company will pay on behalf of the **insured** all sums which the **insured** shall become legally obligated to pay as damages because of

Coverage A. **bodily injury** or
Coverage B. **property damage**

to which this insurance applies, caused by an **occurrence**, and the company shall have the right and duty to defend any suit against the **insured** seeking damages on account of such **bodily injury** or **property damage**, even if any of the allegations of the suit are groundless, false or fraudulent, and may make such investigation and settlement of any claim or suit as it deems expedient, but the company shall not be obligated to pay any claim or judgment or to defend any suit after the applicable limit of the company's liability has been exhausted by payment of judgments or settlements.

Exclusions

This insurance does not apply:

(a) to liability assumed by the **insured** under any contract or agreement except an **incidental contract**; but with respect to **bodily injury** or **property damage** occurring while work performed by or on behalf of the **named insured** is in progress, this exclusion does not apply to a warranty that such work will be done in a workmanlike manner;

(b) to **bodily injury** or **property damage** arising out of the ownership, maintenance, operation, use, loading or unloading of

(1) any **automobile** or aircraft owned or operated by or rented or loaned to any **insured**, or

(2) any other **automobile** or aircraft operated by any person in the course of his employment by any **insured**;

but this exclusion does not apply to the parking of an **automobile** on premises owned by, rented to or controlled by the name insured or the ways immediately adjoining, if such automobile is not owned by or rented or loaned to any **insured**;

(c) to **bodily injury** or **property damage** arising out of (1) the ownership maintenance, operation, use, loading or unloading of any **mobile equipment** while being used in any prearranged or organized racing, speed or demolition contest or in any stunting activity or in practice or preparation for any such contest or activity or (2) the operation or use of any snowmobile or trailer designed for use therewith;

(d) to **bodily injury** or **property damage** arising out of and in the course of the transportation of **mobile equipment** by an **automobile** owned or operated by or rented or loaned to any **insured**;

(e) to **bodily injury** or **property damage** arising out of the ownership, maintenance, operation, use, loading or unloading of

(1) any watercraft owned or operated by or rented or loaned to any **insured**, or

(2) any other watercraft operated by any person in the course of his employment by any **insured**;

but this exclusion does not apply to watercraft while ashore on premises owned by, rented to or controlled by the **named insured**;

(f) to **bodily injury** or **property damage** arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any water course or body of water; but this exclusion does not apply if such discharge, dispersal, release or escape is sudden and accidental;

(g) to **bodily injury** or **property damage** due to war, whether or not declared, civil war, insurrection, rebellion or revolution or to any act or condition incident to any of the foregoing, with respect to

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

(1) liability assumed by the insured under an incidental contract, or

(2) expenses for first aid under the Supplementary Payments provision;

(h) to **bodily injury** or **property damage** for which the insured or his indemnitee may be held liable

(1) as a person or organization engaged in the business of manufacturing, distributing, selling or serving alcoholic beverages, or

(2) if not so engaged, as an owner or lessor of premises used for such purposes if such liability is imposed.

(i) by, or because of the violation of, any statute, ordinance or regulation pertaining to the sale, gift, distribution or use of any alcoholic beverage, or

(ii) by reason of the selling, serving or giving of any alcoholic beverage to a minor or to a person under the influence of alcohol or which causes or contributes to the intoxication of any person;

but part (ii) of this exclusion does not apply with respect to liability of the **insured** or his indemnitee as an owner or lessor described in (2) above;

(i) to any obligation for which the **insured** or any carrier as his insurer may be held liable under any workmen's compensation, unemployment compensation or disability benefits law, or under any similar law;

(j) to **bodily injury** to any employee of the **insured** arising out of and in the course of his employment by the **insured** or to any obligation of the insured to indemnify another because of damages arising out of such injury, but this exclusion does not apply to liability assumed by the insured under an **incidental contract**;

(k) to **property damage** to

(1) property owned or occupied by or rented to the **insured**,

(2) property used by the **insured**, or

(3) property in the care, custody or control of the **insured** or as to which the **insured** is for any purpose exercising physical control.

but parts (2) and (3) of this exclusion do not apply with respect to liability under a written sidetrack agreement and part (3) of this exclusion does not apply with respect to **property damage** (other than to elevators) arising out of the use of an **elevator** at premises owned by, rented to or controlled by the **named insured**;

(l) to **property damage** to premises alienated by the **named insured** arising out of such premises or any part thereof;

(m) to loss of use of tangible property which has not been physically injured or destroyed resulting from

(1) a delay in or lack of performance by or on behalf of the **named insured** of any contract or agreement, or

(2) the failure of the **named insured's products** or work performed by or on behalf of the **named insured** to meet the level of performance, quality, fitness or durability warranted or represented by the **named insured**;

but this exclusion does not apply to loss of use of other tangible property resulting from the sudden and accidental physical injury to or destruction of the **named insured's products** or work performed by or on behalf of the named insured after such products or work have been put to use by any person or organization other than an insured;

(n) to property damage to the named insured's products arising out of such products or any part of such products;

(o) to **property damage** to work performed by or on behalf of the **named insured** arising out of the work or any portion thereof, or out of materials, parts or equipment furnished in connection therewith;

(p) to **bodily injury** or **property damage** included within the completed operations hazard or the product hazard;

(q) to **property damage** included within:

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

(1) the **explosion hazard** in connection with operations identified in this policy by a classification code number which includes the symbol **"x"**

(2) the **collapse hazard** in connection with operations identified in this policy by a classification code number which includes the symbol **"c"**

(3) the **underground property damage hazard** in connection with operation identified in this policy by a classification code number which includes the symbol **"u"**.

II. PERSON INSURED

Each of the following is an insured this insurance to the extent set forth below:

(a) if the **named insured** is designated in the declarations as an individual, the person so designated but only with respect to the conduct of a business of which he is the sole proprietor, and the spouse of the **named insured** with respect to the conduct of such a business;

(b) if the **named insured** is designated in the declarations as a partnership or joint venture, the partnership of joint venture so designated and any partner or member thereof but only with respect to his liability as such;

(c) if the **named insured** is designated in the declaration as other than an individual, partnership or joint venture, the organization so designated and any executive office, director or stockholder thereof while acting within the scope of this duties as such;

(d) any person (other than an employee of the **named insured**) of organization while acting as real estate manager of the **named insured**; and

(e) with respect to the operation, for the purpose of locomotion upon a public highway, of mobile equipment registered under any motor vehicle registration law,

(i) an employee of the **named insured** while operating any such equipment in the course of his employment, and

(ii) any other person while operating with the permission of the **named insured** any such equipment registered in the name of the **named insured** and any person or organization legally responsible for such operation, but only if there is no other valid and collectible insurance available, either on a primary to excess basis, to such person or organization;

provided that no person or organization shall be an **insured** under this paragraph (e) with respect to:

(1) **bodily injury** to any fellow employee of such person injured in the course of his employment, or

(2) **property damage** to property owned by, rented to, in charge of or occupied by the named insured or the employer of any person described in subparagraph (ii)

This insurance does not apply to **bodily injury** or **property damage** arising out of the conduct of any partnership or joint venture of which the insured is a partner and which is not designated in this policy as a **named insured**.

III. LIMITS OF LIABILITY

Regardless of the number of (1) insureds under this policy, (2) persons or organizations who sustain bodily injury or property damage, or (3) claims made or suits brought on account of bodily injury or property damage, the company's liability is limited as follows:

Coverage A - The total liability of the company for all damages, including damages for care and loss of services, because of **bodily injury** sustained by one or more persons as the result of any one **occurrence** shall not exceed the limit of **bodily injury** liability stated in the declarations as applicable to "each **occurrence**".

Coverage B - The total liability of the company for all damages, because of all **property damage** sustained by one or more persons or organizations as the result of any one **occurrence** shall not exceed the limit of **property damage** liability stated in the declaration as applicable to "each **occurrence**".

Subject to the provision respecting "each **occurrence**," the total liability of the company for all damages because of all **property damage** to which this coverage applies and described in either of the numbered following

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

subparagraphs shall not exceed the limit of **property damage** liability stated in the declarations as "aggregate":

(1) all **property damage** arising out of premises or operations rated on a remuneration basis or contractor's equipment rated on a receipts basis including **property damage** for which liability is assumed under any **incidental contract** relating to such premises or operations, but excluding property damage included in subparagraph (2) below;

(2) all **property damage** arising out of and occurring in the course of operations performed for the **named insured** by independent contractors and general supervision thereof by the **named insured**, including any such **property damage** for which liability is assumed under any **incidental contract** relating to such operations, but this subparagraph (2) does not include **property damage** arising out of maintenance or repairs at premises owned by or rented to the named **insured** or structural alterations at such premises which do not involve changing the size of or moving buildings or other structures.

Such aggregate limit shall apply separately to the **property damage** described in subparagraphs (1) and (2) above, and separately with respect to each project away from premises owned by or rented to the **named insured.**

Coverage A and B - For the purpose of determining the limit of the company's liability, all **bodily injury** and **property damage** arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one **occurrence.**

IV. POLICY TERRITORY

This insurance applies only to **bodily injury** or **property damage** which occurs within the **policy territory.**

☐ **CONTRACTUAL LIABILITY INSURANCE COVERAGE PART (Designated Contracts Only)**

I. COVERAGE Y - CONTRACTUAL BODILY INJURY LIABILITY
COVERAGE Z - CONTRACTUAL PROPERTY DAMAGE LIABILITY

The company will pay on behalf of the insured all sums which the insured by reason or contractual liability assumed by him under a contract designated in the schedule for this insurance, shall become legally obligated to pay as damages because of

Coverage Y. **bodily injury** or
Coverage Z. **property damage**

to which this insurance applies, caused by an **occurrence,** and the company shall have the right and duty to defend any suit against the insured seeking damages on account of such **bodily injury** or **property damage,** even if any of the allegations of the suit are groundless, false or fraudulent, and may make such investigation and settlement of any claim or suit as it deems expedient, but the company shall not be obligated to pay any claim or judgment or to defend any suit after the applicable limit of the company's liability has been exhausted by payment of judgments or settlements.

Exclusions

This insurance does not apply:

(a) if the insured or his indemnitee is an architect, engineer or surveyor, to **bodily injury** or **property damage** arising out of the rendering of or the failure to render professional services by such **insured** or indemnitte, including

(1) the preparation or approval of maps, plans, opinions, reports, survey, designs or specifications and

(2) supervisory, inspection or engineering services;

(b) to **bodily injury** or **property damage** due to war, whether or not declared, civil war, insurrection, rebellion or revolution or to any act or condition incident to any of the foregoing;

(c) to **bodily injury** or **property damage** for which the indemnitee may be held liable

(1) as a person or organization engaged in the business of manufacturing, distributing, selling or serving alcoholic beverage, or

(2) if not so engaged, as an owner or lessor of premises used for such purposes, if such liability is

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

imposed

(i) by, or because of the violation of, any statute, ordinance or regulation pertaining to the sale, gift, distribution or use of any alcoholic beverage, or

(ii) by reason of the selling, serving or giving of any alcoholic beverage to a minor or to a person under the influence of alcohol or which causes or contributes to the intoxication of any person;

but part (ii) of this exclusion does not apply with respect to liability of the indemnitee as an owner or lessor described in (2) above;

(d) to any obligation for which the insured or any carrier as his insurer may be held liable under any workmen's compensation, unemployment compensation or disability benefits law, or under any similar law;

(e) to any obligation for which the **insured** may be held liable in an action on a contract by a third party beneficiary for **bodily injury** or **property damage** arising out of a project for a public authority; but this exclusion does not apply to an action by the public authority or any other person or organization engaged in the project;

(f) to **property damage** to

(1) property owned or occupied by or rented to the **insured**,

(2) property used by the **insured**, or

(3) property in the care, custody or control of the **insured** or as to which the **insured** is for any purpose exercising physical control;

(g) to **property damage** to premises alienated by the **named insured** arising out of such premises or any part thereof;

(h) to loss of use of tangible property which has not been physically injured or destroyed resulting from

(1) a delay in or lack of performance by or on behalf of the **named insured** of any contract or agreement,

or

(2) the failure of the **name insured's products** or work performed by or on behalf of the **named insured** to meet the level of performance, quality, fitness or durability warranted or represented by the **named insured**;

but this exclusion does not apply to loss of use of other tangible property resulting from the sudden and accidental physical injury to or destruction of the **named insured's products** or work performed by or on behalf of the **named insured** after such products or work have been put to use by any person or organization other than an **insured**;

(i) to **property damage** to the **named insured's products** arising out of such products or any part of such products;

(j) to **property damage** to work performed by or on behalf of the named insured arising out of the work or any portion thereof, or out of materials, parts or equipment furnished in connection therewith;

(k) to damages claimed for the withdrawal, inspection, repair, replacement, or loss of use of the **named insured's products** or work completed by or for the **named insured** or of any property of which such products or work from a part, if such products, work or property are withdrawn form the market or from use because of any known or suspected defect or deficiency therein;

(l) to **bodily injury** or **property damage** arising out of the ownership, maintenance, operation, use, loading or unloading or any **mobile equipment** while being used in any prearranged or organized racing, speed or demolition contest or in any stunting activity or in practice or preparation for any such contest or activity;

(m) to **bodily injury** or **property damage** arising out of the discharge, dispersal, release, or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any water course or body of water; but this exclusion does not apply if such discharge, dispersal, release or escape is sudden and accidental.

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

(n) to **property damage** included within (1) the **explosion hazard**, (2) the **collapse hazard**, or (3) the underground **property damage hazard**.

II. PERSON INSURED

Each of the following is an insured under this insurance to the extent set forth below;

(a) if the **named insured** is designated in the declarations as an individual, the person so designated and his spouse;

(b) if the **named insured** is designated in the declarations as a partnership or joint venture, the partnership or joint venture so designated and any partner or member thereof but only with respect to his liability a such;

(c) if the **named insured** is designated in the declarations as other than an individual, partnership or joint venture, the organization so designated and any executive officer, director or stockholder thereof while acting within the scope of his duties as such.

III. LIMITS OF LIABILITY

Regardless of the number of (1) **insureds** under this policy, (2) persons or organizations who sustain **bodily injury** or **property damage**, or (3) claims made or suits brought on account of bodily **injury** or **property damage** the company's liability is limited as follows:

Coverage Y - The total liability of the company for all damages, including damages for care and loss of services, because of **bodily injury** sustained by one or more persons as a result of any one **occurrence** shall not exceed the limit of bodily injury liability stated in the declarations as applicable to "each occurrence".

Coverage Z - the total liability of the company for all damages because of all **property damage** sustained by one or more persons or organizations as the result of any one **occurrence** shall not exceed the limit of **property damage** liability stated in the declarations as applicable to "each **occurrence**".

Subject to the above provision respecting "each **occurrence**", the total liability of the company for all damages because of all **property damage** to which this coverage applies shall not exceed the limit of **property damage** liability stated in the declarations as "aggregate". Such aggregate limit of liability applies separately with respect to each project away from the premises owned by or rented to the **named insured**.

Coverage Y and Z - For the purpose of determining the limit of the company's liability, all **bodily injury** and **property damage** arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one **occurrence**.

IV ADDITIONAL DEFINITIONS

When used in reference to this insurance (including endorsements forming a part of the policy):

"Contractual liability" means liability expressly assumed under a written contract or agreement; provided however, that **contractual liability** shall not be construed as including liability under a warranty of the fitness or quality of the **named insured's products** or a warranty that work performed by or on behalf of the **named insured** will be done in a workmanlike manner;

"suit" includes an arbitration proceeding to which the **insured** is required to submit or to which the **insured** has submitted with the company's consent.

V. POLICY TERRITORY

This insurance applies only to **bodily injury** or **property damage** which occurs within the **policy territory**.

VI. ADDITIONAL CONDITION

Arbitration

The company shall be entitled to exercise all of the insured's rights in the choice of arbitrators and in the conduct of any arbitration proceeding.

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

☐ **Endorsement No. 01**
ASBESTOS EXCLUSION CLAUSE

It is hereby understood and agreed that such insurance as is afforded by this policy for personal injury liability and property damage liability is subject to the following exclusion:

This insurance does not apply to any liability for property damage, bodily injury, sickness, disease, occupational disease, disability, shock, death, mental anguish and mental injury at any time arising out of the manufacture of or mining of, or use, or exposure to asbestos products, asbestos fibers or asbestos dust, or to any obligation of the insured to indemnify any party because of damages arising out of such property damage, bodily injury, sickness, disease, occupational disease, disability, shock, death, mental anguish or mental injury at any time as a result of the manufacture of, use of or exposure to asbestos products, asbestos fibers or asbestos dust.

It is further understood and agreed that the Company shall not be obligated to defend any suit or claim against the Insured alleging personal injury or property damage seeking damages, if such suit or claim arises from personal injury or property damage resulting from or contributed to, by any, and all manufacture or, use of, or exposure to asbestos products, asbestos fibers or asbestos dust.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the policy, except as hereinabove set forth.

☐ **Endorsement No. 02**
POLLUTION EXCLUSION CLAUSE

In consideration of the premium charged, it is hereby agreed and understood that this policy shall not apply to:

a. "Bodily Injury" or "Property Damage" arising out of the actual, alleged or threatened discharge, disposal, release or escape of pollutants:

(1) at or from premises you own, rent or occupy,

(2) at or from any site or location used by or for you or others for the handling, storage, disposal, processing or treatment of waste material,

(3) which are at any time transported, handled, stored, treated, disposed of, or processed as waste by or for you or any person or organization for whom you may legally responsible, or

(4) at or from any site or location on which you or any constructors or sub-contractors working directly or indirectly on your behalf are performing operations,

i) to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the pollutants, or

ii) if the pollutants are brought on or to the site or location by or for you.

b. Any loss, cost or expense arising out of any governmental direction or request that you test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants.

Pollutant mean any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste material. Waste material includes materials which are intend to be or have been recycled reconditioned or reclaimed.

All other terms and condition remain the same.

☐ **Endorsement No. 03**
COMMUNICABLE DISEASE EXCLUSION CLAUSE

It is hereby understood and agreed that no coverage applies to bodily injury or property damage which arises out of the transmission of a communicable disease by a covered person.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the policy, except as hereinabove set forth.

The following coverage parts are added and forming part of this policy when designated by an "X" in the box(es) shown below.

☐ **Endorsement No. 04**
PUNITIVE DAMAGES EXCLUSION ENDORSEMENT

It is hereby understood and agreed that this Policy excludes all fines, penalties, punitive or exemplary damages.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the Policy except as herein above set forth.

☐ **Endorsement No. 05**
Y2K EXCLUSION CLAUSE

This insurance does not apply to "bodily injury", "property damage", " personal injury" or "advertising injury" arising or "products/completed operations" liability 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
(i) Computer hardware, including microprocessors;
(ii) Computer application software;
(iii) Computer operating systems and related software;
(iv) Computer networks;
(v) Microprocessors (computer chips) not part of any computer system; or
(vi) Any other computerized or electronic equipment or components; or

(2) Any other products, and any services, data or function that directly or indirectly use or rely on, in any manner, on 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 device, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by or for the Named Insured to determine, rectify or test for, any potential or actual problems described in Paragraph a. of this endorsement.

☐ **Endorsement No. 06**
AMENDMENT - LIMIT OF LIABILITY (SINGLE LIMIT)

This endorsement modifies such insurance as is afforded by the provision of the policy relating to the following:

It is agreed that the provisions of the policy captioned "LIMITS OF LIABILITY" relating to Bodily Injury and Property Damage Liability are amended to read as follows:

LIMITS OF LIABILITY

Regardless of the number of (1) insured under this policy, (2) persons or organizations who sustain bodily injury or property damage (4) units of mobile equipment to which this policy applies, the Company's liability is limited as follows:

BODILY INJURY AND PROPERTY DAMAGE LIABILITY

(a) The limit of liability stated in the Schedule of this Endorsement is applicable to "each occurrence" is the total limit of the company's liability for all damages because of bodily injury and property damage as a result of one occurrence.

(b) Subject to the above provisions respecting "each occurrence", the total liability of the company for all damages because of all bodily injury and property damages which occur during each annual period while this policy is in force commencing from its effective date shall not exceed the limit of liability stated in the Schedule of this endorsement as "aggregate".

Nothing herein contained shall be held to vary, alter, waived or extent any of the Agreements, Conditions, Declarations, Exclusions Limitations or Terms of the Policy or any Coverage parts thereof other than as stated above.

IN WITNESS WHEREOF, the Company has caused this policy to be signed by its president and manager, but this policy shall not be valid unless countersigned on the Declarations page by a duly authorized representative of the Company.

YONJO CHOI

MANAGER

Jeongnam Kim

JEONG-NAM KIM

PRESIDENT

RESOLUTION NO. 23-FY2017

EXHIBIT C (4 of 4)

GUAM WATERWORKS AUTHORITY

DIRECTORS AND OFFICERS LIABILITYPOLICY SPECIMEN

"Terms and Conditions contained therein will be provided to the Authority without change"



MOYLAN'S INSURANCE UNDERWRITERS, INC.
Home of the Good Guys and Gals
424 W OBrien Dr Ste 102
Hagatna GU 96910

DONGBU INSURANCE CO., LTD.
SEOUL, KOREA

DIRECTORS AND OFFICERS LIABILITY
AND COMPANY REIMBURSEMENT POLICY
DECLARATIONS

POLICY NO. _____

Name Insured & Address: _____

Jurisdiction of Incorporation of the Named Insured: _____

Policy Period: From _____ 12:01 A.M. To _____ 12:01 A.M.

Nature of Business: _____

Insured: All Director's & Officers of Named Insured and its Subsidiary Company (les) stated below.

Subsidiary company: _____

Policy Territory:

Limit of Liability: _____ aggregate for Coverages A & B combined (including Defense Costs)

Retention: Coverage A $_____ Each Person
$_____ Aggregate All Persons / Each Loss
Coverage B $_____ Aggregate Each Loss

Retention stated in above is applied for loss arising from claims alleging the same Wrongful Acts or related Wrongful Acts.

Co-Insurance: _____ % (95%, unless otherwise stated herein)

Premium: _____

2% Assessment Fee: _____

Endorsement(s):
Territory, Jurisdiction Clause, Cancellation Clause, Exclusion of Certified Acts of Terrorism, Multi Year Endorsement, Punitive Damage Exclusion Clause; Security Holder Derivative Action Inclusion Clause, Nuclear Energy Liability Exclusion Endorsement; Prior Acts Exclusion Endorsement; Retention Endorsement; Failure to Maintain Insurance Exclusion Endorsement; Captive Insurance Company Exclusion Endorsement; One VS One Exclusion Endorsement (Insured VS Insured Exclusion Endorsement); Closely-Held Clause; Company Securities Claims (Entity Cover); Regulatory Exclusion Clause; SEC Exclusion; Erisa Exclusion; Year 2000 Exclusion

Notice 1: Except to such extent as may otherwise be provided herein, the coverage of this policy is limited generally to liability for only those claims that are first made against the Insured during the policy period.
Notice 2: The limit of liability available to pay judgment or settlements shall be reduced by amounts incurred for legal defense. Amount incurred for legal defense shall be applied against the retention amount.
Notice 3: The Insurer does not assume any duty to defend; however, the Insurer may advance defense costs payments prior to the final disposition of claim.

IN WITNESS WHEREOF, the Insurer has caused this policy to be signed by its duly authorized representative.
Signed at _____ this _____ day of _____

DONGBU INSURANCE CO., LTD.

By: _____
General Agent
Moylan's Insurance Underwriters, Inc.

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

TERRITORY

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, this Policy applies Worldwide.

Date Issued: _____ By: _____

Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

JURISDICTION

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, this insurance shall be governed by and construed in accordance with the laws of Guam and the exclusive jurisdiction of the USA including Guam Courts. The seat of arbitration shall be Guam.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

CANCELLATION CLAUSE

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, if Underwriters desire to cancel this policy, other than for non-payment, they shall give not less than ninety (90) days prior written notice by email and Certified Mail to:

Greg P. Cruz, Chief Financial Officer
Guam Waterwroks Authority
P.O. Box 3010
Hagatna, Guam 96923
Email: gpcruz@guamwaterworks.org

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Name Insured:_____

Policy No. _____

MULTI-YEAR POLICY ENDORSEMENT

In consideration of the % Term Discount given the Insured for the ____( ) years term of this policy, it is hereby understood and agreed that:

(A) In the event the Insured elects to have policy cancelled before the expiry of the ____year term, the Insured shall refund to the company the equivalent of the % discount on the premium earned; such earned premium to be computed short rate on the gross annual premium, when cancellation is effected other than on the annual anniversary date of the policy.

(B) In the event the company cancels the policy before the expiry of the _____ year term, the Insured shall not be obligated to refund any part of the % term discount. Any earned premium shall be computed on pro rata basis.

All other policy terms and conditions remain unaltered.

DONGBU INSURANCE CO., LTD.

Effective Date: _____ By:_____

Moylan's Insurance Underwriters , Inc.
General Agent

Payment Schedule Agreement

Insured's Name: _____

Installment No.	Amount Due	Due Date	Due Date	Due Date	Due Date	Due Date
Beginning Balance	$					
1						
2						
3						
4						
5						
6						

By acknowledging this Payment Schedule Agreement ("Agreement"), the Insured understands and agrees that failure to make payments according to the Agreement shall cause the entire unpaid balance to become due.

In the event it becomes necessary to retain the services of an attorney in our collection efforts, the Insured agrees to pay any and all attorney's fees equivalent to 15% of the unpaid balance.

Any unpaid balance shall be assessed interest at the rate of 12% per annum.

The Insured further understands and agrees that if a Total Loss claim is filed against the policy, the premium balance will be deducted from the loss proceeds. For Partial Losses, the payment schedule will remain the same. Where the payment schedule has not been followed and a claim has been filed, the Insured agrees that premium payments must be paid in FULL prior to settlement.

Nothing contained in this Agreement shall be construed to vary, alter, waive or change any of the terms, limits or conditions of the policy except as set forth herein.

This Agreement is effective _____

This Agreement shall be attached to and shall form part of Policy No._____ issued by Dongbu Insurance Company

Dongbu Insurance Co. Ltd.
By: Moylan's Insurance Underwriters, Inc.
General Agent

_____
Authorized Signature
Date:

Insured:

_____
Signature of Insured
Date:

PUNITIVE DAMAGE EXCLUSION CLAUSE

This insurance does not cover any liability for fines, penalties, and punitive or exemplary damages.

By: _____
Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

D & O *DONGBU INSURANCE CO., LTD.*

SECURITY HOLDER DERIVATIVE ACTION INCLUSION CLAUSE

1. INSURING AGREEMENT

Notwithstanding Article 4. Exclusion (n) of the "Directors and Officers Liability Policy and Company Reimbursement Policy" Standard Provisions (hereinafter referred to as the "Standard Provisions"), the Insure shall pay the Loss of the Insured(s) in the event that the Insured(s) shall become legally liable to the Company subject to the full payment of the premium which the Insurer charged for the Policy.

2. LIMIT OF LIABILITY

The aggregate limit of liability which Insurer shall pay under the Standard Provisions, this clause and other clauses shall not exceed the aggregate limit of liability stated in the Declarations.

3. RELATIONSHIP WITH STANDARD PROVISIONS

Any matter not expressly provided for by this clause shall be determined in accordance with the Standard Provisions so long as such provisions are not inconsistent with this clause.

By: _____

Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

In consideration of the Premium charged, it is hereby understood and agreed that the Insurer shall not be liable to make any payment for Loss in connection with any claim or claims made against the Directors or Officers:

A. Alleging, arising out of, base upon, attributable to, or in any way involving, directly or indirectly the hazardous properties of nuclear material, Including but not limited to:

(1) nuclear material located at any nuclear facility owned by, or operated by or on behalf of the Company, or discharged or dispersed therefrom; or

(2) nuclear material contained in spent fuel or waste which was or is at any time possessed, handles, used processed, stored, transported or disposed of by or on behalf of the Company; or

(3) the furnishing by an insured or the Company of services, materials, parts or equipment on connection with the planning, construction, maintenance, operation or use of any nuclear facility; or

(4) claims for damages to the company or its shareholder which alleges, arises from, is based upon; is attributed to or in any way involves, directly or indirectly, the hazardous properties if nuclear material.

B. (1) which is under a nuclear energy liability policy issued by the Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada or any other similar policy pr would be insured under any such policy for its termination upon exhaustion of its Limit of Liability; or

(2) with respect to which (a) an any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof or (b) The Company or any insured is, or had this policy not be issued would be, entitled to indemnity from the United States of America, or any agency thereof, with any person or organization.

As used in this endorsement:

"hazardous properties" include radioactive, toxic or explosive properties;

"nuclear material" means "source material", "special nuclear material" or "byproduct material";

"source material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";
"waste" means any waste material (1) containing "by-product material" (2) resulting from

operation by any person or organization of any nuclear facility included within the definition nuclear facility under paragraph (a) or (b) thereof;

"nuclear facility" means:

(a) any nuclear reactor

(b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium (2) processing or utilizing spent fuel, or (3) handling, processing or packing waste.

(c) Any equipment or device used for the processing, fabricating or alloying of special 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;

(d) 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:

"nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

By: _____

Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

PRIOR ACT EXCLUSION ENDORSEMENT

In consideration of the premium charged, it is hereby understood and agreed that:

1) this policy only provides coverage for Loss arising from claims for alleged Wrongful Acts occurring on after policy inception date of _____ and prior or the end of the Policy Period and otherwise covered by this policy.

2) Loss(es) arising out of the same ore elated Wrongful Acts(s) shall be deemed to arise from the fist such same or related Wrongful Acts.

By: _____
Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

RETENTION ENDORSEMENT

I. In consideration of the premium charged, it is hereby understood and agreed that Retention of the Declarations is amended to read as follows:

RETENTION: **The amount written in the Declarations and Schedule of this policy is applied.**

A. Non-Indemnifiable Loss:

$_____ per Director of Officer, subject to a maximum of
$_____ for Loss arising from claim alleging the same Wrongful Act or related Wrongful Acts

B. Company Reimbursement and Indemnifiable Loss:

$_____ for Loss arising from claim alleging the same Wrongful Act or related Wrongful Acts.

II. It is further understood and agreed that clause 6. RETENTION-INDEMNIFIED OR INDEMNIFIABLE LOSS is deleted in its entirety and replace by the follows;

6. RETENTION
The Insurer shall only be liable for the amount of Loss arising from a claim which is in excess of the retention amount stated in Retention of the Declaration, such retention amount to be borne by the Company and/or the Insureds and shall remain uninsured. A single retention amount shall apply to Loss arising from all claims alleging the same Wrongful Acts. The amount stated as Retention A. Non-Indemnifiable Loss applies separately to each Director or Officer, subject to the maximum retention for any single Loss. In cases where such maximum retention applies, the retention shall then be prorated among the Insureds in Proportion to their respective Loss.
Notwithstanding the foregoing the amount stated at Retention B applies to all Loss under Coverage A or B foe which the company is required or permitted to indemnify the Insureds in accordance with the fullest application of law, common or statutory, or contract, or the Charter or By-Laws of the Company.

By: _____
Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

FAILURE TO MAINTAIN INSURANCE EXCLUSION ENDORSEMENT

In consideration of the premium charged, it is hereby understood and agreed that, in addition to the 4. EXCLUSIONS shown in the policy, the following exclusions shall apply to any claim or claims.

The Insured shall not be liable to make any payment for Loss in connection with any claim or claims made against the Insureds;

- alleging, arising out of, based upon or attributable to any failure or omission on the part of the Insured's or the Company to effect and maintain insurance.

By: _____

Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

CAPTIVE INSURANCE COMPANY EXCLUSION ENDORSEMENT

In consideration of the premium charged, it is hereby understood and that the Insurer shall not be liable to make any payments for Loss in connection with any claim or claims made against Directors and Officers alleging out of, based upon or attributable to the owner, management, maintenance and/or control by the Company of any captive insurance company entity including but not limited to claims alleging the insolvency or bankruptcy of the Named Corporation as a result of such ownership, operation, management and control.

By: _____

Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

ONE VS ONE EXCLUSION ENDORSEMENT
(INSURED VS INSURED EXCLUSION ENDORSEMENT)

In consideration of the premium charged, it is hereby understood and agreed that the insurer shall not be liable to make any payments in connection with any claim made against the Insureds which is brought by any insured or the subsidiary or affiliate of the company, or any security holder(s) of any of the above entities whether directly, derivately or by class action.

By: _____

Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

CLOSELY-HELD CLAUSE

The Insurer shall not provide any payments for any Claim made by or on behalf of any person or entity holding beneficially or otherwise more than 15% of the issued share capital of the Company whether such claim is made in the name of the Company or not.

By: _____

Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

COMPANY SECURITIES CLAIMS
(ENTITY COVER)

It is agreed that the 3. EXTENSIONS, shall be amended by adding the following:

(b) I. The Company, the Directors and/or Officers and the Insurer agree, subject to the limitations set forth below and all other terms, conditions, exclusions and endorsements of this Policy, that coverage under this Policy is extended to include all Securities Loss, including Securities Claim Expenses, incurred on amount of a Securities Claim against the Directors, Officers and/or the Company.

II. Coverage under this endorsement shall apply whether such Securities Claim is made against only the Directors and Officers, only the Company, or both.

III. Securities Loss incurred by the Company shall be subject to the Retention amount listed in the Declarations as being applicable to Company Reimbursement.

IV. If in a Securities Claim all defendant Directors, Officers and the Company obtain by reason of a motion to dismiss, motion for summary judgment or trial a final non-appealable judgment of no liability in their favor, there shall be no Retention or coinsurance percentage applicable to any Securities Claim Expenses resulting from such Securities Claim.

V. With respect to all Securities Loss which in excess of the applicable Retention, the Company shall bear uninsured the following portions of such Securities Loss. The Insurer's liability shall only apply to the remaining percentage of all such Securities Loss.

A. % of all Securities Claim Expenses; and
B. % of all Securities Loss other tan Securities Claim Expenses

However, this percentage shall not apply with respect to any Securities Loss which is incurred solely by a natural person Director and Officer and which is subject to the first two listed Retention amounts set forth in the Declarations of this policy.

VI. the 4 EXCLUSIONS of this Policy shall be amended as follows:
Exclusion (b) shall be deleted in its entirety and replaced with the following;

(b) by reason of any directly dishonest, malicious or fraudulent act or omission or any willful violation of law by the Directions or Officers if a judgment or other final adjudication adverse to such Directors or Officers establishes such an act, omission or willful violation, provided this exclusion shall apply with respect to the Company only if such judgment or final adjudication establishes that a Director or the president, chief executive officer, chief operating officer, chief financial officer, in-house general counsel, managing director, any executive vice president or any equivalent executive officer of the Company committed such as act, omission or willful violation;

The following exclusion shall be added to the Policy.

(n) for, based upon, arising from, or in any way related to the actual or proposed payment by the Company of allegedly inadequate or unfair consideration in connection with its purchase of securities issued by the Company; provided, however, that this exclusion shall not apply to any covered Loss incurred by the Directors or Officers or any Securities Claim Expenses incurred by the Company.

VII. the 9. DEFIANCE COSTS, SETTLEMENT, JUDGMENT (INCLUDING THE ADVANCEMENT OF DEFENSE COSTS) of this Policy shall be amended by adding the following;

The Insurer may, with the written consent of the Company, settle any Securities Claim for solely a momentary amount which the Insurer deems reasonable. If the Company withholds consent to such settlement, the Insurer's liability for all Loss on amount of such settlement, the Insurer's liability for all Loss on account of such Securities Claim shall not exceed the amount for which the Insurer could have settled such Securities Claims plus Securities Claim Expenses accrued as of the date such settlement was proposed in writing by the Insurer to the Company.

VIII. Definitions that apply solely for purposes of this endorsement:

Securities Claim means any claim brought by a securities holder of the Company against the Directors, Officers and/or the Company which alleges a breach of the Securities laws of any Country, state or Jurisdiction arising from a Wrongful Act in connection with the purchase or sale of securities of the Company.

Securities Claim Expenses means that part of Securities Loss consisting of reasonable and necessary costs, charges, fee (including attorney's fees and experts' fees) and expenses incurred in the defense of a Securities Claim and the premium for appeal, attachment or similar bonds, but shall not include the wages, salaries or expenses of any Director, Officer or employee of the Company.

Securities Loss means any Loss otherwise covered under this Policy incurred by the Directors, Officers and/or the Company as a result of a Securities Claim: Provided, however, Securities Loss shall remain subject to all other policy terms, conditions, exclusion, endorsements and other provisions that may in whole or in part, preclude coverage for such Securities Loss.

By: _____

Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

REGULATORY EXCLUSION CLAUSE

In consideration of the premium charged, it is hereby understood and agreed that the Insured shall not be liable for any Loss in connection with any claim or claims made against the Directors and Officers:

(1) brought by or on behalf of, or with the solicitation, assistance participation, or intervention of;

(a) any Regulator, in any capacity whatsoever (including but not limited to its capacity as receiver, conservator, liquidator or otherwise) regardless of in whose name or for whose benefit (including but not limited to for the benefit of the Company or its shareholders or the Company's creditors) the claim is made or

(b) any person or entity against whom any regulator has asserted any claim or demand or whatever nature in such Regulator's capacity as insurer of, successor to, or subrogee of the Company.

(2) any derivative suit or representative class action alleging, arising out of, based upon or attributable to any such above action.

(3) alleging, arising out of, based upon, attributable to, or in any way involving, directly or indirectly any written agreement or memoranda of understanding or other agreements with a Regulator, including without limitation income maintenance agreements, purchase and assumptions agreements, indemnity agreements, capital contribution agreements, loan agreements, assets purchases agreements, cease and desist orders, and assistance agreements, or any amendments to any of the foregoing, or any actions required by a Regulator pursuant to the terms of any such agreements;

(4) alleging, arising out of, based upon, attributable to, or in any way involving, directly or indirectly any loss or reduction of earnings resulting from any agreement with, or action by, any Regulator.

For the purpose of this endorsement, the term "Regulator" shall mean:

(1) the Federal Savings and Loan Insurance Corporation, the Federal Deposit Insurance Corporation, any other federal or state depository insurance organization, the United States Comptroller of the Currency, the Federal Home Loan Bank Board, the Federal Reserve Board, or any similar federal, state or local regulatory or supervisory agency or authority, or affiliate of any or the foregoing, or

(2) any receiver, conservator, trustee, liquidator, rehabilitator other similar official with respect to Company.

By: _____

Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

SEC EXCLUSION

In consideration of the premium charged, it is hereby understood and agreed that in addition to the exclusion shown in the 4. EXCLUSIONS of this policy, the following exclusion shall apply to any claim or claims.

The Insurer shall not be liable to make any payments for Loss in connection with any claim or claims made against the Directors or Officers;

arising out of, based upon or attributable to profits in fact made from the purchase or sale by the Insureds of securities of the Company within the meaning of Section 16 (b) of the Securities Exchange Act of 1934, and amendments thereto similar provision of any state statutory law.

By: _____

Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

ERISA EXCLUSION

It is understood and agreed that the 4. EXCLUSIONS shall be amended by adding the following:

(P) Based upon, arising out of, or in any way involving, the Employee Retirement Income Security Act of 1974 or amendments thereto or any regulations promulgated thereunder, or similar provisions of any Federal, State or Local Statutory Law or Common law.

By: _____

Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

YEAR 2000 EXCLUSION

It is hereby understood and agreed that the 4. EXCLUSIONS of this Policy shall be amended by addition the following:

(o) for, based upon, attributable to, in any way directly or indirectly relating to, arising from, or in any way connected with the failure of any computer, software, firmware, microprocessor or other equipment or system for processing, storing or retrieving data where the property of the Company or not, and whether occurring before, during or after the year 2000

(i) to correctly recognize any date as its true calendar date

(ii) to capture save or retain, and/or correctly manipulate, interpret or process any date or information or command or instruction as a result of treating any date otherwise than as its true calendar date, or

(iii) to capture save retain or correctly process any date as a result of the operation of any command which has been programmed into any computer software, being a command which cause the loss of data or the inability to capture save retain or correctly to process such data on or after any date

By: _____

Authorized Signature
Moylan's Insurance Underwriters, Inc.
General Agent

DIRECTORS AND OFFICERS LIABILITY AND COMPANY REIMBURSEMENT POLICY

In consideration of the payment of the premium, and in reliance upon the statements made to the insurer by application forming a part hereof and its attachments and the material incorporated therein, Dongbu Insurance Co., Ltd., herein called the "Insurer", agrees as follows:

1. INSURING AGREEMENTS

COVERAGE A: DIRECTORS AND OFFICERS LIABILITY

The Insured shall pay the Loss of each and every Director or Officer of the Company arising from any claim or claims fist made against the Directors or Officers during the Policy Period for any alleged Wrongful Act in their respective capacities ad Directors or Officers of the Company, except for and to the extent that the Company has indemnified the Directors or Officers. The Insurer may, in accordance with and subject to Clause 9, advance each and every Directors and Officer the Defense Costs of such claim or claims prior to their final disposition.

COVERAGE B: COMPANY REIMBURSEMENT

The Insurer shall reimburse the Company for Loss arising from any claim or claims which are first made against Directors or Officers during the Policy Period for any alleged Wrongful Act in their respective capacities as Directors or Officers of the Company, but only when and to the extent that the Company Has Indemnified the Directors and Officers for such Loss Pursuant to law, common or statutory, or contract, or the Charter or By-laws of the Company duly effective under such law which determines and defines such rights of indemnity.

2. DEFINITIONS

(a) The "Company" means the Named Corporation and its Subsidiary on the Declarations

(b) "Defense Costs" means reasonable and necessary fees, costs and expense consented to by the insurer (including premiums for any appeal bond, attachment bond or similar bond, but without any obligation to apply for or furnish any such bond) resulting solely from the investigation, adjustment, defense and appeal of any claim against the Insureds, but excluding salaries of Officers or employees of the Company.

(c) "Insured(s)," or "Director(s) or Officer(s)", means any past, present or future duly elected or appointed Director and Officers of the Company. Coverage will automatically apply to all new Directors and Officers during Policy Period of this policy.

(d) "Loss" means damages, judgments, settlements and Defense Costs; however, Loss shall not include civil or criminal fines or penalties imposed by law, punitive or exemplary damages, the multiplied portion of multiplied damages, taxes, any amount for which the insureds are not financially liable or which are without legal recourse to the Insureds, or matters which may be deemed uninsurable under the law pursuant to which this policy

shall be construed.

(c) "Policy Period" means the period of time from the inception date shown of the Declarations to the earlier of the expiration date shown of the Declarations or the effective date of cancellation of this policy.

(f) "Subsidiary" means a corporation of which the Named Corporation owns on or before the inception of the Policy Period more than 40% of the issued and outstanding voting stock either directly or indirectly through one or more of its Subsidiaries.

"Subsidiary" also means any corporation which becomes a Subsidiary during the Policy Period but only upon the condition that within 90 days of its becoming a Subsidiary, the Named Corporation shall have provided the Insurer with full particulars of the new Subsidiary and agreed to any additional premium required by the Insurer relating to such new Subsidiary. A corporation becomes a Subsidiary when the Named Corporation owns more than 40% of the issued and outstanding voting stock either directly or indirectly through one or more of its Subsidiaries.

(g) "Wrongful Act" means any breach of duty, neglect, error, misstatement, misleading statement, omission or act by the Directors or Officers of the Company in their respective capacities as such, or any matter claimed against them solely by reason of their status as Directors or Officers of the Company.

3. EXTENSIONS

Subject otherwise to the terms hereof, this policy shall cover Loss Arising from any claims made against the estates, heirs, or legal representatives of deceased Director or Officers in the event of their in competency, insolvency or bankruptcy, who were Directors or Officers at the time the Wrongful Acts upon which such claims are based were committed.

4. EXCLUSION

The Insurer shall not be liable to make any payment for Loss in connection with any claim or claims made against the Directors or Officers:

(a) arising out of, based upon or attributable to the gaining in fact of any personal profit or advantage to which they were not legally entitled;

(b) arising out of, based upon or attributable to the committing in fact of any dishonest or criminal act;

(c) arising out of, based upon or attributable to the payment to the Insureds of any remuneration without the previous approval of the stockholders of the Company, which payment without such previous approval shall be held to have been illegal;

(d) arising out of, based upon or attributable to profits in fact made from the purchase or sale by the Insureds of securities of the Company using non-public information in a manner held to have been illegal;

(e) arising out of, based upon or attributable to payment of commissions, gratuities, benefits or any other favor provided to or for the benefit of any;

(1) Political group, government official, director, officer, employee or any person having an ownership interest in any customer of the company or their agent(s), representative(s) or member(s) of their family or any other entity(ies) with which they are affiliated.

(2) Any other person(s) or organization if such payment to those person(s) or organization shall be held to have been illegal under the law pursuant to where the payment was made or which this policy shall be construed.

The Wrongful Act of any Director or Officer shall not be imputed to any other Director or Officer for the purpose of determining the applicability of the foregoing exclusions 4(a) through 4(e)

(f) arising out of, based upon or attributable to the facts alleged, or to the same or related Wrongful Acts alleged or contained, in any claim which has been reported, or in any circumstances of which notice has been given, under any policy of which this policy is a renewal or replacement or which it may succeed in time;

(g) arising out of, based upon or attributable to any pending or prior litigation as of the inception date of this policy, or alleging or derived from the same or essentially the same facts as alleged in such pending or prior litigation;

(h) arising out of, based upon or attributable to any fact, situation, circumstances, or Wrongful Act which, at the inception date of this policy, such Insured knew or should reasonably have foreseen, might lead to a claim against the Insured and/or the Company;

(i) arising out of, based upon, attributable to, or in any way involving, directly or indirectly;

(1) the actual, alleged or threatened discharge, dispersal, release or escape of pollutants, or

(2) any direction or request to test fore, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants, including but not limited to claims alleging damage to the Company or its shareholders.

Pollutants includes (but is not limited to) 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) materials to recycled, reconditioned or reclaimed;

(j) arising out of, based upon or attributable to any act or omission in their capacities as directors or officers of any other entity other than the Company, or by reason of their status as a director or officer of such other entity;

(k) arising out of any legal liability or whatsoever nature directly or indirectly caused by or arising from the hazardous properties of nuclear material and/or all forms of radioactive contamination.

Hazardous properties include radioactive, toxic or explosive properties.
Nuclear material means source material, special nuclear material or byproduct material.

(l) for bodily injury, sickness, disease, death or emotional distress of any person, or damage to or destruction of any tangible property, including the loss pf use thereof, or for injury from oral or written publication of a libel or slender or of other defamatory or disparaging material that violates a person's right of privacy;

(m) of any Subsidiary of any alleged Wrongful Act occurring at any time when the Named Corporation did not own more than 50% of the issued and outstanding voting stock of such Subsidiary either or indirectly through one or more of its Subsidiaries.

(n) (1) The insurer shall not be liable to make any payment for any Loss in connection with any security holder derivative action against the insured(s), if such action has resulted, in part or in whole, in a judgment or a settlement adverse to such insured(s)

(2) The preceding paragraph shall not apply to any insured(s) other than the insured(s) who have become liable to pay Legal damage in a security holder derivative action.

5. LIMITS OF LIABILITY (FOR ALL LOSS – INCLUDING DEFENSE COSTS)

The limit of liability stated in the Declarations is the limit of the Insured's liability for all Loss, under Coverage A and Coverage B combined, arising out of all claims first made against the Insureds during the Policy Period. Further, any claim which is made subsequent to the Policy Period which pursuant to Clause 8(b) to (c) is considered made during the Policy Period shall also be subject to the one aggregate limit of liability stated in the Declarations.

Defense costs are not payable by the Insurer in addition to the limit of liability. Defense costs are part of Loss and as such are subject to the limit of liability for Loss.

6. RETENTION – INDEMNIFIED OR INDEMNIFIABLE LOSS

The Insurer shall only be liable for the amount of Loss arising from a claims which is in excess of the retention amount stated in the Declarations, such retention amount to be borne by the Company and/or the Insureds and shall remain uninsured. A single retention amount shall apply to Loss arising from all claims alleging the same Wrongful Act or related Wrongful Acts.

7. COINSURANCE CLAUSE

The Insurer shall be liable to pay percent, specified as Coinsurance Percent in the Declarations, of Loss Excess of the retention amount described in the Clause 6 up to Limit of Liability described in Clause 5, it being a condition of this insurance that the remaining percent of each every Loss shall be carried by the Company and the Insureds at their own risk and be uninsured.

8. NOTICE/CLAIM REPORTING PROVISIONS

Notice hereunder shall be given in writing to the Insurer at the Insurer's address. If mailed, the date of mailing of such notice shall constitute the date that such notice was given and proof of mailing shall be sufficient proof of notice.

(a) The Company or the Insureds shall, as a condition precedent to the obligation of the Insurer as soon as practicable, of any claim made against the Insureds and shall given the insurer information, including but not limited to the Wrongful Acts or facts alleged, the names of claimants and the manner in which the Insureds first became aware of the claim.

(b) If written notice of a claim has been given to the Insurer pursuant the Clause 8 (a) above, then any claim which is subsequently made against the Insureds alleging, arising out of, based upon or attributable to the facts alleged in the claims of which such notice has been given, or alleging any Wrongful Act which is the same as or related to any Wrongful Act alleged in the claim of which such notice has been given, shall be considered made at the time such notice was given.

(c) If during the Policy Period the Company or the Insureds shall become aware of any circumstances which may reasonably be exported to give rise to a claim being made against the Insureds and shall given written notice to the Insurer of the Insurer of the circumstances and the reasons for anticipating such a claim, with full particulars as to dates and persons involved, then any claim which is subsequently made against the Insureds alleging any Wrongful Act which is the same as or related to any Wrongful Act alleged or contained in such circumstances, shall be considered made at the time such notice of such circumstances was given.

9. DEFENSE COSTS, SETTLEMENT, JUDGMENTS (INCLUDING THE ADVANCEMENT OF DEFENSE COST)

Under Coverage A, the Insurer may, in its absolute discretion advance Defense Costs prior to the final disposition of the claims, unless such Defense Costs have been advanced by the Company, such advance payments by the Insurer shall be repaid o the Insurer by the Insureds, severally according to their respective interests, in event and to the extent that the Insureds shall not be entitled under the terms and conditions of this policy to payment of such Loss. The retention amount stated in the Declarations shall apply to such Defense Costs. Under Coverage B, the Insurer assumes no duty to reimburse Defense Costs prior to the final disposition of the claim. The Insurer may, in its absolute discretion, reimburse all or any part such Defense Costs prior to the final disposition of the claim. In such event, however, such advanced payments by the Insurer shall be repaid to the Insurer by the Company or the Insureds, severally according to their respective interests, in the event and to the extent that the company or the Insureds shall not be entitled under the terms and conditions of this policy to payment of such Loss.

The Insure does not, however, under this policy, assume any duty to defend. The Insureds shall not admit or assume any liability, enter into any settlements, stipulate to any judgments or incur any Defense Costs without the prior written consent of the Insurer. Only those settlements, stipulated judgments and Defense Costs which have been consented to by the Insurer shall be

recoverable as Loss under the terms of this policy. The Insurer's consent shall not be unreasonably withheld, provided that Insurer shall be entitled to effectively associate in the defense and negotiation of any settlement of any claim in order to reach a decision as re reasonableness.

The Insurer shall have the right to effective associate with the Company and the Insureds in the defense and settlement of any claim that appears reasonably likely to involve the Insurer, including but not limited to effectively associating in negotiation of a settlement.
The Insureds shall defend and contest any such claim. The Company and the Insureds shall give the Insurer full cooperation and such information as it may reasonably require.

With respect to the Defense costs and joint settlement of any claim made against the Company and the Insureds, such Defense Costs and joint settlement having been consented to by the Insurer, the Company and the Insureds and the Insurer agree to use their best efforts to determine a fair and proper allocation of the amounts as between the Company and the Insureds and the Insurer.

10. CANCELLATION CLAUSE

This policy may be cancelled by the Named Corporation by surrender thereof to the Insurer or any of its authorized agents or by mailing to the Insurer written notice stating of when thereafter the cancellation shall be effective. This policy may be cancelled by the Insurer by mailing to the Named Corporation at the address shown in this policy, written notice stating when not less than 30days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of surrender or the effective date and hour of cancellation state in the notice shall become the end of the Policy Period. Delivery of such written notice either by the Named Corporation or by the Insurer shall be equivalent to mailing.

If the Named Corporation cancels, earned premium shall be computed in accordance with the customary short rate table and procedure. If the Insurer cancels, earned premium shall be computed pro rata. Premium adjustment may be either at the time cancellation is effected or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

If the period of limitation relation to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

11. TERMINATION OF COVERAGE FOR SUBSEQUENT WRONGFUL ACTS AFTER CERTAIN TRANSACTIONS

If during the Policy Period;

1. the Named Corporation shall consolidate with or merge into, or sell all substantially all of its assets to, any other person entity or group of persons and/or entities acting in concert; or
2. any person or entity or group of persons and/or entities acting in concert shall acquire an amount of the outstanding securities representing more than 50% of the voting power for

the election of Directors of the Named Corporation, or acquires that voting rights of such an amount of such securities;

(either of the above events herein referred to ad the "Transaction")

then, there shall be no coverage afforded by any provision of this policy for any alleged Wrongful Act occurring after the effective date of the Transaction.
The Named Corporation shall give the Insurer written notice of the Transaction as soon as practicable, but not later than 30 days after the effective date of Transaction.

12. RISK ALTERATION

The Named Corporation shall give immediate notice to the Insurer in writing of any alterations which materially affect the risk covered by this policy. Such alterations include, but not limited to, alterations of statements in the Declarations of this policy, the application and all attachments thereto. No coverage shall apply under this policy for any loss in connection with any claim or claims resulting therefrom unless and until the Insurer has given written notice of their acceptance of such alteration.

13. SUBROGATION

In the event of any payment under this policy, the Insurer shall be subrogated to the extent of such payment to all Company's' and the Insureds' rights of recovery thereof, and the Company and the Insureds shall execute all papers required and shall do everything that may be necessary to secure such rights including the execution of such documents necessary to enable the Insurer effectively to bring suit in the name of the Company and/or the Insureds.

14. OTHER INSURANCE

Such insurance as is provided by this policy shall apply only as excess over any other valid and collectible insurance.

15. NOTICE AND AUTHORITY

It is agreed that the Named Corporation shall act on behalf of its Subsidiaries and all Insureds with respect to the giving and receiving of notice of claim or cancellation, the payment of premiums and the receiving of any return premium that may become due under this policy, the receipt and acceptance of any endorsements issued to form a part of this policy.

16. ASSIGNMENT

Any and all rights hereunder shall not be assignable without the prior written consent of the Insurer.

17. ACTION AGAINST INSURER

No action shall lie against the Insurer unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this policy, not until the amount of the Insureds' obligation to pay shall have been finally determined either by judgment against the Insurer.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. No person or organization shall have any right under this policy to join the Insurer as a party to any action against the Insures or the Company to determine the Insureds' liability, nor shall the Insurer be impleaded by the Insureds or the Company or their legal representatives. Bankruptcy or insolvency of the Insureds or of their estates shall not relieve the Insurer of any of its obligation hereunder.

18. ARBITRATION

If any difference shall arise between the Company or the Insureds and the Insurer as to the amount to be paid under this policy, such difference shall be referred to the decision of two arbitrators, one to be appointed in writing by each of the parties; or in case the arbitrators do not agree, such difference shall be referred to the decision of an umpire to be appointed in writing by the arbitrators.

Each party shall bear the expense of its own arbitrator and shall equally bear other expenses including the expense of the umpire.

19. DECLARATIONS

By acceptance of this policy, the Named Corporation and its Directors and Officers agreed that the statements made in the application and all attachments thereto are true and accurate and this policy has been issued in reliance thereof and this policy embodies all agreements between the Named Corporation or its Directors and Officers and the Insurer or any of their agents relating to this insurance.

IN WITNESS WHEREOF, THE company has caused this policy to be signed by its president and manager, but this policy shall not valid unless countersigned on the Declarations page by a duly authorized representative of the Company.

MANAGER

PRESIDENT

GUAM WATERWORKS AUTHORITY

COMMERCIAL AUTOMOBILE POLICY SPECIMEN

"Terms and Conditions contained therein will be provided to the Authority without change"

MOYLAN'S INSURANCE UNDERWRITERS, INC.
Home of the Good Guys and Gals
424 W OBrien Dr Ste 102
Hagatna GU 96910

Automobile Policy Declarations

issued by: **Dongbu Insurance Company Ltd.**

Policy Number :

1. Name Insured :
   Address :

2. Policy Period: From To at 12:01 A.M. Standard Time

3. Coverage		Limit of Liability	Premium
A. Bodily Injury	- Each Person/Each Accident	Per Schedule	Per Schedule
B. Property Damage	- Each Accident	Per Schedule	Per Schedule
C. Medical Payments	- Each Person	Per Schedule	Per Schedule
D. Comprehensive	- Deductible	Per Schedule	Per Schedule
E. Collision	- Deductible	Per Schedule	Per Schedule
Optional Coverage			
Uninsured Motorist	- Each Person/Each Accident	Per Schedule	Per Schedule
Passenger Risk	- Each Person/Each Accident	Per Schedule	Per Schedule
Typhoon	- Deductible	Per Schedule	Per Schedule
Personal Accident	- Each Person/Each Vehicle	Per Schedule	Per Schedule
Loss of Use		Per Schedule	Per Schedule

Total Premium:
2% Assessment Fee:
Total Policy Premium:

"ACV" means Actual Cash Value

* Minimum. Earned Premium: Short Rate, but not less than $30.00.

Discounts Applied:

*** Per Schedule ***

Endorsements Applicable :

*** Per Schedule ***

4. Your Covered Vehicle(s)

Year / Trade Name	Model	Body Type	Engine / Vin #	Insured's Estimate of Value including Accesories thereon

*** Per Schedule ***

5. Loss Payee: *** Per Schedule ***

6. Purpose of Use: **Business**

7. Geographical Area: This Policy Covers the Island Guam

8. Notice of Accident or Loss - In the event of accident or loss covered hereunder, immediate notice is to be given to Equitable Adjusting & Service at (671)477-7514

Date Issued: _____

By: _____
Moylan's Insurance Und., Inc.
General Agent

Named Insured: _____

SCHEDULE OF ENDORSEMENTS

Subject to the following clauses/riders or endorsements attached to and forming part of this policy:

- Schedule of Vehicles
- Cancellation Clause
- Errors & Omissions Clause
- Operator Waiver
- Newly Acquired and Substitute Vehicles
- Under-Age Driver Waiver
- Waiver of Sovereign Immunity
- Valid Drivers License Waiver
- Racing, Pacemaking or Speed-Testing Waiver
- Jurisdiction Clause
- Hired Auto and Non-Owned Auto Liability
- Deductible Endorsement
- Combined Single Limit Endorsement
- Multi Year Agreement Endorsement
- Payment Schedule Agreement
- Exclusion of Certified Acts of Terrorism

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits of conditions of the Policy except as herein above set forth.

This Endorsement is effective _____

Attached to and forming a part of Policy No. _____

By:_____
Moylan's Insurance Underwriters, Inc.
General Agent

Named Insured:
Policy No.:

SCHEDULE OF VEHICLES

Vehicle No.	Year	Description	VIN NO.	Coverage A. Bodily Injury Ea. Person/ Ea. Accident	Coverage B. Property Damage Ea. Person/ Ea. Accident	Coverage C. Medical Ea. Person	Coverage E. Collision	Deductible	Uninsured Motorist Ea. Person/ Ea. Accident	Premium

TOTAL ANNUAL PREMIUM

Nothing hereunder contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the Policy, except as hereinafter set forth.

This Endorsement is effective

Attached to and forming part of Policy No. of the DONGBU INSURANCE CO., LTD.

By:

Authorized Representative
Moylan's Insurance Underwriters, Inc.
General Agent

Doc. No. 34GL-17-0810.*

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

CANCELLATION CLAUSE

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, if Underwriters desire to cancel this policy, they shall give ninety (90) days prior written notice by email and Certified Mail to:

Greg P. Cruz, Chief Financial Officer
Guam Waterwroks Authority
P.O. Box 3010
Hagatna, Guam 96923
Email: **gpcruz@guamwaterworks.org**

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

ERRORS & OMISSIONS CLAUSE

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, the Insured shall not be prejudiced by an unintentional or inadvertent error, omission, incorrect valuation or incorrect description of any vehicle; provided that notice is given to Underwriters as soon as practical after discovery of any such error or omission.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

OPERATOR WAIVER

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, the exclusion of coverage should the vehicle be operated by a person while committing a felony or who is under the influence of intoxicating liquor or controlled drugs or substances is waived as respects to (Authority).

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

NEWLY ACQUIRED AND SUBSTITUTE VEHICLES

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, newly acquired or substitute vehicles shall be automatically covered from the date of acquisition until the expiration of the policy. The additional premium for all such vehicles, and the return premium for vehicles deleted from the schedule, will be determined by final audit adjustment following expiration of the policy.

Date Issued: _____ By: _____

Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

UNDER-AGE DRIVER WAIVER

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, the exclusion of Material Damage coverage should the vehicle be operated by a driver under the age of 25 is waived as respects to the (Authority).

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

WAIVER OF SOVEREIGN IMMUNITY

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, in the event of a claim, Underwriters waive any defense of Sovereign Immunity.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

VALID DRIVERS LICENSE WAIVER

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, the requirement that drivers possess a valid drivers license is waived as respects to the (Authority).

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

RACING, PACEMAKING OR SPEED-TESTING WAIVER

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, the exclusion while the automobile is used for commercial traveling, racing, pacemaking or speed-testing is waived as respects to the (Authority).

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

JURISDICTION

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, this insurance shall be governed by and construed in accordance with the laws of Guam and the exclusive jurisdiction of the USA including Guam Courts. The seat of arbitration shall be Guam.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Attached to and forming part of _____

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
HIRED AUTO AND NON-OWNED AUTO LIABILITY

This endorsement modifies insurance provided under the following:

AUTOMOBILE POLICY

SCHEDULE

Coverage	Additional Premium
Hired Auto Liability	Included
Non-Owned Auto Liability:	Included

A. Insurance is provided only for those coverages for which a specific premium charge is shown in the Declaration or in the Schedule.

1. **HIRED AUTO LIABILITY**
The insurance provided applies to "bodily injury" or property damage" arising out of the maintenance or use of a "hired auto" by you or your employees in the course of your business.

2. **NON-OWNED AUTO LIABILITY**
This insurance provided applies to "bodily injury" or "property damage" arising out of the use of any "non-owned auto" in your business by any person other than you.

B. For insurance provided by this endorsement only:

1. **EXCLUSIONS:**

(a) Exclusion (a) of the policy does not apply to the insurance afforded under this endorsement.
(b) The insurance does not apply to any automobile owned by or registered in the name of a partner, if the named insured is a partnership.

DEFINITION OF INSURED:

Each of the following is an insured under this endorsement to the extent set forth below:

a. You;
b. Any other person using a "hired auto" with your permission;
c. For a "non-owned auto," any partner or executive officer of yours, but only while such "non-owned auto" is being used in your business; and
d. Any other person or organization, but only for their liability because of acts or omissions of an insured under a, b, or c. above.

None of the following is an insured:

(1) Any person engaged in the business of his or her employer for "Bodily injury" to any co-employer
for "bodily injury" to any co-employee

(2) of such person injured in the course of employment;
(3) Any partner of executive officer for any "auto" owned by such partner or officer or a member of his or her household.
(4) Any person while employed in or otherwise engaged in duties in connection with an "auto business", other than an "Auto business" you operate;
(5) The owner or lessee (of whom you are a sub lessee) of a "hired auto" or the owner of a "non-owned auto" or any agent or employee of any such owner or lessee;
(6) Any person or organization for the conduct of any current or past partnership or joint venture that is not shown as a named Insured in the Declarations.

C. The following additional definitions apply:

(1) "Auto Business" means the business or occupation of selling, repairing, servicing, storing or parking "autos".
(2) "Hired Auto" means any "auto" you lease, hire or borrow. This does not include any "auto" you lease, hire or borrow from any of your employees or members of their households, or from any partner or executive officer of yours.
(3) "Non-Owned Auto" means any "auto" you do not own, lease, hire or borrow which is used in connection with your business. However, if you are a partnership, a "non-owned auto" does not include any "auto" owned by any partner.

DONGBU INSURANCE COMPANY, LTD.

Date Issued: _____ By:_____

Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

DEDUCTIBLE ENDORSEMENT

It is hereby understood and agreed that Property Damage is subject to a Deductible of $100,000.00 per occurrence

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the Policy, except as hereinafter set forth.

This endorsement is effective _____.

Attached to and forming part of Policy No. _____.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

COMBINED SINGLE LIMIT OF LIABILITY

Effective as of inception of the policy of which this form is made a part, the Company's Limit of Liability for all damages, including care and loss of services arising out of bodily injury including death at any time resulting there from and for all damages arising out of injury to or destruction of tangible property, including the loss of use thereof, and all supplementary payments including costs incurred in the defense of any claim, resulting from any one event and from all events occurring during the policy period shall be $_____

All other terms and conditions of the policy remain unaltered.

Attached to and forming part of Policy No._____

Issued to _____

DONGBU INSURANCE COMPANY, LTD.

Date Issued:_____

By:_____
Moylan's Insurance Underwrites, Inc.
General Agent

Name Insured:_____

Policy No. _____

MULTI-YEAR POLICY ENDORSEMENT

In consideration of the % Term Discount given the Insured for the ____( ) years term of this policy, it is hereby understood and agreed that:

(A) In the event the insured elects to have policy cancelled before the expiry of the ____year term, the insured shall refund to the company the equivalent of the % discount on the premium earned; such earned premium to be computed short rate on the gross annual premium, when cancellation is effected other than on the annual anniversary date of the policy.

(B) In the event the company cancels the policy before the expiry of the _____ year term, the insured shall not be obligated to refund any part of the % term discount. Any earned premium shall be computed on pro rata basis.

All other policy terms and conditions remain unaltered.

DONGBU INSURANCE CO., LTD.

Effective Date: _____ By:_____

Moylan's Insurance Underwriters , Inc.
General Agent

Payment Schedule Agreement

Insured's Name: _____

Installment No.	Amount Due	Due Date	Due Date	Due Date	Due Date	Due Date
Beginning Balance	$					
1						
2						
3						
4						
5						
6						

By acknowledging this Payment Schedule Agreement ("Agreement"), the Insured understands and agrees that failure to make payments according to the Agreement shall cause the entire unpaid balance to become due.

In the event it becomes necessary to retain the services of an attorney in our collection efforts, the Insured agrees to pay any and all attorney's fees equivalent to 15% of the unpaid balance.

Any unpaid balance shall be assessed interest at the rate of 12% per annum.

The Insured further understands and agrees that if a Total Loss claim is filed against the policy, the premium balance will be deducted from the loss proceeds. For Partial Losses, the payment schedule will remain the same. Where the payment schedule has not been followed and a claim has been filed, the Insured agrees that premium payments must be paid in FULL prior to settlement.

Nothing contained in this Agreement shall be construed to vary, alter, waive or change any of the terms, limits or conditions of the policy except as set forth herein.

This Agreement is effective _____

This Agreement shall be attached to and shall form part of Policy No._____ issued by Dongbu Insurance Company

Dongbu Insurance Co. Ltd.
By: Moylan's Insurance Underwriters, Inc.
General Agent

_____
Authorized Signature
Date:

Insured:

_____
Signature of Insured
Date:

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This insurance does not apply to TERRORISM, including injury or damage arising, directly or indirectly, out of a "certified act of terrorism".

"Certified act of terrorism" means an act that is certified by the Secretary of Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism and Risk Insurance Act of 2002. The criteria contained in that Act for a "certified act of terrorism" includes the following:

1. The act resulted in aggregate 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 on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

This endorsement fulfills the requirements of the U.S. Terrorism Risk Insurance Act of 2002.

Effective _____

All other terms and conditions remain unaltered.

Attached to and forming part of Policy No. _____

Issued to _____

effective _____

Dongbu Insurance Company Ltd.

Date: _____

By: _____

Authorized Representative
Moylan's Insurance Underwriters, Inc.
General Agent

AUTOMOBILE POLICY

Moylan's Insurance Underwriters, Inc.
SUITE 102 JULALE SHOPPING CENTER
424 WEST O'BRIEN DRIVE, HAGÅTÑA GUAM 96910
TEL: (671) 477-8613, 7500, 8150
E-mail: agana@moylans.net • FAX: (671) 477-1837

General Agent for:

Dongbu Insurance Co., Ltd.
Seoul, Korea

PLEASE READ YOUR POLICY. If incorrect return for immediate correction.
Carefully note condition requiring immediate notice of every occurrence, claim or suit.
Loss, if any, please notify: Equitable Adjusting & Service at 477-8613

Dongbu Insurance Co., Ltd.

(Herein called the Company)

Agrees with the insured, named in the declaration made a part hereof, in consideration of the payment of the premium and of the statements contained in the declarations and subject to the limits of liability, exclusions, conditions, and other terms of this policy:

INSURING AGREEMENTS

I. Coverage A. Bodily Injury Liability: To indemnify the insured for all sums which he shall become legally obligated to pay as damages because of bodily injury, including death at any time resulting therefrom, sustained by any person, caused by accident and arising out of ownership, maintenance or use of the automobile.

The words "bodily injury", and the word "injury" when referring to bodily injury, shall be deemed to include "sickness or disease".

Coverage B. Property Damage Liability: To indemnify the insured for all sums which he shall become legally obligated to pay as damages because of injury to or destruction of property, including the loss of use thereof, caused by accident and arising out of ownership, maintenance or use of the automobile.

Coverage C. Medical Payments: To pay all reasonable expenses incurred within one year from the date of accident for necessary medical, surgical, ambulance, hospital, professional nursing and funeral services, to or for each person who sustains bodily injury, sickness or disease, caused by accident, while in or upon, entering or alighting from the automobile if the automobile is being used by the named insured or with his permission.

Coverage D. Comprehensive-Excluding Collision or Upset: To pay for any direct and accidental loss of or damage to the automobile, herein after called loss, except loss caused by collision of the automobile with another object or by upset of the automobile or by collision of the automobile with a vehicle to which it is attached. Breakage of glass and loss caused by missiles, falling objects, falling aircraft or parts thereof, fire, theft, explosions, earthquake, windstorm, tornado, cyclone, typhoon, hail, water, flood, or vandalism shall not be deemed loss caused by collision or upset.

The amount deductible stated in item 3 of the declarations shall be deducted from each such loss.

Coverage E. Collision or Upset: To pay for direct and accidental loss of or damage to the automobile, herein after called loss, caused by collision of the automobile with another object or by upset of the automobile.

The amount deductible stated in item 3 of the declarations shall be deducted from each such loss.

II. Defense, Settlement, Supplementary Payments: As respects the insurance afforded by the other terms of this policy under coverage A and B the Company shall:

(a) defend in his name and behalf any suit against the insured alleging such injury or destruction and seeking damages on account thereof, even if such suit is groundless, false or fraudulent; but the Company may make such investigation, negotiation and settlement of any claim or suit as it deems expedient;

(b) pay all premiums on bonds to release attachments for an amount not in excess of the applicable limit of liability of this policy, all premiums on appeal bonds required in any such defended suit, the cost of bail bonds required of the insured in the event of accident or traffic law violation during the policy period, not exceed the usual charges of surety companies nor $100 per bail bond without any obligation to apply for or furnish any such bonds;

(c) pay all expenses incurred by the Company, all costs taxed against the insured in any such suit and all interest accruing after entry of judgment until the Company has paid, tendered or deposited in court such part of such judgment as does not exceed the limit of the Company's liability thereon;

(d) pay expenses incurred by the insured for such immediate medical and surgical relief to others as shall be imperative at the time of the accident;

(e) reimburse the insured for all reasonable expenses, other than loss of earnings, incurred at the Company's request.

The Company shall not be obligated under this insuring agreement to pay the costs of bonds or the expenses of investigation, settlement or defense arising out of any criminal action against the insured.

The amounts incurred under this insuring agreement, except settlements of claims and suits are payable by the Company in addition to the applicable limit of liability of this policy.

III. Special Privilege for Immediate Repairs: The named insured may authorize the repair of any automobile described in item 4 of the declarations necessitated by damage for which the company may be liable under any one or both of the coverages D and E, provided:

(a) the estimated cost of repairs does not exceed one hundred and twenty five dollars ($125.00);

(b) the Company is furnished with a detailed estimate of the costs; and

(c) the insured shall give the Company every assistance to see that such repair is necessary and the charge reasonable.

IV. Definition of Insured: With respect to the insurance for bodily injury, liability and for property damage liability the unqualified word "insured" includes the named insured and also includes any person while using the automobile and any person or organization legally responsible for the use thereof, provided the actual use of the automobile is by the named insured or with his permission. The insurance with respect to any person or organization other than the named insured does not apply:

(a) to any person or organization or to any agent or employee thereof, operating an automobile repair shop, public garage, sales agency, service station or public parking place, with respect to any accident arising out of the operation thereof;

(b) to any employee with respect to injury to or sickness, disease or death of another employee of the same employer injured in the course of such employment in an accident arising out of the maintenance or use of the automobile in the business of such employer.

V. Automobile Defined, Trailers, Two or More Automobiles, Including Automatic Insurance:

(a) Automobile. Except where stated to the contrary, the word "Automobile" means;

(1) **Described Automobile** - the motor vehicle or trailer described in this policy;

(2) **Utility Trailer** - under coverages A, B and C, a trailer not so described, if designed for use with a private passenger automobile if not being used with another type automobile and if not a home office, store, display or passenger trailer;

(3) **Temporary Substitute Automobile** - under coverages A, B, and C, an automobile not owned by the named insured while temporarily used as the substitute for the described automobile while withdrawn from normal use because of its breakdown, repair, servicing, loss or destruction;

(4) Newly Acquired Automobile - an automobile, ownership of which is acquired by the named insured who is the owner of the described automobile, if the named insured notifies the Company within thirty days following the date of its delivery to him, and if either it replaces an automobile described in this policy or the Company insured all automobiles owned by the named insured at such delivery date; but the insurance with respect to the newly acquired automobile does not apply to any loss against which the named insured has other valid and collectible insurance. The named insured shall pay any additional premium required because of the application of the insurance to such newly acquired automobile;

The word "Automobile" also includes, under coverage D and E; its equipment and other equipment permanently attached thereto.

(b) **Semitrailer.** The word "trailer" includes semitrailer.

(c) **Two or More Automobiles.** When two or more automobiles are insured hereunder, the terms of his policy shall apply separately to each, but a motor vehicle and a trailer or trailers attached thereto shall be held to be one automobile as respects limits of liability under coverages A and B and separate automobiles as respects limits under coverages D and E.

VI. Use of Other Automobiles: If the named insured is an individual who owns the automobile classified as "pleasure and business" or husband and wife either or both of whom own said automobile, such insurance as is afforded by this policy for bodily injury liability, for property damage liability and for medical payments with respect to said automobile applies with respect to any other automobile subject to the following provisions:

(a) with respect to the insurance for bodily injury liability and for property damage liability the unqualified word "insured" includes (1) such named insured, (2) the spouse of such individual if a resident of the same house hold and (3) any other person or organization legally responsible for the use by such named in insured or spouse of an automobile not owned or hired by such other person or organization. Insuring Agreement IV. Definition of Insured, does not apply to this insurance.

(b) this insuring agreement does not apply:

(1) to any automobile owned by, hired as part of a frequent use of hired automobiles by, or furnished for regular use to the named insured or a member of his household other than a private chauffeur or domestic servant of the named insured or spouse;

(2) to any automobile while used in the business or occupation of the named insured or spouse except a private passenger automobile operated or occupied by such named insured, spouse, chauffeur or servant;

(3) to any accident arising out of the operation of an automobile repair shop, public garage, sales agency, sevice station or public parking place;

(4) under coverage C, unless the injury results from the operation of such other automobile by such named insured or spouse or on behalf of either by such chauffeur or servant, or from the occupancy of said automobile by such named insured or spouse;

(5) under coverage A, to injury to or death of any person who is a named insured.

VII. General Average and Salvage Charges: The Company with respect to such transportation insurance as is afforded by this policy, shall pay any general average and salvage charges for which the named insured becomes legally liable.

VIII. Policy Period, Territory, Purposes of Use: This policy applies only to accidents which occur, and to direct and accidental losses to the automobile which are sustained, during the policy period, while the automobile is owned, maintained and used for the purposes stated as applicable thereto in the declarations and is (1) within the geographical area specified in item 7 of the declarations or (2) if the named insured's domicile on the effective date of the policy is outside the United States of America or the Dominion of Canada, while within the United States of America or the Dominion of Canada, for a period not exceeding thirty days during the policy period commencing with the date of arrival of the named insured or the automobile whichever shall occur first. In the event the insured has other insurance covering the same perils insured under this provisions, the insurance under this policy shall be excess insurance over any such other insurance and the limits of liability under this policy shall be reduced by an amount equal to the limits of liability afforded under such other policy.

IX. Purposes of Use Defined: (a) The term "pleasure and business" is defined as personal, pleasure, family and business use. (b) The term "commercial" is defined as the transportation or delivery of goods, merchandise or other materials, and uses incidental thereto, in direct connection with the named insured's business occupation as expressed in the declarations, including occasional use for personal, pleasure, family and other business purposes. (c) Use of the automobile for the purposes stated includes the loading and unloading thereof.

EXCLUSIONS

This Policy Does Not Apply;

I. Under any of the Coverages,

(a) while the automobile is used as a public or livery conveyance, unless such use is specifically declared and described in this policy and premium charged therefor;

(b) to any accident or to any loss directly or indirectly arising from or occasioned by or in consequence of war, invasion, act of foreign

enemy, hostilities or warlike operations (whether war be declared or not), mutiny, civil war, rebellion, revolution, insurrection or military or usurped power.

(c) while the automobile is used for commercial travelling, racing, pacemaking, speed-testing or the carriage of goods or samples in connection with any trade or business and use for any purpose in connection with the Motor Trade;

(d) if the insured or any person authorized to drive the automobile does not hold a valid driver's license to drive the automobile;

(e) to any claims or liability arising directly or indirectly from Nuclear Fission, Nuclear Fusion or Radioactive Contamination.

II. Under Coverages D & E,

(a) under coverages D and E only, to tires unless damaged by fire or stolen or unless such loss be coincident with other loss covered by this policy;

(b) to any damage to the automobile which is due and confined to wear and tear, freezing, mechanical or electrical breakdown or failure, unless such damage is the result of other loss covered by this policy;

(c) to robes, wearing apparel or personal effects,

(d) to loss or damage due to confiscation, nationalization or requisition by or under the order of any government or public or local authority or to loss or damage which occurs subsequent to abandonment or to relinquishment of possession of the automobile, made necessary by order of such authority;

(e) while the automobile is subject to any bailment lease, conditional sale, mortgage or other encumbrance not specifically declared and described in this policy;

(f) under coverages D and E only, to loss or damage caused by riot, strike, riot attending a strike, or civil commotion;

(g) under coverages D and E only, to loss or damage arising while the automobile is being transported by water or is being loaded on, or unloaded from, any ship, lighter or connecting vessel. This exclusion shall not apply while the automobile is in transit (1) on inland waterways in the countries designated in Item 7 of the declarations, or (2) by sea, on a voyage not exceeding 65 hours duration under normal conditions, between such countries in Europe and/or North Africa as may be designated in Item 7 of the declarations.

III. Under Coverage D,

(a) to loss due to conversion, embezzlement or secretion by any person in lawful possession of the automobile under a bailment lease, conditional sale, mortgage or other encumbrance.

IV. Under Coverage E,

(a) to breakage of glass if insurance with respect to such breakage is otherwise afforded.

V. Under Coverages A, B and C,

(a) to liability assumed by the insured under any contract or agreement .

VI. Under Coverages A and B,

(a) while the automobile is used for the towing of any trailer owned or hired by the named insured and not covered by like insurance in the company; or while any trailer covered by this policy is used with any automobile owned or hired by the named insured and not covered by like insurance in the company.

VII. Under Coverages A and C,

(a) to bodily injury to or death of any employee of the insured while engaged in the employment, other than domestic, of the insured or in domestic employment if benefits therefore are either payable or required to be provided under any Workmen's Compensation law, plan or scheme.

VIII. Under Coverage A,

(a) to any obligation for which the insured or any company as his insurer may be held liable under any Workmen's Compensation law, plan or

scheme;

(b) (1) to bodily injury to or death of any member of the insured's family residing with the insured; (2) to bodily injury to or death of the named insured.

IX. Under Coverage B,

(a) to injury to or destruction of property owned by, rented to, in charge of or transported by the insured.

X. Under Coverage C,

(a) to bodily injury to or death of any person if benefits therefore are payable under any Workmen's Compensation law, plan or scheme.

XI. Under Coverage C, D and E,

(a) while the automobile used in any illicit trade or transportation.

CONDITIONS

Condition 1 to 17 inclusive apply only to the coverage or coverages noted thereunder. Conditions 18 to 23 inclusive apply to all coverages.

1. Named Insured's Duties when Loss Occurs - Coverages D and E: When loss occurs, the named insured shall:

(a) protect the automobile, whether or not the loss is covered by this policy, and any further loss due to the named insured's failure to protect shall not be recoverable under this policy; reasonable expense incurred in affording such protection shall be deemed incurred at the Company's request;

(b) give notice thereof as soon as practicable to the Company or to any of its authorized representatives and also, in the event of theft, larceny, robbery or pilferage, to the police or if within a territory occupied by a military government, to the nearest office of such government but shall not, except at his own cost, offer to pay any reward for recovery of the automobile;

(c) file proof of loss with the Company within sixty days after the occurrence of loss, unless such time is extended in writing by the company, in the form of a sworn statement of the named insured setting forth the interest of the named insured and all others in the property affected, any encumbrances thereon, the actual cash value thereof at time of loss, the amount, place, time and cause of such loss and the descriptions and amounts of all other insurance covering such property.

Upon the Company's request, the named insured shall exhibit the damaged property to the Company and submit to examinations under oath by anyone designated by the Company, subscribe the same and produce for the Company's examination all pertinent records and sales invoices, or certified copies if originals be lost, permitting copies thereof to be made, all at such reasonable times and places as the Company shall designate.

2. Notice of Accident - Coverages A, B and C: When an accident occurs written notice shall be given by or on behalf of the insured to the company or to any of its authorized representatives as soon as practicable. Such notice shall contain particulars sufficient to identify the insured and also reasonably obtainable information regarding the time, place and circumstances of the accident, the names and addresses of the injured and of available witnesses.

3. Notice of Claim of Suit - Coverages A and B: If claim is made or suit is brought against the insured, the insured shall immediately forward to the company every demand, notice, summons or other process received by him or his representative.

4. Limit of Liability; Settlement Options; No Abandonment - Coverages D and E: The limit of the Company's liability for loss shall not exceed the actual cash value of the automobile, or, if the loss is of a part thereof, the actual cash value of such part at time of loss, nor what it would then cost to repair or replace the automobile or such part thereof with other of like kind and quality, with deduction for depreciation, nor the applicable limit of liability stated in the declarations.

The Company may pay for the loss in money or may repair or replace the automobile or such part thereof, as aforesaid, or may return any stolen property with payment for any resultant damage thereto at any time before the loss is paid or the property is so replaced subject, however, to such deductions represented by the amount deductible stated in Item 3 of the declarations, if any, as may be applicable thereto, or may take all or such part of the automobile at the agreed or appraised value but there shall be no abandonment to the Company.

5. Limits of Liability - Coverage A: The limit of bodily injury liability stated in the declarations as applicable to "each person" is the limit of the Company's liability for all damages, including damages for care and loss of services, arising out of bodily injury, including death at any time resulting therefrom, sustained by one person in any one accident; the limit of such liability stated in the declarations as applicable to "each accident" is, subject to the above provision respecting each person, the total limit of the Company's liability for all damages, including damages for care and loss of services, arising out of bodily injury, including death at any time resulting therefrom, sustained by two or more persons in any one accident.

6. Limits of Liability - Coverage B: The limit of property damage liability stated in the declarations as applicable to "each accident" is the total limit of the Company's liability for all damages arising out of injury to or destruction of all property of one or more persons or organizations, including the loss of use thereof, as the result of any one accident.

7. Limit of Liability - Coverage C: The limit of liability for medical payment stated in the declarations as applicable to "each person" is the limit of the Company's liability for all expenses incurred by or on behalf of each person who sustains bodily injury, including death resulting therefrom, in any one accident.

8. Limits of Liability - Coverages A, B and C: The inclusion herein of more than one insured shall not operate to increase the limits of the Company's liability.

9. Assault and Battery - Coverages A and B: Assault and battery shall be deemed an accident unless committed by or at the direction of the insured.

10. Appraisal, Repair, Replacement - Coverages D and E: If the named insured and the Company fail to agree as to the amount of loss, each shall, on the written demand of either, made within sixty days after receipt of proof of loss by the company, select a competent and disinterested appraiser and the appraisal shall be made at a reasonable time and place. The appraisers shall first select a competent and disinterested umpire. The appraisers shall then appraise the 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 named insured and the Company shall each pay his or it's 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.

11. Assistance and Cooperation of the Insured - Coverages A, B, C, D, and E: The insured shall cooperate with the Company and, upon the Company's request, shall attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits. The insured shall not except at his own cost, voluntarily make any payment, assume any obligation or incur any expense other than for such immediate medical and surgical relief to others as shall be imperative at the time of accident.

12. Medical Reports; Proof and Payment of Claim - Coverage C: As soon as practicable the insured person or someone on his behalf shall give to the Company written proof of claim , under oath if required and shall, after each request from the Company execute authorization to enable the Company to obtain medical reports and copies of records. The injured person shall submit to physical examination by physicians selected by the Company when and as often the Company may reasonably require.

The Company may pay the injured person or any person or organization rendering the services and such payment shall reduce the amount payable hereunder for such injury. Payment hereunder shall not constitute admission of liability of the insured or , except hereunder, of the Company.

13. Payment for Loss; Action Against the Company - Coverage D and E: Payment for loss may not be required nor shall action lie against the Company unless, as a condition precedent thereto, the named insured shall have fully complied with all the terms of this policy, nor until thirty days after proof of loss is filed and the amount of loss is determined as provided in this policy.

14. Action Against the Company - Coverage A and B: No action shall lie against the Company unless, as a condition precedent thereto, the insured shall have fully complied with all the terms of this policy, nor until the amount of the insured's obligation to pay shall have been

finally determined either by judgement against the insured after actual trial or by written agreement of the insured, the claimant and the Company.

Any person or organization of the legal representative thereof who has secured such judgement or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. Nothing contained in this policy shall give any person or organization any right to join the Company as a co-defendant in any action against the insured to determine the insured's liability.

Bankruptcy or insolvency of the insured or of the insured's estate shall not relieve the Company of any of its obligation hereunder.

15. Action Against the Company - Coverage C: 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 thirty days after the required proofs of claim have been filed with the Company.

16. No Benefits to Bailee - Coverages D and E: The insurance afforded by this policy shall not inure directly or indirectly to the benefit of any carrier of bailee liable for loss to the automobile.

17. Subrogation - Coverages A, B, D and E: In the event of any payment under this policy, the Company shall be subrogated to all the insured's rights of recovery therefor against any person or organization and the insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The insured shall do nothing after loss to prejudice such rights.

18. Other Insurance: Except under Coverage C, if the insured has other insurance against a loss covered by this policy the Company shall not be liable under this policy for a greater proportion of such loss than the applicable limit of liability stated in the declarations bears to the total applicable limit of liability of all valid and collectible insurance against such loss; provided, however, the insurance with respect to temporary substitute automobiles, under Insuring Agreement V or other automobiles under Insuring Agreement VI shall be excess insurance over any other valid and collectible insurance available to the insured, either as an insured under a policy applicable with respect to said automobiles or otherwise. Under coverage C, the insurance afforded with respect to other automobile under Insuring Agreement VI shall be excess insurance over any other valid and collectible medical payments insurance applicable thereto.

If, in order to comply with local statutory requirements, a policy is issued to the named insured provided valid and collectible insurance against a loss covered by this policy, the insurance under this policy shall be excess insurance over such other insurance and the limits of liability under this policy shall be reduced by an amount equal to the limits of liability afforded under such other policy.

19. Changes: Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy or estop the Company from asserting any right under the terms of this policy, nor shall the terms of this policy, be waived or changed except by endorsement issued to form a part thereof, signed by an authorized representative of the Company.

20. Assignment: Assignment of interest under this policy shall not bind the Company until its consent is endorsed hereon, if, however, the named insured shall die or be adjudged bankrupt or insolvent within the policy period, this policy, unless canceled shall, if written notice be given to the Company within sixty days after the date of such death or adjudication cover (1) the named insured's legal representative as the named insured, and (2) under coverages A and B, subject otherwise to the provisions of Insuring Agreement IV, any person having proper temporary custody of the automobile, as an insured, and under coverage C while the automobile is used by such person, until the appointment and qualification of such legal representative but in no event for a period of more than sixty days after the date of such death or adjudication.

21. Cancellation: This policy may be canceled by the named insured by surrender thereof or by mailing to the Company written notice stating when thereafter such cancellation shall be effective. This policy may be canceled by the Company by mailing to the named insured at the address shown in this policy written notice stating when not less than ten days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice and the effective date of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the named insured or by the Company shall be equivalent to mailing.

If the named insured cancels, earned premiums shall be computed in accordance with the short rate table and procedure customarily in use by the Company. If the Company cancels, earned premium shall be computed pro rata. Premium adjustment may be made at the time cancellation is effected and, if not then made, shall be made as soon as practicable after cancellation become effective.

The Company's check or the check of its representative similarly mailed or delivered shall be a sufficient tender of any refund of premium due to the named insured.

22. Terms of Policy Conformed to Statute: Terms of this policy which are in conflict with the statutes of the state or country wherein this policy is issued are hereby amended to conform to such statutes.

23. Declarations: By acceptance of this policy the named insured agrees that the statements in the declarations 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 its agents relating to this insurance.

DWI EXCLUSION CLAUSE

It is hereby understood and agreed that the Company shall not be liable with respect to any accident, loss, damage or liability caused, sustained or incurred while any motor vehicle, in respect of which indemnity is provided by this policy, is being driven by any person while committing a felony or who is under the influence of intoxicating liquor or controlled drugs or substances, or while said vehicle is being driven by any person who has been convicted of driving while under influence of intoxicating liquor or any controlled drugs or substances with respect to such accident, loss, damage or liability.

It is understood that this Exclusion shall not apply in respect of any claim by innocent Third Parties or innocent Named Insured if not operating the insured vehicle under the conditions set out in the preceding paragraph.

It is further understood and agreed that if the Company shall indemnify any Third Party for a claim which otherwise would have been excluded under first paragraph of this exclusion, the Company shall have the right of recovery from the operator of the insured vehicle.

IN WITNESS WHEREOF, the Company has caused this policy to be signed by its president and manager, but this policy shall not be valid unless countersigned on the Declarations page by a duly authorized representative of the Company.

YONJO CHOI
MANAGER

JEONG-NAM KIM
PRESIDENT

Doc. No. 34GL-17-0810.*

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

☐ **ENDORSEMENT No. 01**

EXCLUSION OF TYPHOON, WINDSTORM, HURRICANE, FLOOD OR TIDAL WAVE

(For attachment to Automobile Policy)

In consideration of the reduced premium charged, it is hereby agreed that the following is added to Section III of the Exclusions;

(b) to loss or damage, directly or indirectly, proximately or remotely, occasioned by or arising from or in consequence of typhoon, windstorm, hurricane, flood or tidal wave.

☐ **ENDORSEMENT No. 02**

TYPHOON COVERAGE DEDUCTIBLE CLAUSE

Anything to the contrary notwithstanding, it is declared and agreed that in the event of loss or damage under coverages D and E directly or indirectly, proximately or remotely occasioned by or arising from or in consequence of earthquake, volcanic eruption, typhoon, hurricane, tornado, cyclone or other convulsion of nature or atmospheric disturbances, the insured will bear on each loss for his own account as shown in the Declarations and/or Schedule of Vehicle under this policy.

☐ **ENDORSEMENT No. 03**

LOSS OF USE ENDORSEMENT (I)

(Applicable to Private Vehicle & Light Trucks Only)

In the event of theft of the entire vehicle, the company will reimburse the insured for transportation expenses incurred in an amount not exceeding USD40.00 per day, such benefits becoming payable on the third day immediately following submission of complete claims documents to the company. Reimbursement of said transportation expenses will thereafter continue until the claim is settled or the vehicle is located and returned to service. In no event shall total transportation expenses to be paid hereunder exceed $1,200.00.

☐ **ENDORSEMENT No. 04**

LOSS OF USE ENDORSEMENT (II)

(Applicable to Private Vehicle & Light Trucks Only)

For an additional premium, it is hereby noted and agreed that:

In addition to the applicable limit of liability, the company will reimburse the insured for transportation expenses incurred in an amount not exceeding $40.00 per day during the period commencing three days after a loss under comprehensive or collision covered by this policy has been reported to the company and terminating when the vehicle is returned to use or the company pays the loss, whichever shall first occur. In no event shall total transportation expenses to be paid hereunder exceed $1,200.00.

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

☐ **ENDORSEMENT No. 05**

PAYROLL DEDUCTION - ADDITIONAL POLICY CONDITIONS

Notwithstanding what is provided to the contrary in this policy, it is hereby declared and agreed that the total premium(s) under subject policy shall be made in accordance with the Payroll Deduction Plan. It is further agreed that this policy will automatically be invalidated or cancelled if the premium due is not paid after fifteen (15) days from due date thereof.

It is further understood and agreed that in the event of a loss, in case the vehicle insured is declared total loss, premium charged is payable immediately.

☐ **ENDORSEMENT No. 06**

NO LOSS DECLARATION

It is understood and agreed that the insured declares there is no known or reported losses under this policy as at the date of issue.

Nothing herein contained shall be held to vary, alter, waive or extend any of the Insuring Agreements, Exclusions, Conditions or Declarations of the policy, except as herein above set forth.

☐ **ENDORSEMENT NO. 07**

LOSS PAYABLE CLAUSE

Loss or damage, if any, under the policy shall be payable as interest may appear to:

And this insurance as to the interest of the Bailment Lessor, Conditional Vendor, Mortgage or other secured party or Assignee of Bailment Lessor, Conditional Vendor, Mortgages or other secured party (herein called the Lienholder) shall not be invalidated by any act or neglect of the Lessee, Mortgagor, Owner of the within described automobile or other Debtor nor by any change in the title or ownership of the property provided, however, that the conversion, embezzlement or secretion by the Lessee, Mortgagor, Purchaser or other Debtor in possession of the property insured under a bailment lease, conditional sale, mortgage or other security agreement is not covered under such policy, unless specifically insured against and premium paid therefore; and provided, also, that in case the Lessee, Mortgagor, Owner of other Debtor shall neglect to pay any premium due under such policy the Lienholder shall, on demand, pay the same.

Provided also, that the lienholder shall notify the company of any change of ownership or increase of hazard which shall come to the knowledge of said Lienholder and, unless permitted by such policy, it shall be noted thereon and the Lienholder shall, on demand, pay the premium for such increase hazard for the term of the used thereof, otherwise such policy shall be null and void. The company reserves the right to cancel such policy at any time as provided by its terms, but in such case the company shall notify the Lienholder when not less than ten days thereafter such cancellation shall be effective as to the interest of said Lienholder therein and the company shall have the right, on like notice, to cancel this agreement.

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

If the insured fails to render proof of loss within the time granted in the policy conditions, such Lienholder shall do so within sixty days thereafter, in form and manner as provided by the policy, and further shall Be subject to the provisions of the policy relating to appraisal and time of payment and of bringing suit.

Whenever the company shall pay the Lienholder any sum for loss or damage under such policy and shall claim that, as to the Lessee, Mortgagor, Owner or other Debtor, no liability therefore existed, the Company shall, to the extent of such payment, be thereupon legally subrogated to all rights of the party to whom such payment shall be made, under all securities held as collateral to the debt, or may at its option, pay to the Lienholder the whole principal due on the mortgage or other security agreement with interest, and shall thereupon receive a full assignment and transfer of the mortgage or other security agreement and of all such other securities; but no subrogation shall impair the right of the Lienholder to recover the full amount of its claim.

Whenever a payment of any nature becomes due under the policy, separate payment may be made to each party at interest provided the company protects the equity of all parties.

☐ **ENDORSEMENT No. 08**

UNINSURED MOTORIST COVERAGE

(Automobile Bodily Injury Liability)
- Basic Policy -

In consideration of the payment of the premium for this endorsement and subject to all of the terms of this endorsement, the company agrees with the named insured as follows:

INSURING AGREEMENTS

I. Damages for Bodily Injury Caused by Uninsured Automobiles

The company will pay all sums which the insured or his legal representative shall be legally entitled to recover as damages from the owner or operator of an uninsured automobile because of bodily injury, sickness or disease including death resulting therefrom, hereinafter called "bodily injury", sustained by the insured, caused by accident and arising our of the ownership, maintenance or use of such uninsured automobile; provided, for the purposes of this endorsement, determination as to whether the insured or such representative is legally entitled to recover such damages, and if so the amount thereof, shall be made by agreement between the insured or such representative and the company or, if they fail to agree, by arbitration.

No judgment against any person or organization alleged to be legally responsible for the bodily injury shall be conclusive, as between the insured and the company, of the issues of liability of such person or organization or of the amount of damages to which the insured is legally entitled unless such Judgement is entered pursuant to an action prosecuted by the insured with the written consent of the company.

II. Definitions

(a) "Insured" means:
- (1) The named insured as stated in the policy (herein also referred to as the "principal named insured") and any person designated as named insured in he schedule and, while residents of the same household, the spouse of any such named insured and relatives of either;
- (2) any other person while occupying an insured automobile; and
- (3) any person, with respect to damages he is entitled to recover because of bodily injury to which this endorsement applies sustained by an insured under (1) or (2) above.

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

The insurance applies separately with respect to each insured, but the application of the insurance to more than one insured shall not operate to increase the limits of the company's liability.

(b) "Insured automobile" means an automobile:
  (1) described in the schedule as an insured automobile to which the bodily injury liability coverage of the policy applies;
  (2) while temporarily used as a substitute for an insured automobile described in subparagraph (1) above, when withdrawn from normal use because of its breakdown, repair, servicing, loss or destruction;
  (3) while being operated by a named insured or by his spouse if a resident of the same household;
  but the term "insured automobile" shall not include:
    (i) an automobile while used as a public or livery conveyance, unless such use is declared in this endorsement;
    (ii) an automobile while being used without the permission of the owner;
    (iii) under subparagraphs (2) and (3) above, an automobile owned by the principal named insured or by an named insured designated in the schedule or by any resident of the same household as such insured; or
    (iv) under subparagraphs (2) and (3) above, an automobile furnished for the regular use of the principal named insured or any resident of the same household.

(c) "uninsured automobile" means.
  (1) an automobile with respect to the ownership, maintenance or use of which there is, in at least the amount specified by the financial responsibility law of the state in which the insured automobile is principally garaged, no bodily injury liability bond or insurance policy applicable at the time of the accident with respect to any person or organization legally responsible for the use of such automobile, or with respect to which there is a bodily injury liability bond or insurance policy applicable at the time of the accident but the company writing the same denies coverage thereunder; or
  (2) a hit-and-run automobile as defined; but the term "uninsured automobile" shall not include
    (i) an insured automobile,
    (ii) an automobile which is owned or operated by a self-insurer within the meaning of any motor vehicle financial responsibility law, motor carrier law or any similar law,
    (iii) an automobile which is owned by the United States of America, Canada, a state, a political subdivision of any such government or an agency of any of the foregoing,
    (iv) a land motor vehicle or trailer if operated on rails or crawler-treads or while located for use as a residence or premises and not as a vehicle, or
    (v) a farm type tractor or equipment designed for use principally off public roads, except while actually upon public roads.

(d) "hit-and-run automobile" means an automobile which causes bodily injury to an insured arising out of physical contact of such automobile with the insured or with an automobile which the insured is occupying at the time of the accident, provided: (1) there cannot be ascertained the identity of either the operator or owner of such "hit-and-run automobile", (2) the insured or someone on his behalf shall have reported the accident within 24 hours to a police, peace or judicial officer or to the Commissioner of Motor Vehicles, and shall have filed with the company within 30 days thereafter a statement under oath that the insured or his legal representative has a cause or causes of action arising out of such accident for damages against a person or persons whose identity is unascertainable, and setting forth the facts in support thereof; and (3) at the company's request, the insured or his legal representative makes available for inspection the automobile which the insured was occupying at the time of the accident.

(e) Occupying. The word "occupying" means in or upon or entering into or alighting from.

(f) State. The word "state" shall mean the Territory of Guam.

III. Policy Period, Territory

This endorsement applies only to accidents which occur on and after the effective date hereof, during the policy period and within the geographical area specified in Item 7 of the Declarations.

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

EXCLUSIONS

This endorsement does not apply.

(a) to bodily injury to an insured with respect to which such insured, his legal representative or any person entitled to payment under this endorsement shall without written consent of the company, make any settlement with any person or organization who maybe legally liable therefor.

(b) to bodily injury to an insured while occupying an automobile (other than an insured automobile) owned by a named insured or any relative resident in the same household, or through being struck by an automobile owned by an insured named in the schedule or his relatives;

(c) so as to inure directly or indirectly to the benefit of any workmen's compensation or disability benefits carrier or any person or organization qualifying as a self insurer under any workmen's compensation or disability benefits law or any similar law.

CONDITIONS

1. Policy Provisions None of the Insuring Agreements, Exclusions or Conditions of the policy shall apply to the insurance afforded by this endorsement except the Conditions "Notice" or "Notice of Accident", "Changes", "Assignment", "Cancellation" and "Declarations".

2. Premium. If during the policy period the number of insured automobiles owned by the principal named insured or spouse of the number of dealer's license plates issued to the principal named insured changes, such named insured shall notify the company during the policy period of any change and the premium shall be adjusted in accordance with the manuals in use by the company. If the earned premium thus computed exceeds the advance premium paid, such named insured shall pay the excess to the company; if less, the company shall return to such named insured the unearned portion paid by such insured.

3. Proof of Claim, Medical Reports. As soon as practicable, the insured or other person making claim shall give to the company written proof of claim under oath if required, including full particulars of the nature and extent of the injuries, treatment, and other details entering into the determination of the amount payable hereunder. The insured and every other person making claim hereunder shall submit to examinations under oath by any person named by the company and subscribe to same, as often as may reasonably be required. Proof of claim shall be made upon forms furnished by the company unless the company shall have failed to furnish such forms within 15 days after receiving notice of claim.

   The injured person shall submit to physical examinations by physicians selected by the company when and as often as the company may reasonably require and he, or in the event of his incapacity his legal representative, or in the event of his death his legal representative or the persons or person entitled to sue therefor, shall upon each request from the company execute authorization to enable the company to obtain medical reports and copies of records

4. Assistance and Cooperation of the Insured. After notice of claim under this endorsement, the company may require the insured to take such action as maybe necessary or appropriate to preserve his right to recover damages from any person or organization alleged to be legally responsible for the bodily injury and in any action against the company, the company may require the insured to join such person or organization as a party defendant.

5. Notice of Legal Action. If, before the company makes payment of loss hereunder, the insured or his legal representative shall institute any legal action for bodily injury against any person or organization legally responsible for the use of an automobile involved in the accident, a copy of the summons and complaint or other process served in connection with such legal action shall be forwarded immediately to the company by the insured or his legal representative.

6. Limits of Liability.
   (a) The limit of liability stated in the schedule as applicable to "each person" is the limit of the company's liability for

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

all damages; including damages for care or loss of services, because of bodily injury sustained by one person as the result of any one accident and subject to the above provision respecting each person, the limit of liability stated in the schedule as applicable to "each accident" is the total limit of the company's liability for all damages, including damages for care or loss of services, because of bodily injury sustained by two or more persons as the result of any one accident.

(b) Any amount payable under the terms of this endorsement because of bodily injury sustained in an accident by a person who is an insured under this coverage shall be reduced by;
   (1) All sums paid on account of such bodily injury by or on behalf of (i) the owner or operator of the uninsured automobile and (ii) any other person or organization jointly or severally liable together with such owner or operator for such bodily injury including all sums paid under the Bodily Injury Liability Coverage of the policy, and
   (2) the amount paid and the present value of all amounts payable on account of such bodily injury under any workmen's compensation law, disability benefits law or any similar law.

(c) any payment made under this endorsement to or for any insured shall be applied in reduction of the amount of damages which he may be entitled to recover from any person insured under the Bodily Injury Liability Coverage of the policy.

(d) The company shall not be obligated to pay under this Coverage that part of the damages which the insured may be entitled to recover from the owner or operator of an uninsured automobile which represents expenses for medical services paid or payable under the Medical Payments Coverage of the policy.

7. Other Insurance. With respect to bodily injury to an insured while occupying an automobile not owned by the principal named insured, the insurance under this endorsement shall apply only as excess insurance over any other similar insurance available to such insured and applicable to such automobile as primary insurance, and this insurance shall then apply only in the amount by which the limit of liability for this coverage exceeds the applicable limit of liability of such other insurance. Except as provided in the foregoing paragraph, if the insured has other similar insurance avail able to him and applicable to the accident, the damages shall be deemed not to exceed the higher of the applicable limits of liability of this insurance and such other insurance, and the company shall not be liable for a greater proportion of any loss to which this Coverage applies than the limit of liability hereunder bears to the sum of the applicable limits of liability of this insurance and such other insurance.

8. Arbitration. If any person making claim hereunder and the company do not agree that such person is legally entitled to recover damages from the owner or operator of an uninsured automobile because of bodily injury to the insured, or do not agree as to the amount of payment which may be owing under this endorsement, then, upon written demand of either, the matter or matters upon which such person and the company do not agree shall be settled by arbitration in accordance with the rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrators my be entered in any court having jurisdiction thereof. Such person and the company each agree to consider itself bound and to be bound by any award made by the arbitrators pursuant to this endorsement.

9. Trust Agreement. In the event of payment to any person under this endorsement:
   (a) the company shall be entitled to the extent of such payment to the proceeds of any settlement or judgment that may result from the exercise of any rights of recovery of such person or organization legally responsible for the bodily injury because of which such payment is made;
   (b) such person shall hold in trust for the benefit of the company all rights of recovery which he shall have against have against such other person or organization because of the damages which are the subject of claim made under this endorsement;
   (c) such person shall do whatever is proper to secure and shall do nothing after loss to prejudice such rights;
   (d) if request in writing by the company, such person shall take, through any representative designated by the company, such action as may be necessary or appropriate to recover such payment as damages from such other person or organization, such action to be taken in the name of such person; in the event of a recovery, the company shall be reimbursed out of such recovery for expenses, costs and attorney's fees incurred by it in connection therewith;

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

(e) such person shall execute and deliver to the company such instruments and papers as may be appropriate to secure the right and obligations of such person and the company established by this provision.

10. Payment of Loss by the Company. Any amount due hereunder is payable (a) to the insured, or (b) if the insured be a minor to his parent or guardian, or (c) if the insured be deceased to his surviving spouse, otherwise (d) to a person authorized by law to receive such payment or to a person legally entitled to recover the damages which the payment represents; provided, the company may at its option pay any amount due hereunder in accordance with division (d) hereof.

11. Action Against Company. No action shall lie against the company unless, as a condition precedent thereto, the insured or his legal representative has fully complied with all the terms of this endorsement.

SCHEDULE

Designation of named insured for purposes of this endorsement (see Insuring Agreement II (a)) is the Named Insured as designated on the Declaration Page of the Policy.

Limit of Liability: $15,000 each person; $30,000 each accident.

The advance premium for this endorsement, $ is included.

Description of insured automobiles: Any automobile designated in the declarations of the policy by the letters "UM" and an automobile ownership of which is acquired during the policy period by the principal named insured as a replacement therefor. Unless otherwise stated herein, this endorsement does not apply to any automobile while used as a public or livery conveyance:

This endorsement forms a part of the designated policy and applies, unless otherwise stated herein, as of the effective time and date of such policy.

☐ **ENDORSEMENT NO. 09**

Automobile Driver and Passenger Personal Accident Coverage Endorsement

In consideration of the premium paid for this endorsement. The insurance afforded with respect to such injuries applies only:

While the Named Insured or any "Non-Named" driver and/or passengers who, with the permission of the Named Insured is/are driving or riding as a passenger in, boarding or alighting from a vehicle named in the policy, not used for commercial purposes.

BENEFITS

The insurance afforded is only with respect to injuries which directly and independently of all other causes result in Death or Dismemberment as stated hereunder within the time limit indicated.

Part I - Loss of Life Accident Indemnity

When injury results in loss of life of a covered insured, as defined in section (a) above within one hundred eighty (180) days after the date of the accident, the Company will pay the Loss of Life Accident Indemnity stated in the schedule, subject to the individual limits and the provision of Maximum Liability

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

Part II - Dismemberment and Loss of Sight Indemnity

When injury does not result in loss of life of the covered insured within one hundred eighty (180) days after the occurrence of the accident but does result in Dismemberment or Loss of Sight as covered under the Schedule, the Company will pay the such loss as stated in the schedule.

Part III -Schedule

Loss of life Accident Indemnity maximum	:	US$2,000 (Per Person), US$8,000 (Per Vehicle)
Loss of Both Hands or Both Feet or Sight of Both Eyes	:	US$2,000 (Per Person)
Loss of One Hand and One Foot	:	US$2,000 (Per Person)
Loss of Either Hand or Foot and Sight of One Eye	:	US$2,000 (Per Person)
Loss of Either Hand or Foot	:	US$1,000 (Per Person)
Loss of Sight of One Eye	:	US$1,000 (Per Person)

"Loss" as above used with reference to hand or foot means complete severance through or above the wrist or ankle, and as used with reference to eyes, means the entire and irrecoverable loss of sight.

The occurrence of any specific loss of which indemnity is payable shall at once terminate all insurance under this endorsement, but such termination shall be without prejudice to any claim originating out of the accident causing such loss.

No indemnity will paid under any circumstances for more than one of the losses, per person, the greatest, for which provision is made in this part.

Part IV - Maximum Liability

The Maximum Liability for which the Company is subject to is US$2,000 per person. However, the maximum amount of liability for the Company per vehicle shall not exceed US$8,000. In the event of an accident involving more than four (4) persons in the named vehicle the provision for maximum vehicle liability shall have precedence.

Part V - Exclusions

The insurance with respect to the above hazards shall not apply:

a) to loss caused directly or indirectly, wholly or partly by:
   1. bacterial infections (except pyogenic infections which shall occur through an accidental cut or wound);
   2. any other kind of disease;
   3. medical or surgical treatment (except such as may be necessary solely by injuries covered by this policy and performed within the time provided in the policy);
b) to suicide or any attempt threat (sane or insane); nor
c) to loss occasioned by war, invasion, act of foreign enemy, hostilities or warlike operation (whether war be declared or not), mutiny, riot, civil commotion, civil war, rebellion, revolution, insurrection, conspiracy, military or usurped power, martial law, or state of siege, or any of the events or causes which determine the proclamation or maintenance of martial law, or state of siege, seizure, quarantine, or customs regulation or nationalization by or under the order of any government or public or local authority, or any weapon or instrument employing atomic fission or radioactive force, whether in time of peace or war.
d) while the covered insured is under the influence of alcohol or drugs.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the policy, except as hereinabove set forth.

SCHEDULE

POLICY NUMBER: {Response}

UNDERWRITER(S):

Sompo Japan Nipponkoa Insurance Inc.

NAME OF ASSURED:

Guam Waterworks Authority

ADDRESS OF ASSURED:

578 North Marine Corps Drive, Tamuning, Guam 96913, U.S.A.

BUSINESS OF THE ASSURED:

Supplier of Water & Waste Water Services

POLICY PERIOD:

From: May 1, 2017

To: May 1, 2018

both days at 12.01am Local Standard Time

LOCATIONS INSURED:

Territory of Guam, U.S.A. as schedule agreed by Sompo Japan Nipponkoa Insurance Inc.

INTEREST INSURED:

Real and Personal Property of the Insured or in which the Insured has insurable interest and Business Interruption/Extra Expense

SUM INSURED:

USD 30,000,000 Any One Occurrence

IN EXCESS OF SELF-INSURED RETENTION:

5% of Claim Amount, Subject to MINIMUM USD 250,000 and MAXIMUM USD 1,000,000, each and every loss in respect of Earthquake, Windstorm, Flood, Typhoon and Tidal Wave.

USD 50,000 each and every loss in respect of All Other Perils.

TOTAL DECLARED VALUE:

USD 587,002,129 per schedule of values seen, agreed and initialed by the Underwriters. hereon

SUB LIMITS:

Personal Property in Transit any One Conveyance	USD	250,000
Valuable Papers and Records and Computer Media	USD	1,000,000
Automatic Acquisitions	USD	1,000,000
Boiler and Machinery Breakdown	USD	5,000,000
Denial of Access	USD	1,000,000
Suppliers' & Customers'	USD	1,000,000
Mold (Aggregate)	USD	250,000

PREMIUM:

{Response}

NOTIFICATION OF CLAIMS TO:

AM Insurance
J&G Commercial Center, Suite 113F
215A Chalan Santo Papa Street
Hagtana, Guam 96910

AUTOMATIC AQUISITION LIMIT

As noted above

DATED IN HAGATNA, GUAM: {Response} {Response}

SAMPLE

DIRECT PHYSICAL LOSS OR DAMAGE WORDING

SUBJECT TO THE EXCLUSIONS, CONDITIONS AND LIMITATIONS CONTAINED HEREIN, this Policy insures (1) the Property of the Assured which has been declared to and agreed by Underwriters and (2) the property of others which is (a) in the Assured's care, custody, and control, and (b) for which the Assured is legally liable, as more fully defined in the Schedule, against **RISKS OF DIRECT PHYSICAL LOSS OR DAMAGE** occurring during the period of this Policy.

EXCLUDED CAUSES OF LOSS

THIS POLICY DOES NOT INSURE AGAINST:

1. wear, tear or gradual deterioration; wet rot, dry rot or mould; spoilage, decay or decomposition; normal settling, shrinking or expansion in buildings, structures or foundations; corrosion or rust; erosion; leakage; any other gradually occurring loss; or any loss which commenced prior to the inception of this Policy

2. loss or damage to real property only caused by error in design, faulty workmanship or faulty or unsuitable materials. However, if fire or explosion results, then any loss or damage arising directly from that fire or explosion shall not be excluded hereunder

3. loss or damage caused by moths, termites or other insects; vermin; inherent vice or latent defect; dampness or dryness of atmosphere; condensation; smog or fog; or extremes or changes in atmospheric temperature. However, if a cause not otherwise excluded by this Policy results, then any loss or damage arising directly from that cause shall not be excluded hereunder

4. loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not) civil war, rebellion, revolution, insurrection, military or usurped power, martial law, or warlike operations

5. loss or damage caused by confiscation, requisition, detention, legal or illegal occupation, embargo, quarantine, or any result of any order of public or government authority, which deprives the Assured of the use or value of its property, nor for loss or damage arising from acts of contraband or illegal transportation or illegal trade

6. loss, damage or increased cost caused by enforcement of any ordinance or law regulating the use, reconstruction, repair or demolition of any property insured hereunder, **NOR** any loss, damage, costs, expenses, fine or penalty which is incurred, or sustained by or imposed on the Assured at the order of any governmental agency, court, or other authority arising from any cause whatsoever

   EXCEPT this Policy shall not exclude damage to, or destruction of, said property by civil authority during a conflagration and for the sole purpose of retarding the same, **PROVIDED** that neither such conflagration nor such damage or destruction is caused or contributed to by war, invasion, hostilities, acts of foreign enemies, civil war, revolution, rebellion, insurrection, military or usurped power, martial law or warlike operations

7. loss or damage arising directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination however such nuclear reaction, nuclear radiation or radioactive contamination may have been caused. **NEVERTHELESS,** if a fire arises directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination, any loss or damage arising directly from that fire shall (subject to the provisions of this Policy) be covered **EXCLUDING** however all loss or damage caused by nuclear reaction, nuclear radiation or radioactive contamination arising directly or indirectly from that Fire

8. loss or damage resulting from the discharge, seepage or spill of any contaminant or pollutant; however this exclusion shall not apply to:

   (a) loss of or damage to insured property caused by a peril not otherwise excluded occurring directly as a result of such discharge, seepage or spill

   (b) loss of or damage to insured property caused by such discharge, seepage or spill if resulting directly from a peril not otherwise excluded occurring to insured property; however

   this Policy does not insure any costs, fines, penalties or expenses:

   (i) imposed on the Assured;

   (ii) incurred by the Assured; or

   (iii) sustained by the Assured

   at the order of any government agency, government authority or court in connection with any kind or description of environmental impairment, including seepage or pollution or contamination from any cause

9. breakdown or derangement of mechanical or electrical machinery and/or explosion or implosion of boilers and/or pressure and/or vacuum vessels, where such are owned and/or operated by the Assured; nor against the operation of any relief valve or other safety device. However, if a cause not otherwise excluded by this Policy results, then any loss or damage arising directly from that cause shall not be excluded hereunder

10. loss of use, delay or loss of markets; however caused or arising, and despite any preceding loss insured hereunder, except as may be provided under the Business Interruption section of this Policy (if applicable)

11. mysterious disappearance or inventory shortage

12. loss or damage caused by the insolvency or any financial impairment of any person or organisation to whom the Assured's property may be entrusted

13. loss or damage to personal property caused by dryness of atmosphere, dampness of atmosphere, wear, tear, gradual deterioration, contamination, change in temperature, freezing (except damage to fire protection, plumbing, or heating equipment), wet or dry rot, shrinkage, evaporation, loss of weight, marring, scratching, rust, corrosion, change in flavour, colour or finish, breakage of glass or fragile material, however such loss or damage is not excluded:

   (a) where such loss is the result of a peril not otherwise excluded; or

   (b) where loss by an insured peril results therefrom, in which case only the loss or damage caused by such resulting or ensuing peril is covered hereunder

14. loss or damage by electrical disturbances to electrical appliances or devices of any kind (including wiring) due to electrical currents, artificially generated; however all resultant damage from a peril not otherwise excluded shall be covered

15. loss or damage caused by centrifugal force, mechanical or electrical breakdown; however, all resultant damage from a peril not otherwise excluded shall be covered

Exclusions 14) and 15) do not apply to electronic data processing systems, valuable papers and records, for which coverage is provided by this Policy

EXCLUDED PROPERTY

THIS POLICY DOES NOT INSURE:

1. land and land values (but not excluding landfill in connection with piers, wharves, docks, breakwaters, jetties and causeways or landfill underneath surface materials in any form), standing timber, growing crops, drying crops or water, other than process water

2. money or securities for money, coins, currency, bullion, notes, evidence of debt, letters of credit, bills and deeds unless covered elsewhere herein

3. Furs, fur garments, jewellery, precious stones and precious metals

4. aircraft, watercraft over thirty (30) feet in length, motor vehicles licensed for highway use when not on the Assured's premises, or on premises leased or operated by the Assured, but this exclusion shall not apply to contractors' equipment

5. all watercraft and railroad rolling stock outside ports premises

6. property covered under any Ocean Marine Policy

7. property sold on instalment, conditional sale or trust agreement

8. property illegally acquired, kept, stored or transported or property seized or confiscated by order of public authority

OTHER INSURANCE

THIS POLICY DOES NOT INSURE:

(a) any loss or damage, or any property which is more specifically insured elsewhere

nor

(b) any loss or damage, or any property which but for the existence of this Policy would be insured elsewhere

except, where such amounts insured elsewhere are less than the applicable limit or sub limit insured by this Policy, this Policy insures for the difference between the amounts insured elsewhere and the applicable limit or sub limit of this Policy, subject always to applicable deductible stated in the Schedule attached hereto.

TERRITORIAL LIMITS

This Policy insures at the location(s) declared to and agreed by Underwriters and stated in the Schedule attached hereto.

SUM INSURED

This Policy shall not cover for more than the sum(s) stated in the Schedule in respect of each Loss Occurrence nor for more than the aggregate amount(s) separately stated in the Schedule in respect of specified causes

CONDITIONS

1. DUE DILIGENCE

The Assured shall use due diligence and do and concur in doing all things reasonable to avoid or diminish any loss of or damage to the property insured.

2. PROTECTION MAINTENANCE

It is agreed that any protection provided for the safety of the insured property shall be maintained in good order throughout the currency of this Policy and shall be in use at all relevant times, and that such protection shall not be withdrawn or varied to the detriment of the interests of the Underwriters without their consent.

3. VALUES DECLARED (AND INCORRECT DECLARATION PENALTY)

The premium for this Policy has been based on a statement of values declared to and agreed by Underwriters at the Inception of this Policy and stated in the Schedule.

4. AUDIT

The Underwriters may examine and audit the Assured's books and records at any time during the period of the Policy and within three years after the termination of this Policy, as far as they relate to the subject matter of this Insurance.

5. VALUATION

Recovery shall be made on the basis of one hundred per cent (100%) of the property's current replacement value at the time and place of loss, subject to the limit of coverage provided by the Policy

6. NOTIFICATION OF CLAIMS AND PROOF OF LOSS

The Assured, upon knowledge of any occurrence likely to give rise to a claim hereunder, shall give immediate written advice thereof to the person(s) or firm named for the purpose in the Schedule.

The Assured shall render a signed and sworn proof of loss within sixty (60) days after the occurrence of a loss (unless such period be extended by the written agreement of Underwriters) stating the time, place and cause of loss, the interest of the Assured and of all others in the property, the sound value thereof and the amount of loss or damage thereto.

7. ABANDONMENT

There shall be no abandonment to the Underwriters of any property.

8. EXAMINATION UNDER OATH

If required by Underwriters, in the event of a claim being made under this Policy, the Assured; or, if a company or other body then the appropriate representatives; shall submit to examination on oath at such reasonable times and places as may be arranged.

9. MISREPRESENTATION AND FRAUD

This entire Policy shall be void if the Assured has wilfully concealed or misrepresented, in writing or otherwise, any material facts or circumstances concerning this Insurance or the subject matter thereof, or if the Assured shall make any attempt to defraud either before or after a loss.

However, the Assured shall not be prejudiced by any error, omission, incorrect valuation or incorrect description of interest, risk or property made without design to defraud or misrepresent

10. SUBROGATION AND SUBROGATION WAIVER

If the Underwriters become liable for any payment under this Policy in respect of loss or damage, the Underwriters shall be subrogated, to the extent of such payment, to all the rights and remedies of the Assured against any party in respect of such loss or damage and shall be entitled at their own expense to sue in the name of the Assured. The Assured shall give to the Underwriters all such assistance in his power as the Underwriters may require to secure their rights and remedies and, at the Underwriters request, shall execute all documents necessary to enable Underwriters effectively to bring suit in the name of the Assured including the execution and delivery of the customary form of loan receipt.

The Underwriters hereon agree that this Insurance shall not be invalidated should the Assured waive in writing, prior to loss affected thereby, any or all rights of recovery against any party for loss or damage occurring to the property described herein. Underwriters expressly waive subrogation against any subsidiary, parent, associated, or affiliated company of the Assured, **BUT THE ABOVE WAIVERS SHALL NOT APPLY** where the party otherwise protected thereunder is supplying or receiving goods or services for which a reward, recompense or consideration passes between the Assured and such other party.

11. SALVAGE AND RECOVERIES

ALL SALVAGES, RECOVERIES AND PAYMENTS RECOVERED OR RECEIVED SUBSEQUENT TO A LOSS SETTLEMENT UNDER THIS POLICY SHALL BE APPLIED AS IF RECOVERED OR RECEIVED PRIOR TO THE SAID SETTLEMENT AND ALL NECESSARY ADJUSTMENTS SHALL BE MADE BY THE PARTIES HERETO.

12. ARBITRATION

If the Assured and Underwriters fail to agree in whole or in part regarding any aspect of this Policy, each party shall, within ten (10) days after the demand in writing by either party, appoint a competent and disinterested arbitrator and the two chosen shall before commencing the arbitration select a competent and disinterested umpire. The arbitrators together shall determine such matters in which the Assured and Underwriters shall so fail to agree and shall make an award thereon, and if they fail to agree, they will submit their differences to the umpire and the award in writing of any two, duly verified, shall determine the same.

The Parties to such arbitration shall pay the arbitrators respectively appointed by them and bear equally the expenses of the arbitration and the charges of the umpire.

13. SERVICE OF SUIT

See attached Clause.

14. INSPECTION

The Underwriters shall be permitted, but not obliged, to inspect the Assured's property at any time. Neither the Underwriters' 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 Assured or others, to determine or warrant such property is safe.

15. ASSIGNMENT

Assignment or transfer of this Policy shall not be valid except with the written consent of Underwriters.

16. CANCELLATION

This Policy may be cancelled by the Assured at any time by written notice or by surrender of this Policy. This Policy may also be cancelled by or on behalf of the Underwriters by delivering to the Assured or by mailing to the Assured, by registered, certified or other first class mail, at the Assured's address as shown in this Insurance, written notice stating when, not less than ninety (90) days thereafter, the cancellation shall be effective. The mailing of such notice as aforesaid shall be sufficient proof of notice and this Insurance shall terminate at the date and hour specified in such notice.

If this Insurance shall be cancelled by the Assured the Underwriters shall retain the customary short rate proportion of the premium hereon, except that if this Insurance is on an adjustable basis the Underwriters shall receive the earned premium hereon or the short rate proportion of any minimum or deposit premium stipulated herein whichever is the greater.

If this insurance shall be cancelled by or on behalf of the Underwriters, the Underwriters shall retain the pro rata proportion of the premium hereon except that if this Insurance is on an adjustable basis the Underwriters shall receive the earned premium hereon or the pro rata proportion of any minimum premium stipulated herein whichever is the greater.

Payment or tender of any unearned premium by the Underwriters shall not be a condition precedent to the effectiveness of Cancellation but such payment shall be made as soon as practicable.

If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

17. PERMISSION FOR EXCESS INSURANCE

Permission is hereby granted to the Assured to purchase excess insurance over the limits of liability stated in the Schedule, without prejudice to this Policy, and the existence of any such excess insurance shall not reduce any liability afforded under this Policy.

DEFINITIONS

LOSS OCCURRENCE

The words "Loss Occurrence" shall mean all individual losses or damage arising out of and directly occasioned by one event. However, if the following causes are insured by this Policy the duration and extent of any "Loss Occurrence" so defined shall be limited to:

(a) 72 consecutive hours as regards a hurricane, a typhoon, windstorm, rainstorm, hailstorm and/or tornado

(b) 72 consecutive hours as regards earthquake, tsunami or seaquake, and/or volcanic eruption

(c) 72 consecutive hours and within the limits of one city, town or village as regards riots, civil commotions and malicious damage

(d) 72 consecutive hours as regards any "Loss Occurrence" which includes individual loss or losses from any of the causes mentioned in (a), (b) or (c) above

and no individual loss from whatever insured cause, which occurs outside these periods or areas, shall be included in that "Loss Occurrence."

The Assured may choose the date and time when any such period of consecutive hours commences and if any event is of greater duration than the above period, the Assured may divide that event into two or more "Loss Occurrences," provided no two periods overlap and provided no period commences earlier than the date and time of the happening of the first recorded individual loss to the Assured in that event during the policy period.

FLOOD

Flood shall mean rising water; surface water; waves; tidal waves or tidal water; overflow of streams, rivers, lakes, ponds, or other bodies of water; or spray from any of the foregoing; all whether driven by wind or not.

With respect to Flood, "Loss Occurrence" shall mean all losses, wherever occurring, which arise between the time of movement of water into, onto, or over the property insured hereunder and the receding of the same, regardless of the period of time so embraced; **EXCEPT**, no loss occurrence shall be deemed to commence earlier than the date and time of the happening of the first recorded individual loss to the Assured in that occurrence during the period of this Policy, nor to extend to beyond thirty days after the expiry of this Policy.

AUTOMATIC ACQUISITION

It is understood and agreed that this Policy is extended to cover additional property and interests of the type already insured by this Policy, which may be acquired or otherwise become at the risk of the Assured during the term of this Policy, subject to the total additional values at that time not exceeding the amount specified in the Schedule and subject to such values being reported to Underwriters during the policy period for determination of Additional Premium.

In the event of coverage being required for additional property and interests where the total values at that time exceed the amount specified in the Schedule information is to be provided to Underwriters within thirty (30) days of such additional property and/or interests becoming at the risk of the Assured, and if such property is accepted by Underwriters, an Additional Premium will be determined and payable at that time.

WAIVER OF CO-INSURANCE CLAUSE

It is understood and agreed that notwithstanding anything to the contrary contained in this Policy and its endorsements, the Coinsurance Provisions under this Policy are waived

DEMOLITION COST ENDORSEMENT

This Policy also covers, within the sum insured, the cost of demolishing any undamaged portion of the building(s) covered under this Policy including the cost of clearing the site thereof caused by loss from any perils insured against under this Policy and resulting from enforcement of any state or municipal law or ordinance regulating the construction or repair of buildings and in force at the time of loss which necessitates such demolition.

INCREASED COST OF CONSTRUCTION

It is understood and agreed, notwithstanding anything to the contrary in this Policy and its Endorsements, that the amount of insurance under this Policy includes within the Sum Insured the actual amount of the increased costs of repair, rebuilding or construction resulting from the enforcements of any applicable law or ordinance regulating the construction or repair of buildings.

PROFESSIONAL FEES

The sums insured herein are deemed to include architects', surveyors' and consultants' fees necessarily incurred by the Assured in the reinstatement of the property following upon its destruction or damage by any peril insured against (but not any fees for the preparation of a claim or an estimate of loss) subject to the scales of professional charges prevailing at the time of the destruction or damage.

CONTINGENT LIABILITY FROM OPERATION OF BUILDING LAWS

DEMOLITION AND INCREASED TIME TO REBUILD

1. Underwriters shall, in the case of loss under this Policy, be liable also for loss to the interest insured by the Policy, occasioned by the enforcement of any state or municipal law or ordinance regulating the construction or repair of buildings and in force at the time such loss occurs, which necessitates the demolition of any portion of the described building(s) not damaged by the peril(s) insured against. Underwriters shall also be liable for loss due to the additional period of time required for repair or reconstruction, in conformity with the minimum standard of such law ordinance, of the building(s) described in this Policy damaged by a peril insured against.

2. Limits of Liability: Underwriters shall not be liable under this Policy and this endorsement for:

   A. More than the amount insured under this Policy to which this endorsement is attached

   B. Any greater proportion of any loss to the interest covered by this Policy than the amount insured under this Policy on said interest bears to the total insurance on said interest, whether all such insurance contains this endorsement or not.

3. If this Policy is divided into two or more items, the foregoing shall apply separately to each item to which this Endorsement applies.

856ROP00193

SAMPLE

ADDITIONAL WORDINGS AND CLAUSES

BUSINESS INTERRUPTION EXTENSION

In consideration of the premium paid and subject to the EXCLUSIONS, CONDITIONS AND LIMITATIONS of the Policy to which this Extension is attached, and also to the FOLLOWING ADDITIONAL CONDITIONS, EXCLUSIONS AND LIMITATIONS, this Policy is extended to cover loss resulting from necessary Interruption of Business caused by Direct Physical Loss or Damage, as covered by the Policy to which this Extension is attached, to property insured by this Policy.

In the event of such Direct Physical Loss or Damage, Underwriters shall be liable for the Actual Loss Sustained by the Assured resulting directly from such necessary Interruption of Business, but not exceeding the reduction in Gross Earnings, as defined hereafter, less charges and expenses which are not necessarily incurred during the Interruption of Business, for a period not to exceed the lesser of:

(a) such length of time as would be required, with the exercise of due diligence and dispatch, to repair, rebuild or replace such part of the property as has been destroyed or damaged,

nor

(b) twenty-four (24) calendar months

commencing with the date of such Direct Physical Loss or Damage and not limited by the expiration of this Policy.

Due consideration shall be given to the continuation of normal charges and expenses, including payroll expenses, to the extent necessary to resume operations of the Assured with the same operational capability as existed immediately before the loss.

CONDITIONS

1. **DIRECT DAMAGE**

   No claim shall be payable under this Extension unless and until a claim has been paid, or liability admitted, in respect of Direct Physical Loss or Damage to property insured under the Policy to which this Extension is attached and which gave rise to Interruption of Business.

   This Condition shall not apply if no such payment shall have been made, or liability admitted, solely owing to the operation of a Deductible in said Policy excluding liability for losses below a specified amount.

2. **RESUMPTION OF OPERATIONS**

   If the Assured could reduce the loss resulting from the Interruption of Business,

   (a) by complete or partial resumption of operation of the property,

   and/or

   (b) by making use of merchandise, stock (raw, in process or finished), or any other property at the Assured's locations or elsewhere,

and/or

(c) by using or increasing operations elsewhere,

then such possible reduction shall be taken into account in arriving at the amount of loss hereunder.

3. EXPENSES TO REDUCE LOSS

This Extension also covers such expenses as are necessarily incurred for the purpose of reducing loss under this Extension (except expenses incurred to extinguish a fire), and, in respect of manufacturing risks, such expense, in excess of normal, as would necessarily be incurred in replacing any finished stock used by the Assured to reduce loss under this Extension; but in no event to exceed the amount by which loss under this Extension is thereby reduced. Such expenses shall not be subject to the application of any contribution clause.

EXCLUSIONS

THIS EXTENSION DOES NOT INSURE AGAINST:

1. increase in loss resulting from interference at the insured premises, by strikers or other persons, with rebuilding, repairing or replacing the property or with the resumption or continuation of operation

2. increase in loss caused by the suspension, lapse, or cancellation of any lease, licence, contract or order, unless such results directly from the insured Interruption of Business, and then Underwriters shall be liable for only such loss as effects the Assured's earnings during, and limited to, the period of indemnity covered under this Policy.

3. increase in loss caused by the enforcement of any ordinance or law regulating the use, reconstruction, repair or demolition of any property insured hereunder

4. any other consequential loss

LIMITATIONS

1. Underwriters shall not be liable for more than the smaller of either:

   (a) any specific Business Interruption Sum Insured stated in the Schedule

   or

   (b) the Sum Insured stated in the Schedule, where such includes Business Interruption, if such is a combined limit,

   in respect of such loss, regardless of the number of locations suffering an interruption of business as a result of any one occurrence.

2. With respect to loss resulting from damage to or destruction of media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, including data thereon, by the perils insured against, the length of time for which Underwriters shall be liable hereunder shall not exceed:

   (a) 30 consecutive calendar days or the time required with exercise of due diligence and dispatch to reproduce the data thereon from duplicates or from originals of the previous generation, whichever is less; or

(b) the length of time that would be required to rebuild, repair or replace such other property herein described as has been damaged or destroyed, but not exceeding twenty-four (24) calendar months,

whichever is the greater length of time.

DEFINITIONS

1. GROSS EARNINGS are for the assessment of premium and for adjustment in the event of loss defined as, the sum of:

   (a) total net sales value of production or sales of merchandise,

   and

   (b) other earnings derived from the operations of the business,

   LESS THE COST OF

   (c) raw stock from which production is derived

   (d) supplies consisting of materials consumed directly in the conversion of such raw stock into finished stock, or in supplying the services sold by the Assured,

   (e) merchandise sold including packaging materials therefor,

   (f) materials and supplies consumed directly in supplying the service(s) sold by the Assured,

   (g) service(s) purchased from outsiders (not employees of the Assured) for resale which do not continue under contract,

   (h) the difference between the cost of production and the net selling price of finished stock which has been sold but not delivered,

   No other costs shall be deducted in determining Gross Earnings.

   In determining Gross Earnings due consideration shall be given to the experience of the business before the date of loss or damage and the probable experience thereafter had loss not occurred.

2. **RAW STOCK**

   Material in the state in which the Assured receives it for conversion into finished stock.

3. **STOCK IN PROGRESS**

   Raw stock which has undergone any ageing, seasoning, mechanical or other process of manufacture at the Assured's premises but which has not become finished stock.

4. **FINISHED STOCK**

   Stock manufactured by the Assured which in the ordinary course of the Assured's business is ready for packing, shipment or sale.

5. MERCHANDISE

Goods kept for sale by the Assured which are not the product of manufacturing operations conducted by the Assured.

6. NORMAL

The condition that would have existed had loss not occurred.

856ROP00192

SAMPLE

ATTACH "DECLARATIONS" PAGE AND ENDORSEMENTS HERE

This is not a complete and valid contract without an accompanying DECLARATIONS PAGE FK 50 properly executed.

SHORT RATE CANCELLATION TABLE

FOR TERM OF ONE YEAR

Days Bond In Force	Percent of Ann. Prem. to be Charged	Days Bond In Force	Percent of Ann. Prem. to be charged	Days Bond In Force	Percent of Ann. Prem. to be charged	Days Bond In Force	Percent of Ann. Prem. to be charged	Days Bond In Force	Percent of Ann. Prem. to be charged	Days Bond In Force	Percent of Ann. Prem. to be charged
1	5%	37–40	21%	95-98	37%	154-156	53%	219-223	69%	292-296	85%
2	6	41–43	22	99-102	38	157-160	54	224-228	70	297-301	86
3–4	7	44–47	23	103-105	39	161-164	55	229-232	71	302-305	87
5–6	8	48–51	24	106-109	40	165-167	56	233-237	72	306-310	88
7–8	9	52–54	25	110-113	41	168-171	57	238-241	73	311-314	89
9–10	10	55–58	26	114-116	42	172-175	58	242-246	74	315-319	90
11–12	11	59–62	27	117-120	43	176-178	59	247-250	75	320-323	91
13–14	12	63–65	28	121-124	44	179-182	60	251-255	76	324-328	92
15–16	13	66–69	29	125-127	45	183-187	61	256-260	77	329-332	93
17–18	14	70–73	30	128-131	46	188-191	62	261-264	78	333-337	94
19–20	15	74–76	31	132-135	47	192-196	63	265-269	79	338-342	95
21–22	16	77–80	32	136-138	48	197-200	64	270-273	80	343-346	96
23–25	17	81–83	33	139-142	49	201-205	65	274-278	81	347-351	97
26–29	18	84–87	34	143-146	50	206-209	66	279-282	82	352-355	98
30–32	19	88–91	35	147-149	51	210-214	67	283-287	83	356-360	99
33–36	20	92-94	36	150-153	52	215-218	68	288-291	84	361-365	100

FOR TERM OF THREE YEARS

Percent of Premium to be Charged			Percent of Premium to be Charged			Percent of Premium to be Charged			Percent of Premium to be Charged		
Time Days	Paid in Advance	Inst. Basis	Time Days	Paid in Advance	Inst. Basis	Time Days	Paid in Advance	Inst. Basis	Time Days	Paid in Advance	Inst. Basis
365	40.0000%	38.0953%	546	54.8782%	53.4441%	730	70.0030%	69.0473%	911	84.8812%	84.3961%
396	42.5482	40.7241	577	57.4264	56.0729	761	72.5512	71.6761	942	87.4294	87.0249
424	44.8498	43.0986	608	59.9746	58.7017	789	74.8528	74.0505	973	89.9776	89.6537
455	47.3980	45.7273	638	62.4406	61.2457	820	77.4010	76.6793	1003	92.4436	92.1977
485	49.8640	48.2713	669	64.9868	63.8745	850	79.8670	79.2233	1033	94.9096	94.7417
516	52.4122	50.9001	699	67.4548	66.4185	881	82.8521	81.8521	1064	97.4578	97.3705

For each intermediate day not included in the above table, add to the appropriate percentages above, before applying to three-year premium, the following:

(a) .0822%, when premium is on a "Paid in Advance" basis. (b) .0848%, when premium is on "Installment" basis.

The foregoing table cannot be used on term bonds that do not have the same rate or premium factors throughout the full term. In such case the earned premium shall be arrived at as follows:

1. Determine full annual premium as for a bond written for a term of one year.
2. Deduct such premium from the full bond premium, and on the remainder calculate the pro rata earned premium on the basis of the ratio of the length of time beyond one year for which the bond was originally written.
3. Add premium produced in accordance with items (1) and (2) to obtain earned premium during full period bond has been in force.

Note: On term bonds in force for 12 months or less, apply the standard short rate table for one year to a full annual premium determined as for a bond written for a term of one year.

(Continued on Jacket Page 4)

GENERAL AGREEMENTS (Continued)

C. Loss Under Prior Bond or Policy. If the coverage of an Insuring Agreement of this Policy, other than Insuring Agreement V, is substituted for any prior bond or policy of insurance carried by the Insured or by any predecessor in interest of the Insured, which prior bond or policy is terminated, canceled or allowed to expire as of the time of such substitution, the Company agrees that such Insuring Agreement applies to loss which is discovered as provided in Section 1 of the Conditions and Limitations and which would have been recoverable by the Insured or such predecessor under such prior bond or policy except for the fact that the time within which to discover loss there under had expired; provided:

(1) the insurance under this General Agreement C shall be a part of and not in addition to the amount of insurance afforded by the applicable Insuring Agreement of this Policy;

(2) such loss would have been covered under such Insuring Agreement had such Insuring Agreement with its agreements, conditions and limitations as of the time of such substitution been in force when the acts or events causing such loss were committed or occurred; and

(3) recovery under such Insuring Agreement on account of such loss shall in no event exceed the amount which would have been recoverable under such Insuring Agreement in the amount for which it is written as of the time of such substitution, had such Insuring Agreement been in force when such acts or events were committed or occurred, or the amount which would have been recoverable under such prior bond or policy had such prior bond or policy continued in force until the discovery of such loss, if the later amount be smaller.

Insuring Agreement V shall also cover loss sustained by the Insured at any time before the termination or cancellation of Insuring Agreement V, which would have been recoverable under the coverage of some similar form of forgery insurance (exclusive of fidelity insurance) carried by the Insured or any predecessor in interest of the Insured, had such prior forgery insurance given all of the coverage afforded under Insuring Agreement V; provided, with respect to loss covered by this paragraph:

(a) the coverage of Insuring Agreement V is substituted on or after the date hereof for such prior forgery coverage and the Insured or such predecessor, as the case may be, carried such prior forgery coverage on the office at which such loss was sustained continuously from the time such loss was sustained to the date the coverage of Insuring Agreement V was substituted therefore;
(b) at the time of discovery of such loss, the period for discovery of loss under all such prior forgery insurance has expired; and
(c) if the amount of insurance carried under Insuring Agreement V applicable to the office at which such loss is sustained is larger than the amount applicable to such office under such prior forgery insurance, and in force at the time such loss is sustained, then liability hereunder for such loss shall not exceed the small amount.

CONDITIONS AND LIMITATIONS

Section 1. Policy Period, Territory, Discovery. Loss is covered under this Policy only if discovered not later than one year from the end of the Policy Period.

Subject to General Agreement C:

(a) this Policy, except under Insuring Agreements I and V, applies only to loss which occurs during this Policy Period within any of the States of the United States of America, the District of Columbia, Virgin Islands, Puerto Rico, Canal Zone or Canada;
(b) Insuring Agreement I applies only to loss sustained by the Insured through fraudulent or dishonest acts committed during the Policy Period by any of the Employees engaged in the regular service of the Insured within the territory designated above or while such Employees are elsewhere for a limited period;
(c) Insuring Agreement V applies only to loss sustained during the Policy Period.

(Continued on Jacket Page 5)

Section 2. Exclusions. This Policy does not apply:

(a) to loss due to any fraudulent, dishonest, or criminal act by any Insured or a partner therein, whether acting alone or in collusion with others;
(b) under Insuring Agreement I, to loss, or that part of any loss, as the case may be, the proof of which, either as to its factual existence or as to its amount, is dependent upon an inventory computation or a profit and loss computation;
(c) under Insuring Agreements II and III, to loss due to any fraudulent, dishonest or criminal act by an Employee, director, trustee or authorized representative of any Insured, while working or otherwise and whether acting alone or in collusion with others; provided, this Exclusion does not apply to Safe Burglary or Robbery or attempt thereat;
(d) under Insuring Agreements II and III, to loss due to war, whether or not declared, civil war, insurrection, rebellion or revolution, or to any act or condition incident to any of the foregoing;
(e) under Insuring Agreements II and III, to loss (1) due to the giving or surrendering of Money or Securities in any exchange or purchase; (2) due to accounting or arithmetical errors or omissions; or (3) of manuscripts, books of account or records;
(f) under Insuring Agreement II, to loss of Money contained in coin operated amusement devices or vending machines, unless the amount of Money deposited within the device or machine is recorded by a continuous recording instrument therein;
(g) under Insuring Agreement III, to loss of Insured property while in the custody of any armored motor vehicle company, unless such loss is in excess of the amount recovered or received by the Insured under (1) the Insured's contract with said armored motor vehicle company, (2) insurance carried by said armored motor vehicle company for the benefit of users of its service, and (3) all other insurance and indemnity in force in whatsoever form carried by or for the benefit of users of said armored motor vehicle company's service, and then this Policy shall cover only such excess;
(h) under Insuring Agreements II and III, to loss due to nuclear reaction, nuclear radiation or radioactive contamination, or to any act or condition incident to any of the foregoing;
(i) under Insuring Agreement II, to loss, other than to money, securities, safe or vault, by fire whether or not such fire is caused by, contributed to by or arises out of the occurrence of a hazard insured against;
(j) except as may be specifically stated to the contrary in the policy or any applicable Endorsement, to the defense of any legal proceeding brought against the Insured, or to fees, costs or expenses incurred or paid by the Insured in prosecuting or defending any legal proceeding whether or not such proceeding results or would result in a loss to the Insured covered by this policy;
(k) in addition to the existing Exclusions in the policy, to (1) potential income, including but not limited to interest and dividends, not realized by the Insured because of a loss covered under this Policy. (2) all damages of any type for which the Insured is legally liable, except direct compensatory damages arising from a loss covered under this Policy. (3) all costs, fees, and other expenses incurred by the Insured in establishing the existence of or amount of loss covered under this Policy.

CONDITIONS AND LIMITATIONS (Continued)

Section 3. Definitions. The following terms, as used in this Policy, shall have the respective meanings stated in this Section:
"Money" means currency, coins, bank notes and bullion; and travelers checks, register checks and money orders held for sale to the public.
"Securities" means all negotiable and non-negotiable instruments or contracts representing either Money or other property and includes revenue and other stamps in current use, tokens and tickets, but does not include Money.
"Employee" means any natural person (except a director or trustee if the Insured, if a corporation, who is not also an officer or employee thereof in some other capacity) while in the regular service of the Insured in the ordinary course of the Insured's business during the Policy Period and whom the Insured compensates by salary, wages or commissions and has the right to govern and direct in the performance of such service, does not mean any broker, factor, commission merchant, consignee, contractor or other agent or representative of the same general character. As applied to loss under Insuring Agreement I, the above words "while in the regular service of the Insured" shall include the first 30 days thereafter; subject, however, to Sections 15 and 16.
"Premises" means the interior of that portion of any building, which is occupied by the Insured in conducting its business.
"Banking Premises" means the interior of that portion of any building, which is occupied by a banking institution in conducting its business.
"Messenger" means the Insured or a partner of the Insured or any Employee who is duty authorized by the Insured to have the care and custody of the Insured property outside the Premises.

 (Continued on Jacket Page 6)

"Custodian" means the Insured or a partner of the Insured or any Employee who is duly authorized by the Insured to have the care and custody of the insured property within the Premises, excluding any person while acting as a watchman, porter or janitor.

"Robbery" means the taking of Insured property (1) by violence inflicted upon a Messenger or a Custodian; (2) by putting him in fear of violence; (3) by any other overt felonious act committed in his presence and of which he was actually cognizant, provided such other act is not committed by a partner or Employee of the Insured; (4) from the person or direct care and custody of a Messenger or custodian who has been killed or rendered unconscious; or (5) under Insuring Agreement II, (a) from within the Premises by means of compelling a Messenger or Custodian by violence or threat of violence while outside the Premises to admit a person into the Premises or to furnish him with means of ingress into the Premises, or (b) from a showcase or show window within the Premises while regularly open for business , by a person who has broken the glass thereof from outside the Premises.

"Safe Burglary" means (1) the felonious abstraction of insured property from within a vault or safe, the door of which is equipped with a combination lock, located within the Premises by a person making felonious entry into such vault or such safe and any vault containing the safe, when all doors thereof are duly closed and locked by all combination locks thereon, provided such entry shall be made by actual force and violence, of which force and violence there are visible marks made by tools, explosives, electricity or chemicals upon the exterior of (a) all of said doors of such vault or such safe and any vault containing the safe, if entry is made through such doors, or (b) the top, bottom or walls of such vault or such safe and any vault containing the safe through which entry is made, if not made through such doors, or (2) the felonious abstraction of such safe from within the Premises.

"Loss", except under Insuring Agreement I and V, includes damage.

Section 4. Loss Caused by Unidentifiable Employees. If a loss is alleged to have been caused by the fraud or dishonesty of any one or more of the Employees and the Insured shall be unable to designate the specific Employee or Employees causing such loss, the Insured shall nevertheless have the benefit of Insuring Agreement I, subject to the provisions of Section 2(b) of this Policy, provided that the evidence submitted reasonably proves that the loss was in fact due to the fraud or dishonesty of one or more of the said Employees, and provided, further, that the aggregate liability of the Company for any such loss shall not exceed the Limit of Liability applicable to Insuring Agreement I.

Section 5. Ownership of Property; Interests Covered. The insured property may be owned by the Insured, or held by the Insured in any capacity whether or not the Insured is liable for the loss thereof, or may be property as respects which the Insured is legally liable; provided, Insuring Agreements II, III and IV apply only to the interest of the Insured in such property, including the Insured's liability to others, and do 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, in which event the third paragraph of Section 8 is applicable to them.

Section 6. Books and Records. The Insured shall keep records of all the insured property in such manner that the Company can accurately determine there from the amount of loss.

Section 7. Prior Fraud, Dishonesty or Cancellation. The coverage of Insuring Agreement I shall not apply to any Employee from and after the time that the Insured or any partner of officer thereof not in collusion with such Employee shall have knowledge or information that such Employee has committed any fraudulent or dishonest act in the service of the Insured or otherwise, whether such act be committed before or after the date of employment by the Insured. If, prior to the issuance of this Policy, any fidelity insurance in favor of the Insured and covering one or more of the Insured's Employees by reason of giving of written notice of cancellation by the Insurer issuing such fidelity insurance, whether the Company or not, and if such Employees shall not have been reinstated under the coverage of said fidelity insurance or superseding fidelity insurance, the Company shall not be liable on account of such Employees unless the Company shall agree in writing to include such Employees within the coverage of Insuring Agreement I.

Section 8. Loss-Notice-Proof-Action Against Company. Upon knowledge or discovery of loss or of an occurrence which may give rise to a claim for loss, the Insured shall: (a) give notice thereof as soon as practicable to the Company or any of its authorized agents and except under Insuring Agreements I and V, also to the police if the loss is due to a violation of law; (b) file detailed proof of loss, duly sworn to, with the Company within four months after the discovery of loss. Proof of loss under Insuring Agreement V shall include the instrument which is the basis of claim for such loss, or if it shall be impossible to file such instrument, the affidavit of the Insured or the Insured's bank of deposit setting forth the amount and cause of loss shall be accepted in lieu thereof. Upon the Company's request, the Insured shall submit to examination by the Company, subscribe the same, under oath if required, and produce for the Company's

Jacket Page 6 (Continued on Jacket Page 7)

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. 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 ninety days after the required proofs of loss have been filed with the Company, nor at all unless commenced within two years from the date when the Insured discovers the loss. If any limitation of time for notice of loss or any legal proceeding herein contained is shorter than that permitted to be fixed by agreement under any statute controlling the construction of this Policy, the shortest permissible statutory limitation of time shall govern and shall supersede the time limitation herein stated.

Section 9. Valuation-Payment-Replacement. In no event shall the Company be liable as respects Securities for more than the actual cash value thereof at the close of business on the business day next preceding the day on which the loss was discovered, nor as respects other property, for more than the actual cash value thereof at the time of loss; provided, however, the actual cash value of such other property held by the Insured as a pledge, or as collateral for an advance or a loan, shall be deemed not to exceed the value of property as determined and recorded by the Insured when making the advance or loan, nor, in the absence of such record, the unpaid portion of the advance or loan plus accrued interest thereon at legal rates. The Company may, with the consent of the Insured, settle any claim for loss of property with the owner thereof. Any property for which the Company has made indemnification shall become the property of the Company. In case of damage to the Premises or loss of property other than Securities, the Company shall not be liable for more than the actual cash value of such property, or for more than the actual cost of repairing such Premises or property or of replacing same with property or material of like quality and value. The Company may, at its election, pay such actual cash value, or make such repairs or replacements. If the Company and the Insures cannot agree upon such cash value or such cost of repairs or replacements, such cash value or such cost shall be determined by arbitration.

Section 10. Recoveries. 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 surety ship, 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.

Section 11. Limits of Liability. Payment of loss under Insuring Agreement I or V shall not reduce the Company's liability for other losses under the applicable Insuring Agreement whenever sustained. The Company's total liability (a) under Insuring Agreement I for all loss caused by any Employee or in which such Employee is concerned or implicated or (b) under Insuring Agreement V for all loss by forgery or alteration committed by any person or in which such person is concerned or implicated, whether such forgery or alteration involves one or more instruments, is limited to the applicable amount of insurance specified in the Table of Limits of Liability or endorsement amendatory thereto. The liability of the Company for loss sustained by any or all of the Insured shall not exceed the amount for which the Company would be liable had all such loss been sustained by any of the Insured. Except under Insuring Agreements I and V, the applicable limit of liability stated in the Table of Limits of Liability is the total limit of the Company's liability with respect to all loss of property of one or more persons or organizations arising out of any one occurrence. All loss incidental to an actual or attempted fraudulent, dishonest or criminal act or series of related acts at the Premises, whether committed by one or more persons, shall be deemed to arise out of one occurrence. Regardless of the number of years this Policy shall continue in force and the number of premiums which shall be payable or paid, the limit of the Company's liability as specified in the Table of Limits of Liability shall not be cumulative from year to year or period to period.

Section 12. Limit of Liability Under This Policy and Prior Insurance. This Section shall apply only to Insuring Agreements I and V. With respect to loss caused by any person (whether one of the Employees or not) or in which such person is concerned or implicated or which is chargeable to any Employee as provided in Section 4 and which occurs partly during the Policy Period and partly during the period of other bonds or policies issued by the Company to the Insured or to any predecessor in interest of the Insured and terminated or canceled or allowed to expire and in which the period for discovery has not expired at the time any such loss there under is discovered, the total liability of the Company under this Policy and under such other bonds or policies shall not exceed, in the aggregate, the amount carried under the applicable Insuring Agreement of this Policy on such loss or the amount available to the Insured under such other bonds or policies, as limited by the terms and conditions thereof, for any such loss, if the latter amount be the larger.

 (Continued on Jacket Page 8)

Section 13. Other Insurance. If there is available to the Insured any other insurance or indemnity covering any loss covered by Insuring Agreement I or V, the Company shall be liable hereunder only for that part of such loss which is in excess of the amount recoverable or recovered from such other insurance or indemnity, except that if such other insurance or indemnity is a bond or policy of fidelity insurance, any loss covered under both such fidelity insurance and Insuring Agreement V. Any loss covered under both Insuring Agreements I and V shall first be paid under Insuring Agreement V and the excess, if any, shall be paid under Insuring Agreement I. The Company waives any right of contribution which it may have against any forgery insurance carried by any depository bank which is indemnified under Insuring Agreement V. Under any other Insuring Agreement, if there is any valid and collectible insurance which would apply in the absence of such Insuring Agreement, the insurance under this Policy shall apply only as excess insurance over such other insurance; provided, the insurance shall not apply (a) to property which is separately described and enumerated and specifically insured in whole or in part by any other insurance; or (b) to property otherwise insured unless such property is owned by the Insured.

Section 14. Subrogation. In the event of any payment under this Policy, the Company shall be subrogated to all the Insured's rights of recovery therefore against any person or organization and the Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing after loss to prejudice such rights.

Section 15. Cancellation as to Any Employee. Insuring Agreement I shall be deemed canceled as to any Employee: (a) immediately upon discovery by the Insured, or by any partner or officer thereof not in collusion with such Employee, of any fraudulent or dishonest act on the part of such Employee; or (b) at noon, standard time as aforesaid upon the effective date specified in a written notice mailed to the Insured. Such date shall be not less than fifteen days after the date of mailing. The mailing by the Company of notice as aforesaid to the Insures at the address shown in this Policy shall be sufficient proof of notice. Delivery of such written notice by the Company shall be equivalent of mailing.

Section 16. Cancellation of Policy or Insuring Agreement. This Policy or any Insuring Agreement may be canceled by the Insured by mailing to the Company written notice stating when thereafter the cancellation shall be effective. This Policy or any Insuring Agreement may be canceled by the Company by mailing to the Insured at the address shown in this Policy written notice stating when not less than fifteen days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The effective date of cancellation stated in the notice shall become the end of the Policy Period for any affected Insuring Agreement. Delivery of such written notice either by the Insured or by the Company shall be equivalent to mailing. If the Insured cancels, earned premium shall be computed in accordance with the customary short rate table and procedure. If the Company cancels, earned premium shall be computed pro rata. Premium adjustment may be made either at the time cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

Section 17. No Benefit to Bailee. This Section shall apply only to Insuring Agreements II and III. The insurance ed by this Policy shall not inure directly or indirectly to the benefit of any carrier or other bailee for hire.

Section 18. Assignment. Assignment of interest under this Policy shall not bind the Company until its consent is endorsed hereon; if, however, the Insured shall die, this Policy shall cover the Insured's legal representative as Insured; provided that notice of cancellation addressed to the Insured named in the Declarations and mailed to the addressed shown in this Policy shall be sufficient notice to effect cancellation of this Policy.

Section 19. Changes. Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this Policy be waived or changed, except by endorsement issued to form a part of this Policy signed by a duly authorized officer or representative of the Company. Be acceptance of this Policy the Insured agrees that it embodies all agreements existing between the Insured and the Company or any of its agents relating to this Insurance.

(Continued on Jacket Page 9)

IN WITNESS WHEREOF, the Company designated on the Declarations Page has caused this policy to be signed by its President and Secretary, but this policy shall not be valid unless countersigned on the Declarations Page by a duly authorized representative of the Company.

Manager **President**

GUAM WATERWORKS AUTHORITY

COMPREHENSIVE 3D POLICY SPECIMEN

"Terms and Conditions contained therein will be provided to the Authority without change"

MOYLAN'S INSURANCE UNDERWRITERS, INC.
Home of the Good Guys and Gals
424 W OBrien Dr Ste 102
Hagatna GU 96910

COMPREHENSIVE 3D POLICY DECLARATIONS

issued by DONGBU INSURANCE CO., LTD.

Policy Number :

Named Insured :
Address :

Policy Period : effective from 12:01 am on ____ to 12:01 am on _____ or the effective date of the cancellation or termination of this policy, standard time at the principal address as to each of said dates.

Premium and Table of Limits of Liability : The insurance afforded is only with respect to such of the following insuring agreements as are indicated by specific premium charge or charges. The limit of the Company's liability against each such insuring agreement shall be as stated herein, subject to all the terms of the policy having reference thereto.

Insuring agreement		Limit of Liability	Premiums
I	Employee Dishonesty Coverage – Form A		
II	Loss Inside the Premises Coverage		
III	Loss Outside the Premises Coverage		
IV	Depositors Forgery Coverage		
V	Money Orders and Counterfeit Paper Currency Coverage if added by endorsement		

Total Premium :

Endorsement(s) : The liability of the Company is subject to the terms of the following endorsements attached hereto:

Territory, Service of Suit Clause, Jurisdiction Clause, Cancellation Clause, Multi Year Endorsement, Payment Schedule Agreement

Deductible :

The Insured the acceptance of this policy gives notice to the Company terminating or canceling prior bond(s) or policy(ices) number(s), if any, listed below, such termination or cancellation to be effective as of the time this policy becomes effective.

IN WITNESS WHEREOF, the Company has caused this policy to be signed by its duly authorized representative.

DONGBU INSURANCE CO., LTD.

Date:_____

By: _____
Authorized Signature
Moylan's Insurance Underwriters, Inc.
Hagatna Branch
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

TERRITORY

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, this policy applies to Guam.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Endorsement attached to and forming part of

Policy No. _____

Effective Date: _____

Named Insured: _____

JURISDICTION

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, this insurance shall be governed by and construed in accordance with the laws of Guam and the exclusive jurisdiction of the USA including Guam Courts. The seat of arbitration shall be Guam.

Date Issued: _____

By: _____
Moylan's Insurance Underwriters, Inc.
General Agent

Payment Schedule Agreement

Insured's Name: _____

Installment No.	Amount Due	Due Date	Due Date	Due Date	Due Date	Due Date
Beginning Balance	$					
1						
2						
3						
4						
5						
6						

By acknowledging this Payment Schedule Agreement ("Agreement"), the Insured understands and agrees that failure to make payments according to the Agreement shall cause the entire unpaid balance to become due.

In the event it becomes necessary to retain the services of an attorney in our collection efforts, the Insured agrees to pay any and all attorney's fees equivalent to 15% of the unpaid balance.

Any unpaid balance shall be assessed interest at the rate of 12% per annum.

The Insured further understands and agrees that if a Total Loss claim is filed against the policy, the premium balance will be deducted from the loss proceeds. For Partial Losses, the payment schedule will remain the same. Where the payment schedule has not been followed and a claim has been filed, the Insured agrees that premium payments must be paid in FULL prior to settlement.

Nothing contained in this Agreement shall be construed to vary, alter, waive or change any of the terms, limits or conditions of the policy except as set forth herein.

This Agreement is effective _____

This Agreement shall be attached to and shall form part of Policy No._____ issued by Dongbu Insurance Company

Dongbu Insurance Co. Ltd.
By: Moylan's Insurance Underwriters, Inc.
General Agent

_____
Authorized Signature
Date:

Insured:

_____
Signature of Insured
Date:

Name Insured:_____

Policy No. _____

MULTI-YEAR POLICY ENDORSEMENT

In consideration of the % Term Discount given the Insured for the ____( ) years term of this policy, it is hereby understood and agreed that:

(A) In the event the Insured elects to have policy cancelled before the expiry of the ____year term, the Insured shall refund to the company the equivalent of the % discount on the premium earned; such earned premium to be computed short rate on the gross annual premium, when cancellation is effected other than on the annual anniversary date of the policy.

(B) In the event the company cancels the policy before the expiry of the _____ year term, the Insured shall not be obligated to refund any part of the % term discount. Any earned premium shall be computed on pro rata basis.

All other policy terms and conditions remain unaltered.

DONGBU INSURANCE CO., LTD.

Effective Date: _____ By:_____

Moylan's Insurance Underwriters , Inc.
General Agent

Comprehensive 3D Insurance Policy

Moylan's Insurance Underwriters, Inc.
Suite 102 Julale Center, 424 West O'brien Drive
Hagatna, Guam 96910
Tel No. (671) 477-8616, 7500, 8150
Fax No. (671) 477-1837

General Agent for:

Dongbu Insurance Co., Ltd.
Seoul, Korea

PLEASE READ YOUR POLICY. If incorrect return for immediate correction. Carefully note Condition requiring immediate notice of every occurrence, claim or suit.

The Company agrees with the Insured named in the Declarations made a part hereof, in consideration of the premium and subject to the Declarations made a part hereof, the Insuring Agreements, Conditions and Limitations and other terms of this policy, to pay the Insured for:

INSURING AGREEMENTS

I. Employee Dishonesty Coverage – Form A. Loss of Money, Securities and other property which the Insured shall sustain, to an amount not exceeding in the aggregate the amount stated in the Table of Limits of Liability applicable to this Insuring Agreements I, resulting directly from one or more fraudulent or dishonest acts committed by an Employee, acting alone or in collusion with others.

Dishonest or fraudulent acts as used in this Insuring Agreement shall mean only dishonest or fraudulent acts committed by such Employee with the manifest intent:

(a) to cause the Insured to sustain such loss; and
(b) to obtain financial benefit for the Employee, or for any other person or organization intended by the Employee to receive such benefit, other than salaries, commissions, fees, bonuses, promotions, awards; profit sharing, pensions or other employee benefits earned in the normal course of employment.

II. Loss Inside the Premises Coverage. Loss of Money and Securities by the actual destruction, disappearance or wrongful abstraction thereof within the Premises or within any Banking Premises or similar recognized places of safe deposit. Loss of (a) other property by Safe Burglary or Robbery within the Premises or attempt thereat, and (b) a locked cash drawer, cash box or cash register by felonious entry into such container within the Premises or attempt thereat or by felonious abstraction of such container from within the Premises or attempt thereat.

Damage to the Premises by such Safe Burglary, Robbery or felonious abstraction, or by or following burglarious entry into the Premises or attempt thereat, provided with respect to damage to the Premises the Insured is the owner thereof or is liable for such damage.

III. Loss Outside the Premises Coverage. Loss of Money and Securities by the actual destruction, disappearance or wrongful abstraction thereof outside the Premises while being conveyed by a Messenger or any armored motor vehicle company, or while within the living quarters in the home of any Messenger.

Loss of other property by Robbery or attempt thereat outside the Premises while being conveyed by a Messenger or any armored motor vehicle company, or by theft while within the living quarters in the home of any Messenger.

IV. Money Orders and Counterfeit Paper Currency Coverage. Loss due to the acceptance in good faith, in exchange for merchandise, Money or services, of any post office or express money order, issued or purporting to have been issued by any post office or express company, if such money order is not paid upon presentation, or due to the acceptance in good faith in the regular course of business of counterfeit United Stated or Canadian paper currency.

V. Depositors Forgery Coverage. Loss which the Insured or any bank which is included in the Insured's proof of loss and in which the Insured carries a checking or savings account, as their respective interests may appear, shall sustain through forgery or alteration of, on or in any check, draft, promissory note, bill of exchange, or similar written promise, order or direction to pay a sum certain in money, made or drawn by one acting as agent of the Insured, or purporting to have been made or drawn as hereinbefore set forth, including

(a) any check or draft made or drawn in the name of the Insured, payable to a fictitious payee and endorsed in the name if such fictitious payee;

 (Continued on Jacket Page 2)

(b) any check or draft procured in a face to face transaction with the Insured, or with one acting as agent of the Insured, by anyone impersonating another and made or drawn payable to the one so impersonated and endorsed by anyone other than the one so impersonated; and
(c) any payroll check, payroll draft or payroll order made or drawn by the Insured, payable to bearer as well as to a named payee and endorsed by anyone other than the named payee without authority from such payee; whether or not any endorsement mentioned in (a), (b) or (c) be a forgery within the law of the place controlling the construction thereof.

Mechanically reproduced facsimile signatures are treated the same as handwritten signatures.

The Insured shall be entitled to priority of payment over loss sustained by any bank aforesaid. Loss under this Insuring Agreement, whether sustained by the Insured or such bank, shall be paid directly to the Insured in its own name, except in cases where such bank shall have already fully reimbursed the Insured for such loss. The liability of the Company to such bank for such loss shall be a part of and not in addition to the amount of insurance applicable to the Insured's office to which such loss would have been allocated had such loss been sustained by the Insured.

If the Insured or such bank shall refuse to pay any of the foregoing instruments are forged or altered, and such refusal shall result in suit being brought against the Insured or such bank to enforce such payment and the Company shall give its written consent to the defense of such suit, then any reasonable attorneys' fees, court costs, or similar legal expenses incurred and paid by the Insured or such bank in such defense shall be constructed to be a loss under this Insuring Agreement and the liability of the Company for such loss shall be in addition to any other liability under this Insuring Agreement.

GENERAL AGREEMENTS

A. Consolidation – Merger. If, though consolidation or merger with, or purchase of assets of, some other concern, any persons shall become Employees or if the Insured shall thereby acquire the use and control of any additional Premises, the insurance afforded by this Policy shall also apply as respects such Employees and Premises, provided the Insured shall give the Company written notice thereof within thirty days thereafter and shall pay the Company an additional premium computed pro rata from the date of such consolidation, merger or purchase to the end of the current premium period.
B. Joint Insured. If more than one Insured is covered under this Policy, the Insured first named shall act for itself and for every other Insured for all purposes of this Policy. Knowledge possessed or discovery made by any Insured or by any partner or officer thereof shall, for the purposes of Sections 7, 8 and 15 constitute knowledge possessed or discovery made by every Insured. Cancellation of the insurance hereunder as respects any Employee as provided in Section 15 shall apply to every Insured. If, prior to the cancellation or termination of this Policy, this Policy or any Insuring Agreement hereof is canceled or terminated as to any Insured, there shall be no liability for any loss sustained by such Insured unless discovered within one year from the date of such cancellation or termination. Payment by the Company to the Insured first named of any loss under this Policy shall fully release the Company on account of such loss. If the Insured first named ceases for any reason to be covered under this Policy, then the Insured next named shall thereafter be considered as the Insured first named for all purposes of this Policy.

 (Continued on Jacket Page 3)

GUAM CONSOLIDATED COMMISSION ON UTILITIES

RESOLUTION NO. 24-FY2017

RELATIVE TO THE CREATION OF THE CROSS CONNECTION CONTROL MANAGER POSITION

WHEREAS, under 12 G.C.A. § 14105, the Consolidated Commission on Utilities ("CCU") has plenary authority over financial, contractual and policy matters relative to the Guam Waterworks Authority ("GWA"); and

WHEREAS, the Guam Waterworks Authority ("GWA") is a Guam Public Corporation established and existing under the laws of Guam; and

WHEREAS, the GWA General Manager requests the CCU to approve the creation of the Cross Connection Control Manager position; and

WHEREAS, the GWA General Manager requests the CCU to approve the classification standard of the Cross Connection Control Manager position in the classified status (Exhibits A and B); and

WHEREAS, Public Law 28-112 and 4 GCA §6303 (d) authorizes the creation of positions in Autonomous Agencies and Public Corporations; and

WHEREAS, GWA Personnel Rules and Regulations as amended by Public Law 28-159 Section 3 (C) authorizes the CCU to amend, modify or add a position to the list of certified, technical and professional positions;

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NOW BE IT THEREFORE RESOLVED, the Consolidated Commission on Utilities does hereby approve the following:

1. The recitals set forth above hereby constitute the findings of the CCU.
2. The creation and the job classification standards for the Cross Connection Control Manager position in the classified status is hereby approved and attached herein as Exhibits A and B.
3. The Cross Connection Control Manager position is hereby added to the certified, technical and professional list of positions at GWA.

RESOLVED, that the Chairman certified and the Board Secretary attests to the adoption of this Resolution.

DULY AND REGULARLY ADOPTED, this 21st day of March, 2017.

Certified by:

JOSEPH T. DUENAS
Chairperson

Attested by:

J. GEORGE BAMBA
Secretary

I, J. George Bamba, Board Secretary of the Consolidated Commission on Utilities as evidenced by my signature above do hereby certify as follows:

The foregoing is a full, true and accurate copy of the resolution duly adopted at a regular meeting by the members of the Guam Consolidated Commission on Utilities, duly and legally held at a place properly noticed and advertised at which meeting a quorum was present and the members who were present voted as follows:

AYES: 4

NAYS: 0

ABSTENTIONS: 0

ABSENT: 1

EXHIBIT A

GUAM WATERWORKS AUTHORITY
"Better Water. Better Lives."
Suite 200; Gloria B. Nelson Public Service Building | 688 Route 15, Mangilao, Guam 96913
P.O. Box 3010, Hagåtña, Guam 96932
Tel. No. (671) 300-6073-6 Fax No. (671) 300-6896

PRESS RELEASE

Creation of Position

The General Manager of Guam Waterworks Authority (GWA) hereby petitions the Consolidated Commission on Utilities (CCU) for the creation of position pursuant to Public Law 28-112, Section 9 (4GCA, Chapter 6, §6303 (d) in the classified service; Section 10 (4GCA, Chapter 6, §6303.1Transparency and Disclosure and to add the position to the Certified, Technical, and Professional (CTP) List B:

CROSS CONNECTION CONTROL MANAGER

For more information, please visit GWA's website at www.guamwaterworks.org/careers/petition or you may contact the Personnel Services Division at 300.6074-6

MIGUEL C. BORDALLO, P.E.
General Manager

Cross Connection Control Manager

Justification for the new position:

The Guam Waterworks Authority (GWA) has determined a need to create the Cross Connection Control Manager position to carry out its mission towards providing *"Better Water Better Lives"* to the people of Guam.

The Cross Connection Control Manager will work under the general direction of the Assistant General Manager for Compliance and Safety to help manage GWA's wide range of regulatory activities pursuant to further compliance to correct the "Findings of Significant Deficiencies in Guam Waterworks Authority's Public Water Systems. This is also pursuant to the Safe Drinking Water Act's Ground Water Rule and Surface Water Treatment Rule (SF) Finding No. 23 *"Inadequate cross connection control program exists within GWA" (Pp. 27, 36-37.).*

The creation of the Cross Connection Control Manager is for the efficient and effective performance of duties and functions of the Guam Waterworks Authority. A "cross connection" is a physical arrangement where the public potable (drinking) water supply is threatened by the introduction of an unwanted foreign substance or contaminant due to an illegal or incorrect connection.

In order to protect the public, we need to locate and to monitor for illegal or incorrect connections and institute a backflow prevention program to successfully improve the safety, efficiency and the reliability of the water and wastewater infrastructures. This will also result in improved services to our rate payers.

Analysis of similarities and differences between the positions to be created and the positions listed pursuant to 4GCA §4101.1:

The above position is new for GWA. The duties and responsibilities of Cross Connection Control Manager position will provide a variety of technical work in the management, development and implementation of the GWA's Cross Connection Control and Backflow Prevention Program. The position also includes to ensure the compliance with all applicable established laws, policies, regulations and principles of the program.

Position Description: See attached

Compensation:

Proposed pay range and demonstration of compliance with 4GCA §6301. Also, the minimum and maximum range of compensation will be in accordance with the Strategic Pay Methodology when the job description and qualification factors are taken into consideration and the new position is slotted. The resultant new pay grade under the implemented compensation structure and per annual is as follows:

Position	Determining Implementation Ranges								
	JE Points	Structural Adjustment - MIN				Structural Adjustment - MAX			
	0	Base Salary	Grade	Step	Sub Step	Base Salary	Grade	Step	Sub Step
Cross Connection Control Manager	978	62,143	M	5	A	67,292	M	7	A

As indicated in the table above, the salary ranges shown in minimum and maximum are at the 15th market percentile for this classified, certified, technical and professional position and are comparable with other US jurisdictions and/or the American Water Works Association (AWWA) salary surveys.

Fiscal note as required by 2GCA §9101 et seq.:

GWA certifies that this position is budgeted and that funding is available for the creation, filling and retention of its certified, technical and professional newly created position. The funding of this position does not have an impact on the General Fund.

MIGUEL C. BORDALLO, PE
GENERAL MANAGER

EXHIBIT B

CROSS CONNECTION CONTROL MANAGER

NATURE OF WORK IN THIS CLASS:

The Cross Connection Control Manager will work under the general direction of the Assistant General Manager for Compliance and Safety to help direct and manage GWA's wide range of regulatory activities. Performs a variety of technical work in managing the development and implementation of the GWA's Cross Connection Control and Backflow Prevention Program.

ILLUSTRATIVE EXAMPLES OF WORK: (These examples do not list all the duties which may be assigned; any one position may not include all the duties listed)

Supervises, plans, and coordinates operations and activities to eliminate cross connections within the water distribution system.

Enforces the Cross Connection Control and Backflow Prevention Program in accordance with Guam and Federal laws, rules, and regulations (as amended) to assure a safe drinking water supply.

Supervises subordinate Cross Connection Control Inspectors; provides technical assistance to architects, engineers, and plumbers; provides supervision and trainings to GWA staff; and maintains a variety of records, files and related documents.

Develops and implements a Cross Connection Control (CCC) and Backflow Prevention Program in accordance with Guam and Federal laws, rules, and regulations as amended, including the Federal Safe Drinking Water Act of 1974, Title 12 Guam Code Annotated Chapter 14 (Guam Waterworks Authority Act); Title 22 G.A.R.R. Chapter 7, Part II (GEPA Guidelines for Water Works Development; Title 28 G.A.R.R. Chapter 2, GWA Rules and Regulations; and the HAWAII WATER SYSTEM STANDARDS 2002, as adopted by the Consolidated Commission on Utilities through the GWA Water Resources Master Plan (WRMP) 2007. [CCU RESOLUTION NO. 11-FY2007].

Protects the public water supply from contamination or pollution due to the backflow of contaminants and/or pollutants through water service connections.

Coordinates the organization, staffing and operational activities to enforce and administer the Cross Connection Control Program. Certifies work of staff to comply with Guam and Federal laws, rules and regulations, and inspections.

Coordinates the regular surveys of industrial, agricultural and commercial facilities to determine that adequate maintenance of back-flow preventions devices are properly maintained and certified.

Coordinates the regular surveys of industrial, agricultural and commercial facilities to determine the degree of hazard that may exist to the potable water system and recommends/enforces procedures for compliance with Guam and Federal legal requirements.

Recommends appropriate action when test reports are not received within specified time limits.

Participates in the development and implementation of goals, objectives, policies, and priorities. Recommends and implements resulting policies and procedures.

Identifies opportunities for improving methods and procedures for administration of the Cross Connection Control Program. Identifies resource needs, reviews with appropriate management staff and implement improvements.

Reviews current and pending Guam and Federal laws, rules, and regulations concerning Cross Connection Control and backflow prevention to ensure that the GWA's Cross Connection Control Program meets government requirements.

Participates in the development and administration of assigned budget. Forecast funds needed for staffing, equipment, materials and supplies. Monitors and approves expenditures. Recommend adjustments as necessary.

Prepares and maintains records and reports on the Cross Connection Control Program and all backflow preventers installed in the public water system. Ensures compliance with applicable laws and regulations.

Monitors the cross connection control and backflow prevention. Oversees customer information system database.

Acts as GWA liaison with all consumers and provides technical support as needed to achieve Cross Connection Control and Backflow Prevention Program compliance.

Serves as GWA liaison with United States Environmental Protection Agency (USEPA) and Guam Environmental Protection Agency (GEPA) in matters of Cross Connection Control and Backflow Prevention.

Works with the Public Affairs Director to provide Public Outreach Training and Public Service Announcements related to Cross Connection Control and Backflow Prevention Program compliance and performance goals.

Investigates complaints related to issues with the Cross Connection Control and Backflow Prevention Program.

Recommends to the General Manager of GWA any revisions to Guam laws, rules, or regulations pertaining to the Cross Connection Control and Backflow Prevention Program.

Analyzes inspection data and other reports for compliance with Cross Connection Control and Backflow Prevention Program requirements.

Works with GWA Engineering to ensure adequate design review of new construction plans and drawings related to the Cross Connection Control and Backflow Prevention Program requirements.

Consults with, and explain cross connection control requirements, to property owners, managers, contractors, government agencies and the general public.

Coordinates Cross Connection Control Program activities with other government and non-government agencies or departments.

Meets with private, business or industrial representatives to discuss inspection findings and recommends actions to comply with Cross Connection Control and Backflow Prevention Program requirements.

Prepares and maintains records and files, including field test data, surveys, cross connection locations, approved backflow assembly inventories, etc. Maintain a log of customer contacts and inspections.

Composes correspondence, prepare forms and write reports relating to the Cross Connection Control Program.

Issues written warnings and/or fees and penalties to customers as necessary.

Participates in the employee interview/selection process. Trains, motivates and evaluates assigned staff. Provides or coordinates training. Works with employees to correct deficiencies. Implements discipline as needed.

Demonstrates various types of backflow prevention devices and train other staff in recognizing cross connection.

Oversees certified testers.

Oversee and participate in the enforcement of the Cross Connection Control Program.

Oversee, direct and coordinate the work of lower level staff.

Supervises, trains and evaluates staffs.

Analyze problems, identify alternative solutions, project consequences of proposed actions and implement recommendations in support of goals.

Ensure compliance with applicable Guam and Federal laws, rules, and regulations governing cross connection control and backflow prevention.

Participate in the development and administration of division goals, objectives and procedures.

Performs other related duties as assigned.

MINIMUM KNOWLEDGE, ABILITIES AND SKILLS:

Knowledge of methods and techniques of water distribution and systems maintenance and repair.

Knowledge of occupational hazards and standard safety practices, Guam and Federal and ensure compliance with applicable laws, rules and regulations governing cross connection control and backflow prevention.

Knowledge of operation, procedures, installation and inspection of cross connection and backflow preventive devices as applied to water distribution systems.

Knowledge of principles and practices of backflow prevention and cross connection control.

Knowledge of principles of budget preparation and control.

Ability to make decisions in accordance with appropriate program guidelines.

Knowledge of troubleshoot field inspection and customer information system database issues/problems.

Ability to operate computer programs, including Microsoft Office and the customer information system database.

Ability to bring diverse stakeholders (e.g. U.S. Environmental Protection Agency, Guam Environmental Protection Agency, local business leaders, general public, GWA management, Dept. of Public Health, etc.) together in order to develop and implement an effective Cross Connection Control and Backflow Prevention Program for GWA.

Ability to coordinate duties assigned to support staff.

Ability to interpret and apply Guam and Federal policies, laws, rules, and regulations as it relates to Guam's Cross Connection Control and Backflow Prevention Programs.

Ability to communicate effectively both orally and in writing.

Skill in the supervision, training and performance evaluations of subordinates.

Skill in business letter writing and report preparation.

MINIMUM EXPERIENCE AND TRAINING:

A. Graduation from a recognized college or university with a Bachelor's Degree in engineering, science or public administration from a US accredited college ***and*** four (4) years of experience in water operations management and maintenance ***to include*** two (2) years of direct supervisory experience in a management and/or administrative capacity; **or**

B. Any equivalent combination of experience and training which provides the minimum knowledge, skills and abilities required for the position.

NECESSARY SPECIAL QUALIFICATIONS:

Possession of a valid Water Distribution or Water Treatment Operator's Certificate Level IV; ***and***

Possession of a valid AWWA or ABPA Cross-Connection Control Specialist Certification; ***and***

Possession of a valid Guam Driver's License.

ESTABLISHED:	MARCH 2017	
JOB EVALUATION POINTS:	978	
PAYGRADE:	MINIMUM:	M5-A: $62,143.00
	MAXIMUM:	M7-A: $67,292.00

JOSEPH T. DUENAS, Chairman
Consolidated Commission on Utilities

CONSOLIDATED
COMMISSION ON UTILITIES
Guam Power Authority • Guam Waterworks Authority
P.O.BOX 2977 • Agana,Guam 96932

GUAM CONSOLIDATED COMMISSION ON UTILITIES

GPA RESOLUTION 2017-08

GWA RESOLUTION 25-FY2017

RELATIVE TO THE CONSOLIDATED COMMISSION ON UTILITIES EXPRESSING TO CONGRESS ITS SUPPORT OF TAX EXEMPT MUNICIPAL BONDS

WHEREAS, Congress is considering changes to the tax exempt municipal bonds program, and the Consolidated Commission on Utilities desires to advise Congress that it supports the tax exempt municipal bond program for both Guam Power Authority and Guam Waterworks Authority; and

WHEREAS, both the American Public Power Association (APPA) and the American Water Works Association (AWWA) have requested that their member organizations ask house members in their congressional delegation to join in signing a letter in support of municipal bonds; and

WHEREAS, the CCU strongly supports these congressional efforts to ensure the tax exempt municipal bond program continues to allow for public financing by GPA and GWA; and

NOW, THEREFORE BE IT RESOLVED, the following policy is adopted by the Consolidated Commission on Utilities;

1. The Chairman of the Consolidated Commission on Utilities is authorized to send a letter to Congresswoman Bordallo requesting that a letter be send in support of the municipal bond program to the House Municipal Finance Caucus.

RESOLVED, that the Chairman certifies and the Board Secretary attests to the adoption of this Resolution.

DULY AND REGULARLY ADOPTED AND APPROVED THIS 21st DAY OF MARCH 2017.

Certified by:

JOSEPH T. DUENAS
Chairperson
Consolidated Commission on Utilities

Attested by:

J. GEORGE BAMBA
Secretary
Consolidated Commission on Utilities

I, J. George Bamba, Secretary for the Consolidated Commission on Utilities (CCU), as evidenced by my signature above do certify as follows:

The foregoing is a full, true, and accurate copy of the resolution duly adopted at a regular meeting of the members of Guam Consolidated Commission on Utilities, duly and legally held at a place properly noticed and advertised at which meeting a quorum was present and the members who were present voted as follows:

Ayes: 4

Nays: 0

Absent: 1

Abstain: 0