MULTINATIONAL CHOICE-
COMMON POLICY CONDITIONS

Various provisions in this policy restrict coverage. Please 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 in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the insurance company shown on the Declarations page as the insurer. Other words and phrases that appear in quotation marks are defined in this form or in this policy.

All Coverage Parts included in this policy 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. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or

   b. 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 cancelled, 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. This provision is subject to any applicable minimum premiums or minimum earned premiums stated in any endorsement or on a Declarations page. A minimum earned premium is deemed fully earned when the coverage takes effect.

6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Nonrenewal

1. If we decide not to renew this policy, we will mail or deliver to the first Named Insured's last mailing address known to us written notice of the nonrenewal not less than 30 days before the effective date of the nonrenewal.

2. If notice is mailed, proof of mailing will be sufficient proof of notice.

3. This policy may be extended for the period necessary to meet this notice requirement.

C. 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.

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

1. We have the right to:

   a. Make inspections and surveys at any time;

   b. Give you reports on the conditions we find; and

   c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake 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:

a. Are safe or healthful; or

b. Comply with laws, regulations, codes or standards.

3. Insurance rating and service organizations have the same rights we have under this provision.

F. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and

2. Will be the payee for any return premiums we pay.

G. 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.

H. Financial Interest

1. This policy is intended as a contract exclusively between us and the United States-domiciled first Named Insured, covering the first Named Insured's financial interest in its foreign operations and foreign subsidiaries. No third-party beneficiaries are intended to apply under this policy. The inclusion or listing of any foreign entity or employee as an insured or Named Insured is solely for the purpose of identifying the scope of coverage provided under this policy and the first Named Insured's financial interest. The first Named Insured's financial interest shall be treated as equal to the losses or expenses incurred by its foreign subsidiaries or its insured employees to the extent of the greater of its ownership interest in the subsidiary, its indemnification obligations, or its commitments to obtain such insurance or provide such benefits as are provided under this insurance. This provision is not intended to and shall not be construed to expand the scope of coverage under this policy or increase any amount otherwise payable under this policy.

2. All payments under this policy, including any payment to be made on behalf of any insured, will be made to the first Named Insured, unless we, in our sole discretion, elect to make payments otherwise as permitted by law.

3. We are admitted and licensed to write insurance only in the United States (including its territories and possessions), Puerto Rico and Canada. We are not responsible for providing any required bonds, certificates, or other evidence of insurance for any entity or operations outside of these jurisdictions under this policy. We will not be responsible for the payment, collection or remittance of any fines, taxes, or other penalties relating to this insurance coverage that may be charged or assessed to you or any insured by any country or jurisdiction outside of these jurisdictions.

4. In the event of any conflict between this provision and another provision of this policy, this provision shall control.

I. Defending in Prohibited Jurisdictions

1. Where this policy includes a duty to defend, in jurisdictions where we may be prevented by law or otherwise from defending the insured, we shall have the right, but not the duty, to defend any insured against any suit asking for damages. In the event you have no other insurance which provides you with a defense or reimburses you for the defense, we will reimburse you for the reasonable costs of the defense and settlement, subject to the terms and conditions of coverage.

2. You must make such investigation and defense under our direction and supervision, and obtain our prior written authorization prior to entering into any settlement.

3. We retain the right to assume control of any investigation, defense, settlement, and recovery proceedings.

4. You and every insured have the duty to cooperate with us in these proceedings.

5. In the event of any conflict between this provision and another provision of this policy, this provision shall control.

J. Adjusting Losses in Prohibited Jurisdictions

1. In jurisdictions where we may be prevented by law or otherwise from investigating or adjusting losses within that jurisdiction, you will obtain and provide to us in the United States all records and information we request in order to adjust the loss. At our request and at our expense, you will retain a loss adjuster licensed in the jurisdiction and approved by us, and grant us full access to any records obtained by such adjuster and the right to collaborate with such adjuster.

2. In the event of any conflict between this provision and another provision of this policy, this provision shall control.

K. Currency and Loss Payments

1. All amounts indicated in this policy, including premiums, limits of insurance, and deductibles, are in the currency of the United States of America.
2. We will make payments under this policy in the currency of the United States of America, unless we, in our discretion, elect to pay in a different currency.
3. If a loss evaluation or adjustment requires a currency conversion, the conversion will be based upon the exchange rate published in the Wall Street Journal on the date of the loss settlement or the date of judgment of a covered damages award; provided that for payments agreed to be made at future times, such as for costs of repair or replacement or other covered future expenses or benefit payments, the conversion will be based on the date of those future payment(s). For any payments made prior to a settlement or judgment, the conversion will be based on the date of such payment(s). Should this policy cover loss of income/business interruption, the conversion shall be at the exchange rate in effect at the end of each 30 day period of interruption (or part thereof).
4. Any such conversion shall not serve to increase any applicable limit of coverage, which is stated in the currency of the United States of America.

L. Sole Agent and Records

The first Named Insured will act on behalf of all other insureds under this policy. The first Named Insured must keep records of all information required for us to administer claims and this policy, including information needed for premium computation, and send us copies at such times as we may request.

M. Maintaining Compulsory Insurance

1. You must maintain and renew all "compulsory insurance" in full force and effect during the policy period without reduction or restrictions. If any such policies are not so maintained, we will not be liable under this policy for more than it would have been had such policies been so maintained. Any coverage provided in such policies that are not provided in this policy are not intended to, and do not, extend to this policy.
2. "Compulsory insurance" means "local insurance" that is required in a given country or jurisdiction by law, regulation, or other governmental authority.
3. "Local insurance" means insurance issued by a governmental entity or an insurer licensed or permitted by law to do business in the country or jurisdiction where the insurance is intended to apply.
4. In the event of any conflict between this provision and another provision of this policy, this provision shall control.

N. Insurance Under Two or More Policies or Coverages

If two or more of this policy's coverages or two or more policies issued by us or any of our affiliated insurance companies apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

O. Trade or Economic Sanctions or Other Laws

This insurance does not apply to the extent that any applicable trade or economic sanctions or other laws or regulations prohibit us from providing insurance or transacting business in a given jurisdiction or country, including, but not limited to, the investigation and payment of claims.

The Office of Foreign Assets Control ("OFAC") of the U.S. Department of the Treasury administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign countries and regimes, terrorists, multinational narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy or economy of the United States. OFAC acts under Presidential national emergency powers, as well as authority granted by specific legislation, to impose controls on transactions and freeze assets under U.S. jurisdiction. OFAC publishes a list of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries. It also lists individuals, groups, and entities, such as terrorists and narcotics traffickers designated under programs that are not country-specific. Collectively, such individuals and companies are called "Specially Designated Nationals and Blocked Persons" or "SDNs". Their assets are blocked and U.S. persons are generally prohibited from dealing with them. This list can be located on OFAC's web site at - http//www.treas.gov/ofac.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is an SDN, as identified by OFAC, the policy is a blocked contract and all dealings with it must involve OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC.

In the event of any conflict between this provision and another provision of this policy, this provision shall control.

Q. Premium Audit

1. Except with respect to Coverage Parts shown as not subject to audit, at our discretion, we may audit your records and compute all premiums for the Coverage Part for the applicable period in accordance with our rules and rates. We may conduct audits during regular business hours during the policy period and within three years after the policy period ends.
2. If the final premium, subject to any applicable minimum premiums, is greater than the advance or deposit premium, we will bill you for the difference, and if less, will return the difference.
3. If we are not provided with all requested information within the time required by us, we may estimate the auditable exposure and calculate the audit premium based on such exposure.
4. Insurance rating and service organizations have the same rights we have under this provision.

R. Titles and Headings

The titles and headings to the various forms and endorsements of this policy, and their sections are included solely for ease of reference and do not in any way limit, expand or otherwise affect the provisions of such forms, endorsements or sections.

S. Conformance to Statute

Any provision of this Coverage Part that is in conflict with any applicable United States Federal or state statute, law, or regulation is hereby amended to conform to such statute, law, or regulation.

T. Choice of Law and Forum

The construction, validity, and performance of this policy will be governed by the law of a state in the United States of America. Any dispute or enforcement action with respect to this policy must be brought and adjudicated in the United States of America.

Except as provided herein, any direct and irreconcilable conflict between this form and another provision of this policy shall be controlled by the other provision of this policy.

Lisa Levin, Secretary

Douglas Elliot, President