



PROPERTY ALSO COVERED

NEW
BUILDINGS
AND
ADDITIONS

1. If this Policy covers real property, it shall also cover:

(A) New buildings and other structures, and additions, now in process of erection or hereafter erected on the described premises, including alterations and repairs to buildings and structures herein insured; also (1) materials and supplies therefor, and (2) equipment, machinery and apparatus for the service thereof, all when on such premises or within 500 feet thereof;

(B) All contractors' interests in such property to the extent that the Insured has agreed, prior to loss, to keep such interests insured, or for which the Insured is liable.

CONTENTS OF
NEW
BUILDINGS

2. If this Policy covers personal property, it shall also cover:

(A) Personal property not otherwise excluded herein in new buildings, additions and other structures described under 1-(A) above.

BULLION AND
MANUSCRIPTS

(B) Bullion and manuscripts while on the described premises.

PROPERTY
LOCATED
UNDERGROUND

3. If this Policy covers buildings, machinery or structures, it shall also cover tanks, flues, pipes, drains, tunnels, wiring or other equipment and passageways located underground on premises containing the property described herein and appurtenant thereto, and if such premises are not located in the State of Ohio, the Policy is further extended to cover foundations of buildings, machinery and structures, whether or not underground.

PROPERTY
OUTSIDE OF
BUILDINGS

4. This Policy also covers property appurtenant to the business of the Insured and similar to property herein insured (not otherwise insured or not excluded by this Policy) outside of buildings and railroad cars: (a) when on the described premises or (b) if personal property, when within 500 feet thereof.

ROLLING
STOCK

5. This Policy also covers Railroad Rolling Stock and, if this Policy covers personal property, the contents of such Railroad Rolling Stock and other vehicles, all when at the risk of the Insured and while on the described premises, or within 500 feet thereof.

PROPERTY
OF
EMPLOYEES

6. This Policy also covers personal property, other than motor vehicles, of officers and employees of the Insured while such property is on the described premises or in the open within 500 feet thereof.

PROPERTY
OF OTHERS

7. Unless otherwise provided herein, if this Policy covers personal property owned by the Insured, it shall also cover while in the custody of the Insured on the described premises or in the open within 500 feet thereof: (a) personal property of others which the Insured is under obligation to keep insured; (b) the interest of the Insured in and legal liability for loss or damage by any of the perils herein insured against to personal property belonging to others. It is understood and agreed that the coverage provided by this clause shall not attach to any property of others which is of a kind or character specifically excluded under any other conditions of this Policy.

DEBRIS
REMOVAL

8. This Policy also covers expense of removal from the described premises of debris remaining after any loss hereby insured against, except that there shall be no liability assumed for the expense of removal of: (a) any foundations, other than damaged portions which must be removed for repair or rebuilding; (b) any building or part thereof, the removal of which is required by any ordinance or law regulating construction or repair.



PROPERTY
REMOVED
FROM
DESCRIBED
PREMISES

9. This Policy also covers property appurtenant to the business of the Insured when removed from the described premises to any location in the United States, Commonwealth of Puerto Rico, or Canada for the purpose of being repaired, serviced, exhibited, or in order to avoid threatened damage from flood, excluding (a) property otherwise insured, (b) property excluded from the insurance under this Policy or (c) property removed from the described premises for normal storage or processing or preparation for sale or delivery. Liability under this clause is limited to an amount not exceeding \$50,000, or the face amount of the Policy, whichever is smaller, and to a period of 60 days from date of removal. No coverage is provided under this clause on property in transit.

AUTOMATIC
COVERAGE

10. Unless such property is otherwise insured, this Policy also covers up to a limit of \$100,000 or 1% of the face amount of the Policy, whichever is smaller, and for a period of 90 days from date of acquisition, at any location in the United States or Canada rented or purchased by the Insured after the inception date of this Policy. No coverage is provided under this clause on property in transit.

The provisions of the preceding clauses 1-10 shall not increase any amounts or limits of insurance provided by this Policy.

SUPPLEMENTARY COVERAGES AGAINST ADDITIONAL PERILS

The conditions and limitations of the Standard Fire Insurance Policy to which this Form is attached shall, unless otherwise herein provided, apply to each of the perils herein insured against to the same extent as though the designations of such other perils were respectively substituted for the word "fire" therein; provided that the limit of risk assumed under this Policy and all riders and supplementary coverages attached hereto shall not exceed in the aggregate the amount of fire insurance stated in this Policy.

This Policy also covers any direct loss or damage to the herein insured property caused by the perils hereinafter defined:

WIND
OR
HAIL

1. Direct action of wind or hail, including expense necessarily incurred by the Insured for removal of debris or other property not covered by the terms of this Policy, blown by wind upon said premises, but this Company shall not be liable for any loss or damage:

(A) Caused by rain, sleet, snow, sand, or dust except that liability is assumed hereunder for loss or damage caused thereby when such rain, sleet, snow, sand, or dust shall enter buildings through openings concurrently broken open by:

- (1) direct force of the wind,
- (2) substance driven by the wind,
- (3) hail;

however, if flood ensues or occurs coincident therewith, then the liability assumed hereunder for loss or damage due to such rain, sleet, snow, sand, or dust is limited to the damage above the flood high-water mark.

(B) Caused when weight of snow, rainwater, ice or sleet is a contributing factor to the fall or collapse of a building or structure or any part thereof.

(C) To the following property

.....

.....

.....

Factory Mutual System
SPRINKLER LEAKAGE

2. Sprinkler leakage, meaning thereby loss or damage due to water or other substance discharged from any part of the fire protective equipment for the described premises or adjoining premises.

The term "fire protective equipment" shall be held to include tanks, water mains, piping, hydrants, or valves, and any other equipment whether used solely for fire protection or jointly for fire protection and for other purposes but shall not be held to include:

- (A) branch piping from a joint system where such branches are used entirely for purposes other than fire protection;
- (B) any underground water mains or appurtenances located outside of said premises and forming a part of the public water distribution system;
- (C) any pond or reservoir in which the water is impounded by a dam;
- (D) any aqueduct, penstock or their associated surge tanks.

In the event of such loss or damage, liability is also specifically assumed for the cost (with due allowance for depreciation) of restoring the damaged portion of the fire protective equipment if such equipment is insured under the terms of this Policy, except that liability for restoring the damaged portion of such fire protective equipment is limited to the cost of restoring only that portion from which the water or other substance causing the loss or damage was discharged.

Liability is also specifically assumed for:

- (a) the collapse, rupture or fall of tanks forming part of such fire protective equipment or the component parts or supports of such tanks;
- (b) damage to such fire protective equipment due to freezing.

LIQUID DAMAGE

3. Accidental discharge, leakage, backup, or overflow of liquids from within piping, plumbing systems or tanks other than fire protection systems located on the described premises in excess of \$25,000 for each occurrence, but there shall be no liability under the terms of this clause for: (a) loss of or damage to such escaped liquids, (b) the cost of repairing the fault that permitted such escape, (c) property in transit, (d) the cost of removing or recovering such escaped liquids, (e) loss or damage resulting from the escape of liquids into or from piping or vessels contained within other piping or vessels, or (f) the following property:

EXPLOSION

4. Explosion, but this Company shall not be liable under the terms of this clause for any loss or damage occasioned by or incident to explosion in or of the following equipment, owned, operated or controlled by the Insured:

- (A) steam boilers, steam turbines, steam engines, and steam pipes interconnecting any of the foregoing;
- (B) moving or rotating machinery or parts thereof when such direct loss or damage is caused by centrifugal force or mechanical breakdown;
- (C) combustion gas turbines;
- (D) any product manufactured by the Insured or other property attached thereto or forming or to form a part thereof undergoing pressure tests to the extent of the loss to such property.
- (E) vessels, machinery, and equipment while under pressure, utilized directly for (1) Chemical processing involving chemical reactions or change of physical state, or for (2) chemical storage operations consisting of.....
- (F) cylinders, drier rolls, bleachers, or digesters, all containing steam, used in the manufacture of pulp or paper;



EXPLOSION
(Cont'd)

(G) bleachers, kiers or dry cans, all containing steam used in the manufacture or processing of textiles;

provided said vessels, machinery, or equipment described in (E), (F) or (G) above have a maximum normal internal working pressure exceeding 15 psi above atmospheric pressure.

Liability is specifically assumed for loss or damage resulting from:

(a) the explosion of accumulated combustible gases or unconsumed fuel within the furnace of a boiler or pressure vessel, other than combustion gas turbines, or within the flues or passages which conduct the gases of combustion therefrom;

(b) a combustion explosion outside of any equipment excluded above even though such combustion explosion may have been the direct result of the explosion of such excluded equipment.

The following are not explosions within the intent or meaning of this clause:

(a) electric arcing or any coincident rupture of electrical equipment due to such arcing;

(b) bursting or rupture caused by freezing;

(c) sonic shock waves, generally known as "sonic boom".

5. Riot, Civil Commotion, Vandalism and Malicious Mischief, including loss or damage:

(A) done by strikers;

(B) done secretly by a foreign enemy or agent of any government (de facto or otherwise) and not in connection with operations of armed forces in or against the country where the described premises are situate;

(C) from theft, pillage or looting during and at the immediate place of a riot or civil commotion or "sit-down" strike;

(D) caused by burglars to buildings and structures excluding, however, pilferage, theft, burglary or larceny.

This Company shall not be liable under the terms of this clause for loss or damage resulting from:

(a) increased cost of operation or maintenance;

(b) depreciation, delay, deterioration, change in temperature, humidity or atmospheric conditions, interference with customary operations, loss of market, or any other consequential or indirect loss of any kind, whether or not loss due to such contingency is covered by this Policy as to other perils;

(c) inability of Insured to carry on normal operations because of strike or loss caused by the deliberate slowing down or the interfering with business operations on the part of any employee or employees;

(d) operations of armed forces in or against the country where the described premises are situate.

RIOT
CIVIL
COMMOTION
VANDALISM
MALICIOUS
MISCHIEF

6. Acts of destruction at the order of civil authority or military or usurped power at the time of and for the purpose of preventing the spread of fire, provided such fire did not originate from any of the perils herein specifically excluded.

CIVIL
AUTHORITY

7. Impact of vehicles, other than aircraft, while moving on land or tracks, except that this Company shall not be liable by the terms of this clause:

VEHICLES

(A) for loss or damage caused by any vehicle owned or operated by the Insured or by any tenant of the described premises or by any employee of either except that liability is specifically assumed for direct loss or damage to buildings or structures covered under this Policy;



VEHICLES (Cont'd) (B) for any loss or damage to any vehicle or parts thereof causing the loss whether or not otherwise covered by this Policy;

(C) for ordinary wear and tear or accumulative damage to property.

AIRCRAFT 8. Impact of aircraft or missiles or objects falling therefrom or meteorites. However, this Company shall not be liable by the terms of this Clause for loss or damage caused by any aircraft when being taxied or towed inside or outside of buildings, except that liability is specifically assumed for direct loss or damage to buildings or structures covered under this Policy.

SONIC BOOM 9. Sonic shock waves, generally known as "sonic boom," except that in event of loss or damage to buildings or structures covered under this Policy, this Company shall be liable only for such loss or damage as may exceed \$5,000 for each such occurrence.

SMOKE 10. Smoke, except accumulative damage, resulting from the sudden, unusual and faulty operation of any stationary furnace located on the described premises.

MOLTEN MATERIAL 11. Heat from molten material which shall have accidentally escaped from equipment, but there shall be no liability assumed by the terms of this clause for:

(A) loss or damage to such escaped material;

(B) the cost of removing or recovering such escaped material;

(C) the cost of repairing the fault which permitted such accidental escape.

RADIOACTIVE CONTAMINATION 12. Sudden and accidental Radioactive Contamination, including resultant radiation damage in excess of \$5,000 for each occurrence, from material used or stored or from processes conducted on the described premises, provided that at the time of such loss there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction nor any new or used nuclear fuel on the described premises.

COLLAPSE 13. Collapse of buildings, structures or a material part thereof in excess of \$25,000 for each occurrence, except that there shall be no liability for loss or damage caused by or resulting from flood, earthquake, landslide, subsidence or any other earth movement. Collapse shall not mean settling, cracking, shrinking, bulging, or expansion of pavements, foundations, walls, floors, ceilings or roofs. This Company shall not be liable under the terms of this clause for any loss or damage to: (a) property in transit, (b) property located underground, (c) air inflated buildings, or (d) the following property:.....

VOLCANIC ERUPTION 14. Loss or damage to insured property resulting from lava or other material expelled by volcanic action. There shall be no coverage provided by this clause for earthquake, subsidence or other earth movement.

EXCLUSIONS

This Company shall not be liable for loss or damage:

MOTOR VEHICLES 1. To motor vehicles when such loss or damage is otherwise insured in whole or in part, nor for the Insured's legal liability therefor, except that if this Policy covers personal property, liability is specifically assumed for the Insured's legal liability (if not otherwise insured) for loss or damage from the hazards hereby insured against to motor vehicles while in the custody of the Insured and on the described premises:

(A) if the product of the Insured, sold but not delivered, or held for the account of others;

(B) for experimentation, adjustments or repairs; or

(C) for the purpose of loading or unloading materials or supplies.

ELECTRICAL CURRENT 2. Caused by electrical current artificially generated except for loss by fire ensuing therefrom; electrical arcing itself is not a fire within the intent or meaning of this Policy.

FLOOD

3. Resulting from flood or the release of water from natural or man-made bodies of water, whether or not caused by or contributed to by an insured peril. However, liability is specifically assumed for loss or damage by fire, sprinkler leakage, explosion, or accident, all as defined and limited elsewhere in this Policy, resulting from flood or the release of water from natural or man-made bodies of water. For the purpose of this Policy, flood includes but is not limited to tidal wave, wave wash, high water, or overflow, surface or rising water, all whether or not driven by wind.

**LAW OR
ORDINANCE**

4. Resulting from any law or ordinance which regulates construction, repair, replacement, use, or which necessitates demolition of any undamaged portions of property on the premises described herein.

**NUCLEAR
PERILS**

5. Caused by nuclear reaction or nuclear radiation or radioactive contamination, all whether directly or indirectly resulting from an insured peril under this Policy, except as provided in the Radioactive Contamination Clause under the caption "Supplementary Coverages."

However, if fire or sprinkler leakage ensues, liability is specifically assumed for direct loss by such ensuing fire or sprinkler leakage but not including any loss due to nuclear reaction, nuclear radiation or radioactive contamination.

GENERAL CONDITIONS**Permission is Given:**

- (1) For other insurance.
- (2) To store and use any and all materials usual and incidental to the business or occupancy.
- (3) To alter and repair the described premises.
- (4) To cease operations and for the premises to be vacant or unoccupied for sixty (60) consecutive days, and for more than sixty (60) consecutive days providing the same degree of fire protection and watch service is maintained as existed at the time of the discontinuance of normal operations.
- (5) To operate the establishment all hours, day and night.

**STANDARD
DEDUCTIBLE**

In each case of loss or damage from the hazards insured against by this Policy this Company shall not be liable unless the Insured sustains a loss in excess of \$500 and then only for its share of such excess. Whether this Policy covers one or more locations, the deductible amount shall apply against the total loss from the perils insured against suffered by the Insured in any one occurrence. If two or more deductible amounts in this Policy apply for a single occurrence the total to be deducted shall be the largest deductible amount applicable unless otherwise provided in this Policy.

**OTHER
INSURANCE**

It is a condition of this Policy that if at time of loss there is other insurance, whether collectible or not, covering any property included under this Policy against any of the hazards insured against by this Policy, the liability of this Company shall not exceed that proportion of the loss which the amount of fire insurance under this Policy bears to the total fire insurance in force on any of the property covered under this Policy limited by the following:

1. If such other insurance is not written upon the same plan, terms, conditions and provisions as those contained in this Policy then this Policy shall apply (except as to motor vehicles, loss or damage to electrical apparatus by fire caused by an electrical current artificially generated and loss or damage by explosion) only for the difference between the amount for which such other insurance would be liable if insurance provided by this Policy did not exist and the total amount of such loss.
2. If at the time of loss caused by explosion or by fire due to electrical current artificially generated there is insurance other than fire insurance or fire insurance with extended coverage applicable to such loss, the loss, to which both the insurance provided by this Policy and such other insurance applies, shall be known as a "Joint Loss." In the event of such "Joint Loss":



OTHER
INSURANCE
(Cont'd)

(A) this Company shall be liable under this Policy only for the proportion of the said Joint Loss that the amount which would have been payable under this Policy on account of said Joint Loss, had no insurance other than fire insurance or fire insurance with extended coverage existed, bears to the combined total of the said amount and the amount that would have been payable under all other insurance on account of said Joint Loss had there been no insurance under this Policy, but

(B) in case the Policy or Policies, other than fire insurance or fire insurance with extended coverage, do not contain provisions similar to those in (A) above, then this Company shall not be liable under this Policy for any loss or damage caused (1) by explosion, (2) by fire to the equipment in which the loss originated when caused by electrical current artificially generated.

3. If this Policy is divided into more than one item, the foregoing conditions shall apply to each such item separately.

BRANDS
AND
LABELS

It is understood and agreed that if branded or labeled merchandise covered by this Policy is damaged and this Company elects to take all or any part of such merchandise at the value established by the terms of this Policy, the Insured may, at his own expense, stamp "salvage" on the merchandise or its containers, or may remove or obliterate the brands or labels, if such stamp, removal or obliteration will not physically damage the merchandise, but the Insured must re-label the merchandise or containers in compliance with the requirements of law.

VALUE
OF STOCK

Unless otherwise endorsed hereon, adjustment of loss under this Policy shall be:

(1) on stock in process, the value of raw materials and labor expended plus the proper proportion of overhead charges;

(2) on finished goods manufactured by the Insured, the regular cash selling price at the location where the loss occurs, less all discounts and charges to which the merchandise would have been subject had no loss occurred;

(3) on raw materials, supplies and other merchandise not manufactured by the Insured, the replacement cost;

all to be computed as of the time of the fire or other casualty insured against by this Policy.

VALUE
OF RECORDS
AND MEDIA

It is understood and agreed that liability on exposed film, records, manuscripts and drawings shall not exceed their value blank plus the cost of transcription.

Liability for loss or damage on media, data storage devices, and program devices for electronic and electro-mechanical data-processing and production equipment is limited to the cost of reproducing such media, data storage devices, and program devices from duplicates or from originals of the previous generation of the data.

CONSEQUEN-
TIAL
DAMAGE

It is understood and agreed that in the event of direct damage to any property situate on the described premises by reason of any peril insured against by this Policy, and such damage, without the intervention of any other independent cause, results in a sequence of events which causes physical damage to other property insured by this Policy, then this Policy will cover such resulting loss or damage.

The liability of this Company includes only the loss incurred during such period as would be required with the exercise of due diligence under normal conditions to repair or replace the damaged property, and does not include any liability resulting from inability of the Insured to make repairs or replacements because of strikes or labor disputes. Nothing in this clause shall be deemed to extend this insurance to property which is otherwise specifically excluded from coverage by the terms of this Policy.

Liability is not assumed for loss or damage resulting from lack of incoming electricity, fuel, water, steam or refrigerant caused by an occurrence off the premises described in this Policy unless specifically endorsed herein. However, if the lack of such a service causes an insured peril to occur on the described premises, this Policy shall cover the resulting damage.



NO CONTROL This Policy shall not be invalidated by increase in hazard in any portion of the premises over which the Insured has no control.

DIVISIBLE CONTRACT If the premises described in this Policy include two or more buildings or the contents of two or more buildings, the breach of any condition of this Policy in respect to any one or more of the buildings insured or containing the property insured, shall not prejudice the right to recover for loss occurring in any building insured or containing the property insured where, at the time of the loss, a breach of condition does not exist.

SUBROGATION This Company may require from the Insured an assignment of all right of recovery against any party for loss to the extent that payment therefor is made by this Company, but this Company shall not acquire any rights of recovery which the Insured has expressly waived prior to loss nor shall such waiver affect the Insured's rights under this Policy.

NO REDUCTION BY LOSS It is mutually understood and agreed that any loss hereunder shall not reduce the amount of this Policy.

UNDERLYING POLICY If the premises described in this Policy include property in more than one state, province or territory, it is understood that separate policies underlying this Policy may be issued in compliance with state, province or territory laws, and that this Policy is subject to the conditions of the Standard Fire Insurance Policy of the state, province, or territory in which the individual properties are located. It is further understood, however, that such underlying policies are not to be considered as additional insurance but as duplicates only.

CANCELLATION It is understood and agreed that the provisions of the Cancellation Clause in this Policy are amended to provide that this Company will give not less than thirty (30) days written notice of cancellation. However, this Policy may be cancelled by the Company if the Insured fails to remit, when due, the payment of Premium Deposit for such policy, by giving the Insured not less than ten (10) days written notice of cancellation.

LIBERALIZATION If any authorized endorsement or filed rules or regulations affecting this Policy are revised by statute or otherwise so as to broaden the insurance without additional premium charge, such extended or broadened insurance shall inure to the benefit of the Insured hereunder, effective as of the date of the change.

LOSS PAYABLE Unless otherwise provided herein, loss, if any, is to be adjusted with and payable to the Insured named in this Policy.

PLANS Reference is hereby made to plan(s) on file in the office of this Company for further description and location of property herein described.

Attached to and forming a part of Policy Contract No. 74089

ALLENDALE MUTUAL INSURANCE COMPANY

Authorized Signature



Extra Expense

This Policy covers the actual loss of "Extra Expense" sustained by the Insured as a result of physical damage caused directly by the perils insured against hereunder to the property utilized by the Insured as described elsewhere in this Policy.

DEFINITIONS

The following terms wherever used in this Policy shall be defined as follows:

Extra Expense.—The excess, if any of the total cost during the "period of restoration" chargeable to the conduct of the Insured's business over and above the total cost that would normally have been incurred to conduct the business during the same period had no fire or other peril insured against herein occurred; the cost in each case to include expense of using other property or facilities of other concerns, or other necessary emergency expenses. In no event, however, shall this Company be liable under this Policy for loss of income, nor for Extra Expense in excess of that necessary to continue as nearly as practicable the normal conduct of the Insured's business, nor for the cost of repairing or replacing any of the described property that has been damaged or destroyed by fire or other peril herein insured against, except cost in excess of the normal cost of such repairs or replacements necessarily incurred for the purpose of reducing the total amount of Extra Expense; liability for such excess cost, however, shall not exceed the amount by which the total Extra Expense otherwise payable under this Policy is reduced.

Normal.—The condition that would have existed had no fire or other peril herein insured against occurred.

Month.—Thirty consecutive days.

Period of Restoration.—That period computed from the time of the damage caused by a peril insured against to the time when with due diligence and dispatch the property could be repaired or replaced and made ready for normal operations, not to be limited by the date of expiration of this Policy.

LIMIT OF LIABILITY

The limit of liability of this Company shall be as specified under either (a) or (b) below, depending upon which is checked.

(a) **Daily Indemnity.**—This Company shall be liable for a period of restoration not exceedingmonths and within such period of restoration for no greater amount for any one day thanof the total insurance named in this Policy.

(b) **Variable Monthly Limits of Liability.**—This Company shall be liable for no greater percentage of the amount of this Policy than is stated below for the determined period of restoration.

-60. % if period of restoration is one month or less
-80. % if period of restoration exceeds one month but does not exceed two months
-100. % if period of restoration exceeds two months but does not exceed three months
-100. % if period of restoration exceeds three months but does not exceed four months
-100. % if period of restoration exceeds four months but does not exceed five months
-100. % if period of restoration exceeds five months but does not exceed six months
-100. % if period of restoration exceeds six months but does not exceed seven months
-100. % if period of restoration exceeds seven months but does not exceed eight months
-100. % if period of restoration exceeds eight months but does not exceed nine months
-100. % if period of restoration exceeds nine months but does not exceed ten months
-100. % if period of restoration exceeds ten months but does not exceed eleven months
-100. % if period of restoration exceeds eleven months but does not exceed twelve months

It is further agreed that in the event Extra Expense incurred during the longest period of restoration for which provision is made above does not exhaust the insurance provided by this Policy, then such unexhausted amount shall apply for the remainder of the period of restoration not exceeding in any event, however, twelve months from the date of the physical damage to the property covered hereunder.

USE OF OTHER PROPERTY

The Insured agrees to use any suitable property or service owned or controlled by the Insured or obtainable from other sources in reducing the loss under this Policy. Any salvage value of such property remaining after resumption of normal operations, however, shall be taken into consideration in the adjustment of any loss.

**Business Interruption Insurance**
Non-Premium Adjustment

This Policy covers only the actual loss sustained by the Insured due to necessary interruption of business as a result of physical damage caused directly by the perils insured against hereunder to the property utilized by the Insured situate as described elsewhere in this Policy. In the event the Insured is wholly or partially prevented from producing goods or from continuing business operations or services and is unable:

- (a) to make up lost production within a reasonable period of time (not to be limited to the period during which production is interrupted), or
 - (b) to continue business operations or services;
- all through the use of any property or service owned or controlled or obtainable from other sources or through working extra time or overtime at the location(s) specified herein, or at such other location(s) acquired for the purpose,

this Company shall be liable, subject to all other conditions of this Policy, for the **Actual Loss Sustained** of the following:

GROSS EARNINGS, less all charges and expenses which do not necessarily continue during the period of interruption of production or suspension of business operations. For the purpose of this contract "Gross Earnings" shall be defined: (a) for manufacturing operations as the net sales value of production through the use of such property less the cost of all raw stock, materials and supplies utilized in such production plus all other earnings derived from the operation of the business; or (b) for mercantile or non-manufacturing operations as the total net sales less cost of merchandise sold, materials and supplies consumed in the operations or service rendered by the Insured; plus all other earnings derived from the operation of the business.

Expenses, over and above normal operating expenses, necessarily incurred by the Insured in making up lost production or in reducing loss otherwise payable under this Policy are covered hereunder, but in no event shall this Company be liable for an amount greater than that for which it would have been liable had the Insured been unable to make up any lost production or to continue any business operations or services.

In determining net sales, in the event of loss hereunder, at mercantile or non-manufacturing operations, any amount recovered under Property Damage policies for damage to or destruction of merchandise shall be included as though the merchandise had been sold to the Insured's regular customers.

In determining the indemnity payable under this Policy, due consideration shall be given to the experience of the business before the loss and the probable experience thereafter and to the continuation of only those normal charges and expenses that would have existed had no loss occurred.

Reporting.—As of the inception date of this Policy and annually as of* thereafter, the Insured shall file with this Company a statement of the estimated Gross Earnings for the twelve-month period following the date of the report and a statement of the actual Gross Earnings for the preceding twelve-month period. These statements shall be filed not later than ...ninety... days from the above date(s).

If the above defined reported values include Gross Earnings at other owned or controlled locations (such as branch stores, sales outlets and other plants not specifically insured in this Policy), at which Gross Earnings loss would result from interruption of production or suspension of business operations as a result of physical damage by the perils insured against at locations named in this Policy then this Policy shall cover such resulting loss.

In the event of failure of the Insured to furnish the statements of Gross Earnings as above required the following Co-Insurance Clause shall attach and come into full force and effect as of noon of the thirtieth day following that on which a statement is due and shall remain in effect until noon of the day on which the next filed statement is received in the Home Office of this Company. It is further agreed that in the event that the estimated Gross Earnings specified in the statement exceed the amount of insurance in force, this Company shall be authorized to effect additional insurance.

Co-Insurance.—This Company shall be liable for no greater proportion of any loss under this Policy than the amount hereby insured bears to ...fifty... per cent (...50%) of the Gross Earnings as defined herein which would have been earned had no interruption of production or suspension of business operations occurred, during the period of the twelve months following the interruption of such operations by fire or other peril insured against by this Policy; provided, however, that this Co-Insurance Clause shall not apply unless the agreed loss exceeds five per cent (5%) of the total Business Interruption Insurance in force or \$10,000, whichever is the lesser.

* the 1st day of each 12-month period



STANDARD PROVISIONS

This Policy covers loss as herein defined which is the result of physical damage to the property described herein caused directly by:

- FIRE 1. Fire.
- LIGHTNING 2. Lightning.
- WIND OR HAIL 3. Direct action of wind or hail, except that this Company shall not be liable for any loss:
 - (A) Caused by rain, sleet, snow, sand, or dust except that liability is assumed hereunder for loss caused thereby when such rain, sleet, snow, sand or dust shall enter buildings through openings concurrently broken open by
 - (1) direct force of the wind,
 - (2) substance driven by the wind,
 - (3) hail;

however, if flood ensues or occurs coincident therewith, then the liability assumed hereunder for loss due to such rain, sleet, snow, sand or dust is limited to loss resulting from physical damage above the flood high water mark.

(B) Caused when weight of snow, rainwater, ice or sleet is a contributing factor to the fall or collapse of a building or structure or any part thereof.

SPRINKLER LEAKAGE

- 4. Sprinkler leakage, meaning thereby loss due to water or other substance discharged from any part of the fire protective equipment for the described premises or adjoining premises.

The term "fire protective equipment" shall be held to include tanks, water mains, piping, hydrants, or valves, and any other equipment whether used solely for fire protection or jointly for fire protection and for other purposes but shall not be held to include:

- (A) Branch piping from a joint system where such branches are used entirely for purposes other than fire protection.
- (B) Any underground water mains or appurtenances located outside of said premises and forming a part of the public water distribution system.
- (C) Any pond or reservoir in which the water is impounded by a dam.
- (D) any aqueduct, penstock or their associated surge tanks.

Liability is also specifically assumed for loss as herein defined resulting from:

- (a) The collapse, rupture or fall of tanks forming part of such fire protective equipment or the component parts or supports of such tanks.
- (b) Damage to such fire protective equipment due to freezing.

LIQUID DAMAGE

- 5. Accidental discharge, leakage, back-up, or overflow of liquids from within piping, plumbing systems or tanks other than fire protection systems located on the described premises in excess of \$25,000 for each occurrence, but there shall be no liability under the terms of this Clause for loss from curtailment of production or suspension of business operations due to the necessity of: (a) replacement of the escaped liquids, (b) repairing the fault that permitted such escape, (c) replacement of or repair of property in transit, (d) removing or recovering such escaped liquids, (e) replacement of or repair of property due to damage resulting from the escape of liquids into or from piping or vessels contained within other piping or vessels, or (f) replacement of or repair of the following property:



Business Interruption Insurance

EXPLOSION

6. Explosion, but this Company shall not be liable under the terms of this clause for any loss occasioned by or incident to explosion in or of the following equipment, owned, operated or controlled by the Insured:

(A) steam boilers, steam turbines, steam engines, and steam pipes inter-connecting any of the foregoing;

(B) moving or rotating machinery or parts thereof when such loss is caused by centrifugal force or mechanical breakdown;

(C) combustion gas turbines.

(D) any product manufactured by the Insured or other property attached thereto or forming or to form a part thereof undergoing pressure tests to the extent of the loss to such property;

(E) vessels, machinery, and equipment while under pressure, utilized directly for (1) Chemical processing involving chemical reactions or change of physical state, or for (2) chemical storage operations consisting of.....

(F) cylinders, drier rolls, bleachers, or digesters, all containing steam, used in the manufacture of pulp or paper;

(G) bleachers, kiers or dry cans, all containing steam used in the manufacture or processing of textiles;

provided said vessels, machinery, or equipment described in (E), (F) or (G) above have a maximum normal internal working pressure exceeding 15 psi above atmospheric pressure.

Liability is specifically assumed for loss as herein defined resulting from:

(a) the explosion of accumulated combustible gases or unconsumed fuel within the furnace of a boiler or pressure vessel, other than combustion gas turbines, or within the flues or passages which conduct the gases of combustion therefrom;

(b) a combustion explosion outside of any equipment excluded above even though such combustion explosion may have been the direct result of the explosion of such excluded equipment.

The following are not explosions within the intent or meaning of this clause:

(a) electric arcing or any coincident rupture of electrical equipment due to such arcing;

(b) bursting or rupture caused by freezing;

(c) sonic shock waves, generally known as "sonic boom".

**RIOT
CIVIL
COMMOTION
VANDALISM
MALICIOUS
MISCHIEF**

7. Riot, Civil Commotion, Vandalism and Malicious Mischief, including loss as herein defined:

(A) caused by strikers;

(B) caused by a foreign enemy or agent of any government (de facto or otherwise) if done in secret and not in connection with operations of armed forces in or against the country where the described premises are situate;

(C) caused by theft, pillage or looting during and at the immediate place of a riot or civil commotion or "sit-down" strike.

This Company shall not be liable under the terms of this clause for loss resulting from:

(a) delay in repairing or replacing the property lost or damaged, beyond the time necessary for such repair or replacement under normal conditions;

(b) depreciation, delay, deterioration, change in temperature, humidity or atmospheric conditions, interference with customary operations, loss of market, or any other consequential or indirect loss of any kind, whether or not loss due to such contingency is covered by this Policy as to other perils;



(c) inability of Insured to carry on normal operations because of strike or loss caused by the deliberate slowing down or the interfering with business operations on the part of any employee or employees;

(d) operations of armed forces in or against the country where the described premises are situate.

CIVIL
AUTHORITY

8. Acts of destruction at the order of civil authority or military or usurped power at the time of and for the purpose of preventing the spread of fire, provided such fire did not originate from any of the perils herein specifically excluded.

VEHICLES

9. Impact of vehicles, other than aircraft, while moving on land or tracks, except that this Company shall not be liable by the terms of this clause for loss resulting from damage to property other than buildings and structures caused by any vehicle owned or operated by the Insured or by any tenant of the described premises or by any employee of either.

AIRCRAFT

10. Impact of aircraft or missiles or by objects falling therefrom, or meteorites, except that this Company shall not be liable by the terms of this clause for loss resulting from damage to property other than buildings or structures caused by any aircraft when being taxied or towed inside or outside of buildings.

SONIC
BOOM

11. Sonic shock waves, generally known as "sonic boom".

SMOKE

12. Smoke, resulting from the sudden, unusual and faulty operation of any stationary furnace located on the described premises.

MOLTEN
MATERIAL

13. Heat from molten material which shall have accidentally escaped from equipment, but there shall be no liability assumed by the terms of this clause for loss from curtailment of production or suspension of business operations due to the necessity of removing or recovering the escaped material or repairing the fault which permitted such accidental escape.

RADIOACTIVE
CONTAM-
INATION

14. Sudden and accidental Radioactive Contamination, including resultant radiation damage in excess of \$5,000 for each occurrence, from material used or stored or from processes conducted on the described premises, provided that at the time of such loss there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction nor any new or used nuclear fuel on the described premises.

COLLAPSE

15. Collapse of buildings, structures or a material part thereof in excess of \$25,000 for each occurrence, except that there shall be no liability under the terms of this Clause for loss from curtailment of production or suspension of business operations arising from physical damage caused by or resulting from flood, earthquake, landslide, subsidence or any other earth movement. Collapse shall not mean settling, cracking, shrinking, bulging, or expansion of pavements, foundations, walls, floors, ceilings or roofs. This Company shall not be liable under the terms of this Clause for loss from curtailment of production or suspension of business operations caused by physical damage to: (a) property in transit, (b) property located underground, (c) air inflated buildings, or (d) the

following property:.....

VOLCANIC
ERUPTION

16. Loss or damage to insured property resulting from lava or other material expelled by volcanic action. There shall be no coverage provided by this clause for earthquake, subsidence or other earth movement.

PERILS OTHER THAN FIRE. — The conditions and limitations of the Standard Fire Insurance Policy to which this form is attached shall, unless otherwise herein provided, apply to each of the perils herein insured against to the same extent as though the designations of such other perils were respectively substituted for



the word "fire" therein; provided that the limit of risk assumed under this Policy and all riders and supplementary coverages attached hereto shall not exceed in the aggregate the amount of insurance stated in this Policy against loss as herein defined caused by fire.

GENERAL STIPULATIONS, CONDITIONS AND LIMITATIONS

This Policy covers loss as herein defined:

- (1) Computed from the time of the damage caused by a peril insured against to the time when with due diligence and dispatch the property could be repaired or replaced and made ready for normal operations, not to be limited by the day of expiration named in this Policy;
- (2) (a) For such additional time as may be required with the exercise of due diligence and dispatch to restore stock in process to the same state of manufacture in which it stood at the time of interruption;
(b) For such additional time as may be required with the exercise of due diligence and dispatch to replace damaged or destroyed mercantile stock;
- (3) From actual curtailment of production or suspension of business operations resulting from inability to procure suitable raw materials and supplies to replace similar materials and supplies damaged or destroyed, but liability for such loss shall be limited to that period for which the damaged or destroyed raw materials and supplies would have supplied operating needs. In the event, however, that water used as a raw material or for power or for any other manufacturing purpose, stored behind dams or in reservoirs situate on the property described herein, is released from storage as the result of damage to such dam, reservoir or equipment connected therewith by any of the perils herein insured against, the liability of this Company for curtailment of production or suspension of business operations because of the resulting inadequate water supply shall not extend for more than thirty (30) consecutive days after the damaged or destroyed dam, reservoir or equipment has been repaired or replaced;
- (4) From actual curtailment of production or suspension of business operations resulting from order of civil authority prohibiting access to the premises described herein, during the period of time, not exceeding two weeks, while access to the said premises is prohibited, but only when such order is given as a direct result of damage or destruction by fire or other peril insured against, in the said premises or in the immediate vicinity thereof, provided such fire or other peril did not originate from any of the perils herein specifically excluded. With respect to the peril of riot, civil commotion, vandalism and malicious mischief, this coverage shall apply only if such order is given as a direct result of damage or destruction in the said premises or within five hundred feet thereof.
- (5) In the event of loss or damage by a peril insured against to property under construction and insured by this Policy, the measurement of the resulting actual loss sustained shall be in accordance with the following:

(a) the section numbered (1) under "This Policy covers loss as defined herein" shall read:

- (1) Computed for a period of time equivalent to the time in which, with due diligence and dispatch, the property could be repaired or replaced. This equivalent period of time shall be applied to the experience of the business after the business has reached planned level of production or level of business operations. Neither period of time mentioned above is limited by the day of expiration named in this Policy.

(b) In determining the indemnity payable under this Policy, due consideration shall be given to the available experience of the business compiled after completion of the construction.

This Policy also covers loss as herein defined resulting from physical damage caused by any peril insured against to:

- (1) Tanks, flues, pipes, drains, tunnels, wiring and other equipment and passageways located underground, and to foundations of buildings, machinery and structures, whether or not underground, all on premises containing the property described herein.
- (2) Electrical transmission lines and other electrical equipment and to fuel, water, steam and refrigeration transmission lines, all situate outside the described premises but within 500 feet thereof, except that liability is not otherwise assumed for loss as herein defined resulting from lack of such incoming services caused by an off-premises



occurrence unless specifically endorsed herein.

(3) New buildings and other structures and additions now in process of erection or hereafter erected on the described premises including contents thereof and alterations and repairs to buildings and structures herein insured; also (a) materials and supplies therefor, and (b) equipment, machinery and apparatus for the service thereof, all when on such premises or within 500 feet thereof.

(4) Bullion and manuscripts while on the described premises.

(5) Property appurtenant to the business of the Insured (not otherwise insured or not excluded by this Policy) outside of buildings and railroad cars when on the described premises or when within 500 feet thereof.

(6) Railroad rolling stock, other vehicles, and their contents while on the described premises or within 500 feet thereof.

(7) Property at any location in the United States or Canada rented or purchased by the Insured after the inception date of this Policy up to a limit of \$100,000 or 1% of the face amount of the Policy, whichever is smaller, and for a period of 90 days from date of acquisition unless such property is otherwise insured. No coverage is provided under this clause on property in transit.

This Company shall not be liable for:

LAW OR ORDINANCE

1. Any increase of loss resulting from any law or ordinance which regulates construction, repair, replacement, use, or which necessitates demolition of any undamaged portions of property on the premises described herein.

ELECTRICAL CURRENT

2. Loss caused by electrical current artificially generated except for loss by fire ensuing therefrom; electrical arcing itself is not a fire within the intent or meaning of this Policy.

FINISHED PRODUCT

3. Loss resulting from damage to finished product manufactured by the Insured nor for the time required for its reproduction.

IDLE PERIODS

4. Loss with respect to any period during which goods would not have been produced, or business operations or services would not have been maintained for any reason other than direct damage to the said premises from a peril insured against herein.

FLOOD

5. Loss resulting from flood or the release of water from natural or man-made bodies of water, whether or not caused by or contributed to by an insured peril. However, liability is specifically assumed for loss or damage by fire, sprinkler leakage, explosion, or accident, all as defined and limited elsewhere in this Policy, resulting from flood or the release of water from natural or man-made bodies of water. For the purpose of this Policy, flood includes but is not limited to tidal wave, wave wash, high water, or overflow, surface or rising water, all whether or not driven by wind.

NUCLEAR PERILS

6. Loss as herein defined caused by nuclear reaction or nuclear radiation or radioactive contamination all whether directly or indirectly resulting from an insured peril under this Policy, except as provided in the Radioactive Contamination Clause.

However, if fire or sprinkler leakage ensues, liability is specifically assumed for loss as herein defined resulting from such ensuing fire or sprinkler leakage but not including any loss due to nuclear reaction, nuclear radiation or radioactive contamination.

Permission is given:

- (1) For other insurance.
- (2) To store and use any and all materials usual and incidental to the business or occupancy.
- (3) To alter and repair the described premises.



(4) To cease operations and for the premises to be vacant or unoccupied for sixty (60) consecutive days, and for more than sixty (60) consecutive days providing the same degree of fire protection and watch service is maintained as existed at the time of the discontinuance of normal operations.

(5) To operate the establishment all hours, day and night.

STANDARD DEDUCTIBLE

In each case of loss as herein defined from the hazards insured against by this Policy this Company shall not be liable unless the Insured sustains a loss in excess of \$500 and then only for its share of such excess. Whether this Policy covers one or more locations, the deductible amount shall apply against the total loss from the perils insured against suffered by the Insured in any one occurrence. If two or more deductible amounts in this Policy apply for a single occurrence the total to be deducted shall be the largest deductible amount applicable unless otherwise provided in this Policy.

OTHER INSURANCE

It is a condition of this Policy that if at the time of loss there is other insurance against loss as herein defined, whether collectible or not, covering any property included under this Policy against any of the hazards insured against by this Policy, the liability of this Company shall not exceed that proportion of the loss which the amount of insurance against the hazard of fire covered under this Policy bears to the total of such insurance against the hazard of fire in force on any of the property covered hereunder, limited by the following:

1. If such other insurance is not written upon the same plan, terms, conditions and provisions as those contained in this Policy then this Policy shall apply (except as to loss resulting from damage to electrical apparatus by fire caused by an electrical current artificially generated and loss resulting from damage by explosion) only for the difference between the amount for which such other insurance would be liable if insurance provided by this Policy did not exist and the total amount of such loss.

2. If at the time of loss as herein defined caused by explosion or by fire due to electrical current artificially generated there is insurance other than fire insurance or fire insurance with extended coverage applicable to such loss, the loss, to which both the insurance provided by this Policy and such other insurance applies, shall be known as a "Joint Loss". In the event of such "Joint Loss":

(A) this Company shall be liable under this Policy only for the proportion of the said Joint Loss that the amount which would have been payable under this Policy on account of said Joint Loss, had no insurance other than fire insurance or fire insurance with extended coverage existed, bears to the combined total of the said amount and the amount that would have been payable under all other insurance on account of said Joint Loss had there been no insurance under this Policy, but

(B) in case the Policy or Policies, other than fire insurance or fire insurance with extended coverage, do not contain provisions similar to those in (A) above, then this Company shall not be liable under this Policy for any loss caused (1) by explosion, (2) by fire to the equipment in which the loss originated when caused by electrical current artificially generated.

3. If this Policy is divided into more than one item, the foregoing conditions shall apply to each such item separately.

CONSEQUENTIAL LOSS

It is understood and agreed that in the event of direct damage to any property situate on the described premises by reason of any peril insured against by this Policy, and such damage, without the intervention of any other independent cause, results in a sequence of events which causes physical damage to other property situate on the described premises, then this Policy will cover any resulting loss as herein defined.

The liability of this Company includes only the loss incurred during such period as would be required with the exercise of due diligence under normal conditions to repair or replace the damaged property. Nothing in this clause shall be deemed to extend this insurance to loss which is otherwise specifically excluded from coverage by the terms of this Policy.



This Company shall not be liable for any increase of loss due to the suspension, cancellation or lapse of any lease, contract, license or order nor for any loss due to fines or damages for breach of contract or for late or non-completion of orders or for penalties of whatever nature nor shall the Company be liable for any other consequential or remote loss.

- NO CONTROL** This Policy shall not be invalidated by increase in hazard in any portion of the premises over which the Insured has no control.
- DIVISIBLE CONTRACT** If the premises described in this Policy include two or more buildings, or the contents of two or more buildings, the breach of any condition of this Policy in respect to any one or more of the buildings insured or containing the property insured, shall not prejudice the right to recover for loss occurring in any building insured or containing the property insured where, at the time of the loss, a breach of condition does not exist.
- SUBROGATION** This Company may require from the Insured an assignment of all right of recovery against any party for loss to the extent that payment therefor is made by this Company, but this Company shall not acquire any rights of recovery which the Insured has expressly waived prior to loss nor shall such waiver affect the Insured's rights under this Policy.
- NO REDUCTION BY LOSS** It is mutually understood and agreed that the amount of insurance shall not be reduced by the payment of losses under this Policy, but the Insured shall in rendering reports (if such are required) include the amount collected for such losses as income for the loss period.
- UNDERLYING POLICY** If the premises described in this Policy include property in more than one state, province or territory, it is understood that separate policies underlying this Policy may be issued in compliance with state, province or territory laws, and that this Policy is subject to the conditions of the Standard Fire Insurance Policy of the state, province, or territory in which the individual properties are located. It is further understood, however, that such underlying policies are not to be considered as additional insurance but as duplicates only.
- CANCELLATION** It is understood and agreed that the provisions of the Cancellation Clause in this Policy are amended to provide that this Company will give not less than thirty (30) days written notice of cancellation. However, this Policy may be cancelled by the Company if the Insured fails to remit, when due, the payment of Premium Deposit for such policy, by giving the Insured not less than ten (10) days written notice of cancellation.
- LIBERALIZATION** If any authorized endorsement or filed rules or regulations affecting this Policy are revised by statute or otherwise so as to broaden the insurance without additional premium charge, such extended or broadened insurance shall inure to the benefit of the Insured hereunder, effective as of the date of the change.
- LOSS PAYABLE** Unless otherwise provided herein, loss, if any, is to be adjusted with and payable to the Insured named in this Policy.
- PLANS** Reference is hereby made to plan(s) on file in the office of this Company for further description and location of property herein described.

Attached to and forming a part of Policy Contract No.74089.....

ALLENDALE MUTUAL INSURANCE COMPANY

.....
Authorized Signature

REINSURANCE RIDER

(1) The liability of this Company has been partially reinsured under uniform reinsurance contracts, and each Company's percentage (retained or reinsured) of the amounts of insurance and of premium deposit and of any increases or decreases in such amounts effected during the term hereof is as follows:

Key Letter	S							
Allendale Mutual Insurance Company, Johnston, R. I.	52.5							
Arkwright-Boston Manufacturers Mutual Insurance Company, Waltham, Mass.	24.8							
Philadelphia Manufacturers Mutual Insurance Company, Philadelphia, Pa.	6.2							
Protection Mutual Insurance Company, Chicago, Ill.	16.5							
	100%	100%	100%	100%	100%	100%	100%	100%

(2) The return of unabsorbed premium deposit, if any, shall be the aggregate of the returns made by this Company and by all of the Reinsuring Companies set forth above on each Company's share of the total premium deposit, and if this Company should ever be placed in the hands of a receiver, liquidator or other statutory successor, each of the Companies specified above shall be separately and directly responsible to the Insured named in this Policy, or to any other person specified herein, for payment of the unabsorbed premium deposit, if any, accruing against each said Company's share of the total premium deposit.

(3) If this Company should ever be placed in the hands of a receiver, liquidator, or other statutory successor, each of the Reinsuring Companies shall become directly liable to the policyholder for unpaid past losses and future losses each for its pro rata share and the policyholder who accepts any payment from or exercises any rights against the Reinsurer thereby consents to such substitution of the Reinsuring Companies for this Company and releases his claim against this Company.

(4) The above agreements for the payment of unabsorbed premium deposit and liability for losses on the part of the Reinsuring Companies are in accordance with Article X of the Factory Mutual Reinsurance Agreement, which is printed on the reverse side of this Rider, and which is binding on all the Reinsuring Companies.

(5) In accordance with the Factory Mutual Intercompany Reinsurance Agreement (Article XI), in the event of the insolvency of any reinsuring company the other Factory Mutual Companies opposite which a percentage is shown above agree that they shall each be liable for that proportion of any outstanding losses reinsured by such insolvent reinsuring company which the amount of insurance or reinsurance carried by each of them bears to the total insurance and reinsurance in the solvent companies on the risks which suffered loss.

ALLENDALE MUTUAL INSURANCE COMPANY

By _____
 Authorized Signature

REINSURANCE RIDER (Cont'd)**ARTICLE X*****Substitution of the Reinsuring Companies for the Placing Company***

Unless otherwise specifically provided by law, the reinsuring companies shall be directly liable to the policyholder of the placing company, if the placing company shall be placed in the hands of a receiver, assignee, trustee, state commissioner of insurance or other person for the purpose of liquidation, under the following conditions:

- (1) If at such time there shall be in force any policies issued by the placing company and reinsured hereunder, the reinsuring companies shall thereupon be substituted for the placing company upon any such policies as to liability for unpaid past losses and future losses to the extent of the amount reinsured by them and in addition for that proportion of the amount retained by the placing company which each reinsuring company's amount of reinsurance bears to the total amount reinsured, all as shown by the reinsurance rider attached to the reinsured policy.
- (2) Losses shall be paid directly to the insured named in the reinsured policies. The reinsuring companies in dealing with the insured in relation to any such losses, shall have all the rights and privileges possessed by the placing company under its policies issued to the insured, and shall be liable to the insured under such policies to the extent specified above for the payment of losses as if they had been named in such policies as the insurer. The assumption by the reinsuring companies of such loss liability to the insured named in the policies of the placing company to which the reinsurance rider is attached shall thereby relieve them from all such loss liability to the placing company and to its liquidator, receiver, assignee, trustee, state commissioner of insurance, or other person.
- (3) If at such time there shall be in force any policies issued by the placing company and reinsured hereunder which upon their expiration or prior termination would entitle the policyholder to any return of unabsorbed premium deposit declared as payable by the reinsuring companies, payment of such unabsorbed premium deposit shall be made directly to the insured, or any other person designated in such reinsured policies as the intended recipient thereof, and not to a receiver, assignee, trustee, state commissioner of insurance, or other person responsible for the liquidation of the placing company.

On the reinsurance of all policies which do not provide for substitution of the reinsuring companies for the placing company the reinsurance shall be payable by the reinsuring companies on the basis of the liability of the placing company under the contract or contracts reinsured without diminution because of the insolvency of the placing company, directly to the placing company or to its liquidator, receiver, or other statutory successor.



REPAIR OR REPLACE

It is understood and agreed, subject to all the terms, conditions and stipulations of the Policy to which this endorsement is attached, not in conflict herewith, that in case of loss or damage to:

Any property covered under this Policy except Stock and Supplies, Jigs and Fixtures, Dies, Small Tools, Drawings, Patterns, Records including Records on Photographic Film, Data Processing Media, Data Storage and Program Devices, Manuscripts, Contractor's Equipment, Employees Personal Property, Personal Property of Third Parties and

this Policy is hereby extended to indemnify the Insured for the cost, as of the time of loss, of replacement of the damaged or destroyed property in a new condition subject to the following conditions:

1. If property damaged or destroyed is useless to the Insured or is not repaired, rebuilt or replaced on the same or another site within two years from the date of loss or damage, this Company shall not be liable for more than the actual cash value (ascertained with proper deduction for depreciation) of the property destroyed.
2. The total liability of this Company under this Policy for loss to property included under this endorsement shall not exceed the smallest of the following:
 - a. the cost to repair, or
 - b. the cost to rebuild or replace, all as of the time of loss, on the same site, with new materials of equivalent size, kind and quality, or
 - c. the actual expenditure incurred in rebuilding, repairing or replacing the damaged or destroyed property on the same or another site, but not to exceed the size and operating capacity that existed at the time of loss.
3. This Company shall not be liable for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair.
4. If at the time of loss covered under this Policy claim is made for the cost of replacement of the property damaged or destroyed, then this Company shall be liable under this endorsement for no greater proportion of such loss than the amount \$ 12,410,000 bears to 90% of the cost at the time of loss and at the same site of replacement in a new condition with materials of equivalent size, kind and quality, of all the property included under the terms of this endorsement. The value of the foundations and other property located below the lowest basement floor or, where there is no basement, below the surface of the ground shall be disregarded in applying this co-insurance provision. In the event that the aggregate claim for any loss covered under the conditions of this endorsement is less than \$10,000 and less than 5% of the total amount of insurance provided hereby, no special inventory or appraisalment of the undamaged property shall be required.

AMEND. No. 36 AMT. EFF. AFTER 2-1-76	AMEND. No. 38 AMT. EFF. AFTER 12-22-76	AMEND. No. 40 AMT. EFF. AFTER 2-1-77	AMEND. No. 44 AMT. EFF. AFTER 2-1-78	AMEND. No. AMT. EFF. AFTER	AMEND. No. AMT. EFF. AFTER
\$ 13,625,000	\$ 10,815,000	\$ 11,899,500	\$ 9,188,000	\$	\$

| AMEND. No.
AMT. EFF. AFTER |
|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| \$ | \$ | \$ | \$ | \$ | \$ |



Optional Endorsement No. 18-OM (5/74)

If at the time of loss as covered under the conditions of the item(s) of this Policy to which this endorsement applies there is other insurance written (1) on an actual cash value basis only, or (2) with a separate amount applicable for the difference between the actual cash value (ascertained with proper deduction for depreciation) and the cost of replacement, then the amount of insurance provided under said item(s) of this Policy shall be divided and apply as follows:

- a. \$..... On actual cash value (ascertained with proper deduction for depreciation).
- b. \$..... On difference between actual cash value and cost of replacement in a new condition, it being agreed that this Company shall be liable for no greater proportion of any loss or damage calculated on an actual cash value basis than the amount set forth in a. above bears to the total amount of all actual cash value insurance in force, and shall be liable for no greater proportion of the loss suffered on the difference between the actual cash value of the damaged or destroyed property and the cost of replacement in a new condition than the amount set forth in b. above bears to the total amount of all insurance against loss for the difference between actual cash value and actual cost of replacement in a new condition.

In order to comply with the laws of the following states, it is understood and agreed that in the application of this endorsement the following conditions shall apply:

- a. for property situated in the Commonwealth of Massachusetts or the State of North Carolina the portion of the first sentence reading "as of the time of loss, of replacement of the damaged or destroyed property in a new condition" is hereby deleted and the following is substituted therefor "of repairing, rebuilding or replacing on the premises described in the Policy or some other location within the Commonwealth of Massachusetts, or the State of North Carolina, as the case may be, mutually agreed upon between the Insurer and the Insured with materials of like size, kind and quality".
- b. for property situated in the State of Washington this endorsement shall be applicable only to buildings, machinery and equipment.
- c. for property situated in the Commonwealth of Massachusetts household furniture and furnishings in dwelling houses shall be excluded.

This endorsement shall apply only to Loc. No.(s).....*..... of the Policy to which it is attached and the foregoing provisions shall apply to each such item separately.

* See Section B

ALLENDALE MUTUAL INSURANCE COMPANY

.....
Authorized Signature

UNITED STATES RADIUM CORPORATION

Acct. No. 1-70731 Policy No. 74089
Sheet No. E-3
Effective February 1, 1976
Amendment No. 31



Standard Endorsement No. 20 (4/53)

FIRE DEPARTMENT SERVICE CHARGES

It is understood and agreed that this Policy is extended to cover actual loss sustained by the insured, for an amount not exceeding \$500., to defray regular, agreed fire department service charges, or those imposed by ordinance, in responding to a fire in, on or exposing the property described herein, excluding any liability for charges incurred by false alarms.

Attached to and forming a part of Policy Contract No. 74089

Authorized Signature

UNITED STATES RADIUM CORPORATION

Acct. No. 1-70731 Policy No. 74089

Sheet No. E-4

Effective February 1, 1976

Amendment No. 31

Special Endorsement No. 1011 (9/68)



CIVIL AUTHORITY ENDORSEMENT

It is agreed with respect to any locations in the following States; Connecticut, Iowa, Kentucky, Maryland, New York, South Carolina and Virginia, and in the Commonwealth of Puerto Rico that the following amendment to the Time Element Insurance form attached to this Policy shall apply.

In the clause reading:

“THIS POLICY COVERS LOSS AS HEREIN DEFINED:

From actual curtailment of production or suspension of business operations resulting from order of civil authority prohibiting access to the premises described herein, during the period of time, not exceeding two weeks, while access to the said premises is prohibited, but only when such order is given as a direct result of damage or destruction by fire or other peril insured against, in the said premises or in the immediate vicinity thereof, provided such fire or other peril did not originate from any of the perils herein specifically excluded. With respect to the peril of riot, civil commotion, vandalism and malicious mischief, this coverage shall apply only if such order is given as a direct result of damage or destruction in the said premises or within five hundred feet thereof.”

the last sentence reading,

“With respect to the peril of riot, civil commotion, vandalism and malicious mischief, this coverage shall apply only if such order is given as a direct result of damage or destruction in the said premises or within five hundred feet thereof.”

is null and void.

Attached to and forming a part of Policy Contract No. 74089

ALLENDALE MUTUAL INSURANCE COMPANY

Authorized Signature

UNITED STATES RADIUM CORPORATION

Acct. No. 1-70731 Policy No. 74089
Sheet No. E-5
Effective - February 1, 1976
Amendment No. 31

Endorsement No. 1012 M (9/69)
Special New Jersey

SPECIAL NEW JERSEY ENDORSEMENTS

CANCELLATIONS

It is agreed with respect to any locations in the State of New Jersey that 30 days written notice shall be given; (1) to the insured of the cancellation of the Policy to which this endorsement is attached; and (2) to any designated mortgagee not named herein as the insured of the cancellation of any interest in the Policy; and (3) to the insured, of intent not to renew the Policy.

The aforesaid provisions shall not apply for those exceptions provided for in Chapter 131, Public Laws of New Jersey, 1968.

This endorsement shall be in force only until the Directive of the Commissioner of Banking and Insurance of the State of New Jersey dated July 3, 1968 pertaining to cancellation notice is revoked or expires.

EXPLOSION CLAUSE

It is agreed with respect to any locations in the State of New Jersey that Exclusion (D) of the Explosion Clause contained in the Policy is void.

SECTION III - OTHER INSURANCE CONDITIONS

It is agreed with respect to any locations in the State of New Jersey that Paragraph (B) of the Other Insurance Conditions Clause contained in Section III of any FMB Policy shall be revised to read as follows:

"(B) In case the policy or policies affording such other insurance do not contain a clause similar to Clause (A), the Company shall be liable under this Section only for the proportion of said joint loss that the amount insured under this section, applicable to said joint loss, bears to the whole amount of insurance, applicable to said joint loss.

Attached to and forming a part of Policy Contract No. 74089

ALLENDALE MUTUAL INSURANCE COMPANY

.....Authorized Signature

UNITED STATES RADIUM CORPORATION

Acct. No. 1-70731... Policy No. 74089.
Sheet No. E-6...
Effective February 1, 1976...
Amendment No. 36



Standard Endorsement No. 18-F (1/66)

AGREED AMOUNT ENDORSEMENT
(Repair or Replace)

It is understood and agreed that until*.....the amount stipulated under either (1) Paragraph 4 of Standard or Optional Endorsement No. 18, or (2) the first paragraph of "Special Provisions applicable to Fire and Extended Coverages Only" of Standard or Optional Endorsement No. FMB-18, whichever is attached to this Policy, represents at least 90% of the value of the property insured thereunder for the purposes of the provisions of said paragraph.

ALLENDALE MUTUAL INSURANCE COMPANY

* February 1, 1977

.....
Authorized Signature

UNITED STATES RADIUM CORPORATION

Acct. No. 1-70731 Policy No. 74089
Sheet No. E- 7
Effective February 1, 1978
Amendment No. 44



Standard Endorsement No. 18-F (1/66)

AGREED AMOUNT ENDORSEMENT
(Repair or Replace)

It is understood and agreed that until*.....the amount stipulated under either (1) Paragraph 4 of Standard or Optional Endorsement No. 18, or (2) the first paragraph of "Special Provisions applicable to Fire and Extended Coverages Only" of Standard or Optional Endorsement No. FMB-18, whichever is attached to this Policy, represents at least 90% of the value of the property insured thereunder for the purposes of the provisions of said paragraph.

ALLENDALE MUTUAL INSURANCE COMPANY

.....
Authorized Signature

February 1, 1979

EXPLOSION ENDORSEMENT

In consideration of the premium deposit at which this Policy is written, the clause titled "Explosion" contained in this Policy is deleted and the following clause substituted therefor:

EXPLOSION Explosion, but this Company shall not be liable under the terms of this clause for any loss or damage occasioned by or incident to explosion in or of the following equipment, owned, operated or controlled by the Insured:

(A) steam boilers, steam turbines, steam engines, and steam pipes interconnecting any of the foregoing;

(B) moving or rotating machinery or parts thereof when such direct loss or damage is caused by centrifugal force or mechanical breakdown;

(C) combustion gas turbines;

(D) any property undergoing pressure tests to the extent of loss to such property, including equipment attached thereto and forming a part thereof.

Liability is specifically assumed for loss or damage resulting from:

(a) the explosion of accumulated combustible gases or unconsumed fuel within the furnace of a boiler or pressure vessel, other than combustion gas turbines, or within the flues or passages which conduct the gases of combustion therefrom;

(b) a combustion explosion outside of any equipment excluded above even though such combustion explosion may have been the direct result of the explosion of such excluded equipment.

The following are not explosions within the intent or meaning of this clause:

(a) electric arcing or any coincident rupture of electrical equipment due to such arcing;

(b) bursting or rupture caused by freezing;

(c) sonic shock waves, generally known as "sonic boom".

When this endorsement is attached to a policy covering Business Interruption, Extra Expense, Rent, Leasehold Interest, Profits and Commissions, or other Time Element Coverages, the term "loss or damage" or the term "loss" as used above in this endorsement mean loss as limited and conditioned in such Policy resulting from direct damage to the described property from the peril insured against under the conditions of this endorsement.

Attached to and forming a part of Policy Contract No. 74089

ALLENDALE MUTUAL INSURANCE COMPANY

.....
Authorized Signature

U.S.R. INDUSTRIES, INC.

Account No. 1-70731 Policy No. 74089

Automatic Renewal Date - February 1, 1982

FILING RECORD FOR MAINTAINING POLICY OTHER TERMS - See Sections B & C

AMENDMENT NO.			TYPE OF TRANSACTION OR CHANGE MADE (CONTINUED)	REGION: NEW YORK REGION	
CODE	EFFECTIVE	FILING INSTRUCTIONS			
		SUBSTITUTE SHEET NOS.		ADD NEW SHEET NOS.	
50		1-18-80	Change - Premium Payable Clause Canc. & Replaced - RO-1828	A-1-A, B-1, B-Sub-Totals, B-7, C-1, C-2, E-1, E-3 & E-3-A, Remove Forms 5-C-D-1	B-4-A, B-5-A, B-6-A, B-8, C-1-A, C-3, 5-C-FMB-D-1 E-9 thru E-11
51	14	2- 1-80	Increase - B&M Coverage Added - Loc. Nos. 2, 3, 4 & 5 - RO-1861		
52	14	2- 6-80	Increase - Amount - Limit Added - Class of Business Amended - Loc. No. 5 - RO-1809 - Processed 4-14-80 - C/bp/50-52		
53	27	2- 1-80	Decrease - Amount - Loc. No. 2 - RO-1530	B-1, B-Sub-Totals, B-3,	
54	14	2- 1-80	Increase - Amount - Loc. Nos. 2, 3 & 4 - Limit Amended - Loc. No. 2 - Agreed Amount End. Extended - RO-1530 - Processed 4-24-80 - B/cad/53&54	B-5, B-6, E-3-A, E-8	
55	14	9-30-80	Increase - Rental Income Coverage and Limit Added - Location No. 2 - RM-0356 - Processed 11-7-80 - A/smc/55	B-1, B-Sub-Totals, B-4, C-1-A	Form 5-C-T-9
56		12- 1-80	Change - Title - RM-0503	A-1, A-2	
57		12- 3-80	Change - Loss Payable Clause Added - Location No. 4 - RM-0503 - Processed 2-2-81 - A/dmg/56 & 57		
---	---	2- 1-81	Location No. 5 - Non-Renewed		
	28 "B-Z"	2- 1-81	THIS POLICY ENTIRELY CANCELLED NOTHING HELD ON BINDER - RL-0056 - Processed 5-27-81 C/cf		

Standard Policy NEW JERSEY

Central Control	Un-signed	Certified	Record Center	U/w Copy	Exp. File	Stat. Copy	Fin. Copy	Reg. Office	Branch Office Copy	Service Bureau	Agent Copy	Broker Copy	R.W.G. E. O.	Fac. Reins.
	4	0		1					1		1			

Title of Insured: UNITED STATES RADIUM CORPORATION

Title of Insured Change - Effective 12-1-80 - Amendment No. 56 to:
U.S.R. Industries, Inc.

Any changes in Title, Amount of Insurance, Rate, or Premium Deposit effected subsequent to the commencement date of this Policy shall be considered as applying on the face of this Policy from the date such change is effected.

Losses adjusted with: United States Radium Corporation)
(CANCELLED 12-1-80 - Amendment No. 56)

U.S.R. Industries, Inc. (Effective 12-1-80 - Amendment No. 56)

All Moneys, including premium deposits and losses payable under this Policy shall be payable as follows:

In United States in United States funds
In Canada In Canadian funds

Premium Deposit Payable and Return: Johnson & Higgins of Pennsylvania, Inc. pays)
the premium deposit under this Policy and any return of unabsorbed)
premium deposit accruing under this Policy shall be payable to Johnson)
& Higgins of Pennsylvania, Inc. (CANCELLED 2-1-79 - Amendment No. 47)

Premium Deposit Payable and Return: See Sheet No. A-1-A

Account No. 1-70731 Policy No. 74089
Sheet No. A-1-A

Premium Deposit Payable and Return: Marsh & McLennan, Inc. of New York) pays the premium deposit under this Policy and any return of unabsorbed) premium deposit accruing under this Policy shall be payable to Marsh &) McLennan, Inc. of New York. (Effective 2-1-79 - Amendment No. 47)
(CANCELLED 1-18-80 - Amendment No. 50)

Premium Deposit Payable and Return: Alexander & Alexander, Inc. of Bloomfield, New Jersey pays the premium deposit under this Policy and any return of unabsorbed premium deposit accruing under this Policy shall be payable to Alexander & Alexander, Inc. of Bloomfield, New Jersey.
(Effective 1-18-80 - Amendment No. 50)

Loss, if any, under this Policy on one (1) IBM Data Adaptor, Model #2701 and one (1) IBM CRT Data Entry Station, Model #3275 valued at \$17,260 at Location No. 2 shall be payable to the Insured and Citicorp Leasing, Inc. 399 Park Avenue, New York, New York 10022.

This Policy is hereby extended to include the insurable interest of Blanchard Securities, Inc., (as Building Owner), c/o William Blanchard Company, 199 Mountain Avenue, Springfield, New Jersey 07081 as respects Location No. 2.

Loss, if any, under this Policy on one (1) Five Spindle Precision Drill Press with Plexiglas Cover and Spare Parts at Location No. 3 shall be payable to the Insured and Citicorp Leasing, Inc., 25 Commerce Drive, Cranford, New Jersey 07016.

Loss, if any, under this Policy on two Infra-Red Dryers at Location No. 4 shall be payable to the Insured and Citicorp Leasing Corporation, 25 Commerce Drive, Cranford, New Jersey 07016.

This Policy is hereby extended to include the insurable interest of Kings Highway Investment Co., as Building Owner, c/o William Blanchard Company, 199 Mountain Avenue, Springfield, New Jersey, 07081 as respects Location No. 4.

Loss, if any, under this Policy on one (1) IBM CRT Data Entry Station, Model #3275 and one (1) IBM Data Entry Station Printer, Model #3284 valued at \$7,284. at Location No. 5 shall be payable to the Insured and Citicorp Leasing, Inc., 399 Park Avenue, New York, New York 10022.

Loss, if any, under this Policy on Personal Property only consisting of infra-red dryers at Location No. 4 shall be payable to the Insured and Citicorp Industrial Credit, Inc., 560 Sylvan Avenue, Englewood Cliffs, New Jersey 07632.

(Effective 12-3-80 - Amendment No. 57)

Acct. No. 1-70731 Policy No. 74089
Sheet No. A- 3
Effective February 1, 1979
Amendment No. 46

STANDARD MORTGAGE CLAUSE

Loss, if any, under this Policy on Real Property at Location No. 2 shall be payable to the Insured and Mutual Benefit Life Insurance Company, 520 Broad Street, Newark, New Jersey, 17101, as

mortgagee [or trustee] as interest may appear under all present or future mortgages upon the property herein described in which the aforesaid may have an interest as mortgagee [or trustee], in order of precedence of said mortgages, and this insurance, as to the interest of the mortgagee [or trustee] only therein, shall not be invalidated by any act or neglect of the mortgagor or owner of the within described property, nor by any foreclosure or other proceedings or notice of sale relating to the property, nor by any change in the title or ownership of the property, nor by the occupation of the premises for purposes more hazardous than are permitted by this policy; *provided*, that in case the mortgagor or owner shall neglect to pay any premium due under this policy, the mortgagee [or trustee] shall, on demand, pay the same.

Provided, also that the 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 mortgagee [or trustee] and, unless permitted by this policy, it shall be noted thereon and the 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 null 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 mortgagee [or trustee] for ten days after notice to the mortgagee [or trustee] of such cancellation and shall then cease, and this Company shall have the right, on like notice, to cancel this agreement.

Whenever this Company shall pay the mortgagee [or trustee] any sum for loss under this policy and shall claim that, as to the mortgagor or owner, no liability therefor 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 mortgage debt, or may, at its option, pay to the mortgagee [or trustee] the whole principal due or to grow due on the mortgage with interest, and shall thereupon receive a full assignment and transfer of the mortgage and of all such other securities; but no subrogation shall impair the right of the mortgagee [or trustee] to recover the full amount of said mortgagee's [or trustee's] claim.

ALLENDALE MUTUAL INSURANCE COMPANY

..... Authorized Signature

Acct. No. 1-70731 Policy No. 74089
Sheet No. A- 4
Effective February 1, 1979
Amendment No. 46

STANDARD MORTGAGE CLAUSE

Loss, if any, under this Policy on Real Property at Location No. 4 shall be payable to the Insured and New England Mutual Life Insurance Company, c/o Jersey Mortgage Company, 430 Westfield Avenue, Elizabeth, New Jersey 07207, as,

mortgagee [or trustee] as interest may appear under all present or future mortgages upon the property herein described in which the aforesaid may have an interest as mortgagee [or trustee], in order of precedence of said mortgages, and this insurance, as to the interest of the mortgagee [or trustee] only therein, shall not be invalidated by any act or neglect of the mortgagor or owner of the within described property, nor by any foreclosure or other proceedings or notice of sale relating to the property, nor by any change in the title or ownership of the property, nor by the occupation of the premises for purposes more hazardous than are permitted by this policy; *provided*, that in case the mortgagor or owner shall neglect to pay any premium due under this policy, the mortgagee [or trustee] shall, on demand, pay the same.

Provided, also that the 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 mortgagee [or trustee] and, unless permitted by this policy, it shall be noted thereon and the 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 null 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 mortgagee [or trustee] for ten days after notice to the mortgagee [or trustee] of such cancellation and shall then cease, and this Company shall have the right, on like notice, to cancel this agreement.

Whenever this Company shall pay the mortgagee [or trustee] any sum for loss under this policy and shall claim that, as to the mortgagor or owner, no liability therefor 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 mortgage debt, or may, at its option, pay to the mortgagee [or trustee] the whole principal due or to grow due on the mortgage with interest, and shall thereupon receive a full assignment and transfer of the mortgage and of all such other securities; but no subrogation shall impair the right of the mortgagee [or trustee] to recover the full amount of said mortgagee's [or trustee's] claim.

ALLENDALE MUTUAL INSURANCE COMPANY

..... Authorized Signature

This policy provides insurance against Property Damage to all property insured herein, including the Insured's interest in Improvements and Betterments, and insurance against Business Interruption, Extra Expense and Rental Income Value loss, at the locations described herein, when such loss or damage is caused by the perils herein insured against, except loss to any property specifically excluded or restricted.

The Standard Conditions applicable to Property Damage are shown in the pages designated "5-C-FMB-D-1" and those applicable to Business Interruption, Extra Expense and Rental Income Value are shown in the pages designated "T-12-A, 5-8, 5-C-SP-1 and 5-C-T-9".

This Policy provides Blanket Insurance in the latest grand total amount shown below except as specifically excluded or restricted. The amounts and premium deposits under the locations are for accounting purposes only. No liability is assumed by this Policy for any coverage under which a zero amount of insurance or premium deposit is currently indicated. With respect to Boiler and Machinery Coverage, no coverage is provided for any type Object, unless designated on a location sheet.

AMENDMENT NO.		TOTAL AMOUNT AND PREMIUM					
CODE		AMOUNT IN DOLLARS			PREMIUM DEPOSIT IN DOLLARS		
	EFFECTIVE	CHANGE	NEW AMOUNT	ABSORBED	CHANGE	NEW AMOUNT	
GRAND TOTAL ALL COVERAGES		Carried Forward from Third Issue of Policy					75,630
			15,707,000				
---	---	2- 1-79 Automatic Renewal -					
46	11	2- 1-79 -0-	15,707,000		+ 5,021	80,651	
48	27	2- 1-79- 645,000	15,063,000		- 3,649	77,002	
49	14	2- 1-79+ 696,000	15,758,000		+ 3,160	80,162	
51	14	2- 1-80 B&M Coverage Added			+ 3,060	83,222	
52	14	2- 6-80+ 1,270,000	17,028,000		+ 5,384	88,606	
53	27	2- 1-80- 11,500	17,016,500		- 70	88,536	
54	14	2- 1-80+ 1,370,000	18,386,500		+ 7,809	96,345	
55	14	9-30-80+ 50,000	18,436,500		+ 170	96,515	
---	---	2- 1-81- 6,648,000	11,788,500		- 28,252	68,263	

SUB-TOTALS - FOR INFORMATION PURPOSES ONLY

TYPE OF COVERAGE	AMOUNT IN DOLLARS	PREMIUM DEPOSIT IN DOLLARS
	NEW AMOUNT	NEW AMOUNT
PROPERTY DAMAGE	15,259,000	76,200
BUSINESS INTERRUPTION	3,077,500	16,465
ADDITIONAL EXPENSE	50,000	620
RENTAL INCOME	50,000	170
BOILER AND MACHINERY - PROPERTY DAMAGE		3,060

Account No. 1-70731 Policy No. 74089

Sheet No. B-2

RE AND EXTENDED COVERAGE
PROPERTY - PERSONAL

RISK NO. 00920
Location(s) No. 1

MISCELLANEOUS UN-SCHEDULED LOCATIONS

on property, including the Insured's interest in Improvements and Betterments, wherever the same may be located within the continental limits of the United States of America, Alaska, Hawaii and Puerto Rico, excluding property in transit.

This insurance does not cover any property insured or excluded under any other item of this Policy or under any other policy issued by this Company or Appalachian Insurance Company or Affiliated FM Insurance Company to this insured or insured in whole or in part by any other insurance.

LIMIT OF LIABILITY under this Policy for any one loss at any geographic location under this "Miscellaneous Un-Scheduled Locations" equals \$25,000.

Statement of Values - See Sheet B-2-A

AMENDMENT NO.		11-N-0-1-0-00-499-29-01-920-1-06-00-2-C							
CODE	EFFECTIVE	AMOUNT IN DOLLARS			DEP. RATE	CLASS	PREMIUM DEPOSIT IN DOLLARS		
		CHANGE	NEW AMOUNT	ABSORBED			CHANGE	NEW AMOUNT	
PROPERTY DAMAGE		- Replacement Value - \$1,000 Deductible							
Carried Forward		From Third Issue of Policy							
			25,000		1.268	A1.1			317
--	--	2- 1-79	Automatic Renewal						
46	11	2- 1-79	-0-	25,000	1.17	A1.0	-	25	292
BUSINESS INTERRUPTION		- Actual Annual Value - \$					Deductible		
			-0-						-0-

STATEMENT OF VALUES — PROPERTY AT UNSCHEDULED LOCATIONS
(LOCATION NO. 1)

The Insured shall as of the first day of the month on which this Policy begins and annually thereafter send to this Company a statement of the average insurable Property Damage value for the preceding twelve-month period. Such statements shall be filed not later than thirty days after the anniversary date.

If such values are not received as indicated above the following co-insurance clause shall apply:

If at the time of loss covered under this policy claim is made for the cost of replacement of the property damaged or destroyed by fire and extended coverage in accordance with the terms and conditions of Optional End. No. 18-OM attached hereto, then this Company shall be liable for no greater proportion of such loss than the latest Property Damage amount indicated in the column heading "New Amount" bears to the sum of ninety percent (90%) of the cost at the time of loss and at the same site of replacement in a new condition with material of like size, kind and quality of all the property insured under the terms of Optional End. No. 18-OM and ninety percent (90%) of the average of the actual cash value of the remaining property insured under this location which existing during the 12 months immediately preceding the time that such loss shall happen, nor for more than the proportion which the latest amount of insurance in the column heading "New Amount" bears to the total insurance thereon. The value of foundations and other property located below the lowest basement floor or where there is no basement below the surface of the ground shall be disregarded in applying this co-insurance provision.

If at the time of loss covered under this Policy the entire claim is made for the actual cash value of the property damaged or destroyed by fire and extended coverage this Company shall not be liable for a greater proportion of any loss to the property described herein than the latest Property Damage amount indicated in the column heading "New Amount" bears to ninety percent (90%) of the average of the actual cash value of said property existing during the 12 months immediately preceding the time that such loss shall happen, nor for more than the proportion which the latest amount of insurance indicated in the column headed "New Amount" bears to the total insurance thereon.

In the event that the aggregate claim for any loss is both less than ten thousand dollars (\$10,000.) and less than five percent (5%) of the total amount of insurance upon the property described herein at the time such loss occurs, no special inventory or appraisal of the undamaged property shall be required.

If the Property Damage insurance under the Unscheduled Locations be divided into two or more items, the foregoing shall apply to each item separately unless otherwise specified in this Policy in which event it shall apply separately to the item(s) specified.

If an Agreed Amount Endorsement is attached to Section E of this Policy, the conditions of said Endorsement are not applicable to the co-insurance clause appearing on Page 1.

RE AND EXTENDED COVERAGE
 PROPERTY - REAL & PERSONAL

RISK NO. 31130.88-P
 Location(s) No. 2

E. HANOVER TOWNSHIP, NEW JERSEY
 Corner of Horsehill Road and East
 Hanover Avenue

"OFFICE BUILDING"

Insurance confined to Office Building and its Contents

LIMIT OF LIABILITY - Limit under this Policy for loss resulting from damage
 at this location equals \$765,000 for Property Damage and \$5,500 for
 Business Interruption separately.

AMENDMENT NO.		12-C-0-1-2-00-187-29-01-720-5-06-80-2-C						
CODE	EFFECTIVE	AMOUNT IN DOLLARS		DEP. RATE	CLASS	PREMIUM DEPOSIT IN DOLLARS		
		CHANGE	NEW AMOUNT			ABSORBED	CHANGE	NEW AMOUNT
PROPERTY DAMAGE		- Replacement Value - \$1,000 Deductible						
Carried Forward		From Third Issue of Policy						
			668,000	.516	B1.1			3,448
--	--	2- 1-79	Automatic Renewal					
46	11	2- 1-79	-0-	668,000	.652	B1.0	+ 907	4,355
49	14	2- 1-79	+ 44,000	712,000	.652	B1.0	+ 287	4,642
49		2- 1-79	Limit of Liability Amended from \$668,000 for Property Damage to above					
54	14	2- 1-80	+ 53,000	765,000	.652	B1.0	+ 346	4,988
54		2- 1-80	Limit Amended from \$712,000 to above					
BUSINESS INTERRUPTION		32-A-0-1-2-00-187-29-01-720-5-06-80-1-C						
Carried Forward		From Third Issue of Policy						
			17,000	.533	B1.1			91
--	--	2- 1-79	Automatic Renewal					
46	11	2- 1-79	-0-	17,000	.607	B1.0	+ 12	103
53	27	2- 1-80	- 11,500	5,500	.607	B1.0	- 70	33
54		2- 1-80	Limit Amended from \$17,000 to above					

RISK NO. 31130.88-P
 Location(s) No. 2 Cont'd

RE AND EXTENDED COVERAGE

LIMIT OF LIABILITY - (Applies to Fire and Extended Coverage Only) In each case of loss or damage the Limit under this Policy for loss resulting from damage to this location shall not exceed \$50,000 for Rental Income.

EXTRA EXPENSE - LIMIT OF LIABILITY - See Sheet C-2

LIMIT OF LIABILITY - Limit under this Policy for loss resulting from damage to this location equals \$50,000 for Extra Expense.

AMENDMENT NO.		32-C-0-1-2-00-187-29-01-720-5-06-80-1-C						
CODE	EFFECTIVE	AMOUNT IN DOLLARS		DEP. RATE	CLASS	PREMIUM DEPOSIT IN DOLLARS		
		CHANGE	NEW AMOUNT			ABSORBED	CHANGE	NEW AMOUNT
EXTRA EXPENSE -		\$1,000 Deductible						
Carried Forward		From Third Issue of Policy						
			50,000	1.187	B1.1			593
-- --	2- 1-79	Automatic Renewal						
46 11	2- 1-79	-0-	50,000	1.24	B1.0		+ 27	620
		32-D-0-1-2-00-187-29-01-720-5-06-80-1-C						
RENTAL INCOME -		Actual Value - \$1,000 Deductible						
55 14	9-30-80	+ 50,000	50,000	.34	B1.0		+ 170	170
55	9-30-80	Limit Added						

BOILER & MACHINERY COVERAGE

INDEX NO. 31130.88
 Location(s) No. 2
 (Continued)

TYPE OF COVERAGE
 Property Damage

OBJECT GROUPS COVERED
 Nos. 1, 2 and 3

See Section C for Group Descriptions

AMENDMENT NO.			16-A-0-9-0-00-187-29-01-720-9-06-00-2-C					
CODE	EFFECTIVE	TYPE OF COVERAGE	DEDUCTIBLE	CLASS	PREMIUM DEPOSIT IN DOLLARS			
					ABSORBED	CHANGE	NEW AMOUNT	
51	14	2- 1-80	PROPERTY DAMAGE Replacement Value	\$1,000	BM2		+ 202	202

RE AND EXTENDED COVERAGE
 PROPERTY - PERSONAL

RISK NO. 31137.66
 Location(s) No. 3

PARSIPPANY, NEW JERSEY
 No. 1259 Route 46 Building No. 2

"LIGHTING PRODUCTS DIVISION"

Insurance confined to Building No. 2.

AMENDMENT NO.		11-C-0-9-0-00-388-29-01-330-1-06-00-2-C						
CODE	EFFECTIVE	AMOUNT IN DOLLARS		DEP. RATE	CLASS	PREMIUM DEPOSIT IN DOLLARS		
		CHANGE	NEW AMOUNT			ABSORBED	CHANGE	NEW AMOUNT
PROPERTY DAMAGE		- Replacement Value - \$1,000 Deductible						
Carried Forward		From Third Issue of Policy						5,081
			876,000	.580	A			
--	--	2- 1-79	Automatic Renewal					
46	11	2- 1-79	-0-	876,000	.623	A	+ 376	5,457
49	14	2- 1-79	+ 36,000	912,000	.623	A	+ 224	5,681
54	14	2- 1-80	+ 45,000	957,000	.623	A	+ 280	5,961
BUSINESS INTERRUPTION		- Actual Annual Value - \$1,000 Deductible						
Carried Forward		From Third Issue of Policy						3,719
			741,000	.502	A			
--	--	2- 1-79	Automatic Renewal					
46	11	2- 1-79	-0-	741,000	.539	A	+ 275	3,994
48	27	2- 1-79	- 313,000	428,000	.539	A	- 1,687	2,307
54	14	2- 1-80	+ 191,500	619,500	.539	A	+ 1,032	3,339

BOILER & MACHINERY COVERAGE

INDEX NO. 31137.66
 Location(s) No. 3
 (Continued)

TYPE OF COVERAGE
 Property Damage

OBJECT GROUPS COVERED
 Nos. 1, 2 and 3

See Section C for Group Descriptions

AMENDMENT NO.			16-A-0-9-0-00-388-29-01-330-9-06-00-2-C					
CODE	EFFECTIVE	TYPE OF COVERAGE	DEDUCTIBLE	CLASS	PREMIUM DEPOSIT IN DOLLARS			
					ABSORBED	CHANGE	NEW AMOUNT	
51	14	2- 1-80	PROPERTY DAMAGE Replacement Value	\$1,000	BM2		+ 272	272

PROPERTY AND EXTENDED COVERAGE
 REAL & PERSONAL

RISK NO. 31456
 Location(s) No. 4

BEATTYSTOWN, NEW JERSEY
 Route 57 (Kings Highway)

"PHOSPHORS DIVISION"

AMENDMENT NO.		11-A-0-9-0-00-499-29-01-504-1-06-00-2-C						
CODE	EFFECTIVE	AMOUNT IN DOLLARS		DEP. RATE	CLASS	PREMIUM DEPOSIT IN DOLLARS		
		CHANGE	NEW AMOUNT			ABSORBED	CHANGE	NEW AMOUNT
PROPERTY DAMAGE		- Replacement Value - \$1,000 Deductible						
Carried Forward		From Third Issue of Policy						
			7,440,000	.506	A			37,648
--	--	2- 1-79	Automatic Renewal					
46	11	2- 1-79	-0-	7,440,000	.523	A	+ 1,263	38,911
48	27	2- 1-79	- 14,000	7,426,000	.523	A	- 73	38,838
54	14	2- 1-80	+ 377,000	7,803,000	.523	A	+ 1,972	40,810
BUSINESS INTERRUPTION		- Actual Annual Value - \$1,000 Deductible						
Carried Forward		From Third Issue of Policy						
			1,128,000	.523	A			5,900
--	--	2- 1-79	Automatic Renewal					
46	11	2- 1-79	-0-	1,128,000	.594	A	+ 800	6,700
48	27	2- 1-79	- 318,000	810,000	.594	A	- 1,889	4,811
54	14	2- 1-80	+ 703,500	1,513,500	.594	A	+ 4,179	8,890

BOILER & MACHINERY COVERAGE

INDEX NO. 31456
 Location(s) No. 4
 (Continued)

TYPE OF COVERAGE

OBJECT GROUPS COVERED

Property Damage

Nos. 1, 2 and 3

See Section C for Group Descriptions

AMENDMENT NO.			16-A-0-9-0-00-499-29-01 - 504-9-06-00-2-C					
CODE	EFFECTIVE	TYPE OF COVERAGE	DEDUCTIBLE	CLASS	PREMIUM DEPOSIT IN DOLLARS			
					ABSORBED	CHANGE	NEW AMOUNT	
51	14	2- 1-80	PROPERTY DAMAGE Replacement Value	\$1,000	BM2		+ 1,732	1,732

RISK NO. 38875.31 T(R)
 Location(s) No. 5

PROPERTY AND EXTENDED COVERAGE
 PROPERTY - REAL & PERSONAL

ALMEDIA, PENNSYLVANIA
 (Columbia County)
 No. 4150 Old Berwick Road
 (Old U.S. Route No. 11)

EXCLUDES - Building Nos. 9, 10 and Storage Silo and Miscellaneous Sheds
 including No. 11

This Coverage will be Automatically Renewed February 1, 1981

LIMIT OF LIABILITY - (Applies to Fire and Extended Coverage Only) In each case
 of loss or damage the limit under this policy for loss resulting from damage
 at this location shall not exceed \$6,648,000 for Property Damage and Business
 Interruption Combined.

AMENDMENT NO.		11-A-0-6-0-19-031-37-01-280-3-06-00-2-C- 021							
CODE	EFFECTIVE	AMOUNT IN DOLLARS			DEP. RATE	CLASS	PREMIUM DEPOSIT IN DOLLARS		
		CHANGE	NEW AMOUNT	ABSORBED			CHANGE	NEW AMOUNT	
PROPERTY DAMAGE		- Replacement Value - \$1,000 Deductible							
Carried Forward		From Third Issue of Policy							16,620
--	--	2- 1-79	Automatic Renewal	4,218,000	.394	A			
46	11	2- 1-79	-0-	4,218,000	.423	A	+ 1,222		17,842
49	14	2- 1-79	+ 306,000	4,524,000	.423	A	+ 1,294		19,136
52	14	2- 6-80	+ 1,185,000	5,709,000	.423	A	+ 5,013		24,149
52		2- 6-80	Class of Business Amended to			AP6			
52		2- 6-80	Limit Added						
BUSINESS INTERRUPTION		31-A-0-6-0-19-031-37-01-280-3-06-00-1-C - 021							
Carried Forward		From Third Issue of Policy							2,213
--	--	2- 1-79	Automatic Renewal	544,000	.407	A			
46	11	2- 1-79	-0-	544,000	.437	A	+ 164		2,377
49	14	2- 1-79	+ 310,000	854,000	.437	A	+ 1,355		3,732
52	14	2- 6-80	+ 85,000	939,000	.437	A	+ 371		4,103
52		2- 6-80	Class of Business Amended to			AP6			

BOILER & MACHINERY COVERAGE

INDEX NO. 38875.31

Location(s) No. 5

(Continued)

TYPE OF COVERAGE

OBJECT GROUPS COVERED

Property Damage

Nos. 1, 2 and 3

See Section C for Group Descriptions

16-A-0-9-0-19-031-37-01-280-9-06-00-2-C

AMENDMENT NO.			16-A-0-9-0-19-031-37-01-280-9-06-00-2-C					
CODE	EFFECTIVE	TYPE OF COVERAGE	DEDUCTIBLE	CLASS	PREMIUM DEPOSIT IN DOLLARS			
					ABSORBED	CHANGE	NEW AMOUNT	
51	14	2- 1-80	PROPERTY DAMAGE Replacement Value	\$1,000	BM2		+ 854	854

Special Conditions & Stipulations SECTION C

CONDITIONS AND STIPULATIONS

ANNIVERSARY DATE — The First of each February

AUTOMATIC RENEWAL DATE February 1, 1982 *

TERM — Although this policy is originally issued on a three year basis, the liability under this policy is automatically renewed as expiring at each Automatic Renewal Date for subsequent periods of three years each until such time as cancellation notice is given under the terms of this policy except that at each automatic renewal date this policy shall become subject to the provisions of the most recently approved edition of any Factory Mutual Service Bureau Forms or Endorsements attached to this policy.

REVIEW OF VALUES — The Insured shall, as of 90 days prior to but no later than each anniversary date of this policy, send to this Company a review of the current property values. Business Interruption values shall be forwarded in accordance with the terms of the Reporting paragraph in the Business Interruption form.

Such values shall be sub-divided by locations, with separate figures shown for each type of coverage at each location. The property values shall be shown on a Replacement Basis for property which is covered on a Repair or Replacement Basis and on an actual cash value basis for other property. The value of stock and supplies to be included in the property values shall be in accordance with the Value of Stock Clause contained in this policy and shall be based on the approximate average of the stock and supplies on hand during the twelve months immediately preceding the annual review of values.

Receipt of said values by this Company shall be considered as authorization by the Insured for Amounts of Insurance and Premium Deposits under this policy to be adjusted.

If such values are not received by this Company as indicated above, each kind of insurance provided herein will continue in force but shall apply separately for the latest figures shown on the subtotal summary until such time as said values are received by this Company.

An accredited representative of this Company shall be permitted by the Insured to examine the records and books of the Insured and to make appraisals of the physical property at any reasonable time not more than annually in connection with the determination of Property Damage and Business Interruption values, if this Company so requests.

ADJUSTMENT OF PREMIUM — An accounting of the premium shall be made at each automatic renewal date of this policy and Insured shall restore the premium on deposit with this Company to the amount called for by the amounts of insurance continued in force immediately after said automatic renewal date.

DEFINITION OF "AMOUNT OF INSURANCE" FOR CONTRIBUTION PURPOSES — For purposes of contribution with "Other Insurers", the "Amount of Insurance" applicable to each location shall be the latest amount shown opposite each type of coverage under each location-description in this policy and only for purposes of such contribution with other Insurers each type of coverage at each location shall be considered in the same manner as if such coverage at each location were written as a separate policy.

PROPERTY FOR SALE — If during the term of this Policy, any of the property insured hereunder, is offered for sale by the Insured, the liability of this policy for loss or damage, if any, to such "Property for Sale" shall not in any event exceed the price for which it is offered for sale.

*For Special Term Clause - See Sheet C-2

Listed below are the Standard Form(s) and Endorsement(s) that are attached to this Policy.

STANDARD FORM(S)

5-C-FMB-D-1 (10/78)

T-12-A (3/76)

T-8 (7/73)

5-C-SP-1 (10/78)

5-C-T-9 (12/79)

STANDARD ENDORSEMENT(S)

FMB-18-OM (5/74)

20 (4/53)

1012M (9/69)

1011 (9/68)

1024-A (10/79)

18-F (1/66)

FMB-101 (10/78)

FMB-103 (10/78)

FMB-110 (6/75)

CONDITIONS AND STIPULATIONS

STANDARD DEDUCTIBLE CLAUSE — The amount of \$1,000 shown in the standard deductible clause on the form(s) in Section D of this policy is void, and the deductible amount shown on the location sheets contained in Section B is substituted therefor. This amount shall apply separately, unless indicated as jointly, to each kind of insurance as indicated under the location description.

The deductible provisions contained in the clauses for collapse, liquid damage, radioactive contamination, and sonic boom apply as shown in the policy form separately to each kind of insurance. If larger deductible amounts are shown under the location description section, they shall apply separately, or jointly, as indicated, provided, however, that the minimum deductible applying to the perils of collapse and liquid damage shall be \$25,000. separately and \$50,000. jointly.

TERRITORIAL LIMITATIONS — Coverages provided under this policy shall be limited to the United States, Canada and Puerto Rico unless specifically indicated otherwise in this policy.

EXTRA EXPENSE - LIMIT OF LIABILITY CLAUSE - For the purposes of the application of the Limit of Liability Clause shown on Sheet No. 1 of Form T-8, the figures shown in this Clause shall be applied separately against the amount allocated to Extra Expense Insurance at each location.

SPECIAL TERM CLAUSE - This Policy is originally written for a term of three years, unless another term is specified on individual location sheets in Section "B" of this Policy.

An accounting of the premium shall be made for the Coverage(s) of these locations in Section "B" of this Policy at the expiration or automatic renewal date indicated. The Insured shall restore the premium on deposit with the Company to the amount called for on amounts of Insurance continued in force immediately after said expiration or automatic renewal dates.
(Effective 2-6-80 - Amendment No. 52)

**BOILER AND MACHINERY
OBJECT SCHEDULE**

Object Group No.	Group Descriptions	Definitions and Special Provisions FMB End. Nos.
1	Boilers, Electric Steam Generators and Other Fired Pressure Vessels.	101-1
2	Metal Unfired Pressure Vessels Subject to Vacuum or Internal Pressure other than Static Pressure of Contents, Excluding (1) Hot or Cold Blast Heating or Cooling Units, (2) Convector, or (3) Radiators.	101-2
3	Objects subject to the Inspection Require- ments of a City, State, County, Province or Other Jurisdiction when such Inspections as made by the Company are Acceptable to such Jurisdiction.	101-1,2,3 103-7,8

Standard Form(s)

SECTION D



Exhibit A

**CERTIFIED POLICY COPY MUTUAL CORPORATION
NON-ASSESSABLE POLICY**

Allendale Insurance

This is to certify that this is a true copy of the original policy or endorsement bearing the same number issued to the named insured by this Company. Liability is assumed under the original policy only. Dated 13-Jul-78 NO. 74089

Allendale Mutual Insurance Company
Allendale Park, P.O. Box 7500
Johnston, Rhode Island 02919

Standard Fire Insurance Policy for Alabama, Alaska, Arizona, Arkansas, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Michigan, Mississippi, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin and Wyoming.

AMOUNT \$ 15,707,000 RATE Various PREMIUM \$ 80,651

In Consideration of the Provisions and Stipulations herein or added hereto and of Eighty Thousand Six Hundred Fifty One DOLLARS PREMIUM

this Company, for the term } from the 1st day of February, 1979 } at 12:01 a.m, Standard Time, at
of See Section C } to the day of 19... } location of property involved.

to an amount not exceeding Fifteen Million Seven Hundred Seven Thousand Dollars.

does insure UNITED STATES RADIUM CORPORATION

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 BY REMOVAL FROM PREMISES ENDANGERED BY THE PERILS INSURED AGAINST IN THIS POLICY, EXCEPT AS HEREINAFTER PROVIDED, to the property described hereinafter 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 in this policy, but not elsewhere.

Provisions Specially Applicable to this Policy

The insured by accepting this policy hereby becomes a member of this Company and subject to the provisions of its charter and by-laws, with power to vote at its meetings. This policy is non-assessable and the liability of the policyholder is limited to the premium paid.

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.

In Witness Whereof, this Company has executed and attested these presents; at its office in the city of Johnston,

R.I., this day of

H. S. Hint
Secretary
R. Bean

W. Goodall J.
President

Authorized Signature

Countersigned (if required) this _____ day of _____, 19 _____

William R. Chisholm
Agent

KANSAS: The words "demand" in line 58 and "on demand" in lines 65 and 67 are deleted. The words "twelve months" in line 161 are changed to "sixty months". MAINE: The words "five days" on line 62 are changed to "ten days". The words "twelve months" on line 161 are changed to "two years". NORTH DAKOTA: The words "twelve months" in line 161 are changed to "three years". FLORIDA and WISCONSIN: The words "five days" in line 62 are changed to "ten days". IDAHO: The words "five days" in line 62 are changed to "twenty days". VIRGINIA and NEW YORK: The words "twelve months" in line 161 are changed to "two years". MARYLAND: Line 62 is amended to read "to the insured a 45 day written notice of cancellation or non-renewal". WYOMING: The words "twelve months" in line 161 are changed to "four years". The words "sixty days" in line 151 are changed to "forty-five days". CONNECTICUT: The word "five days" in line 62 are changed to "thirty days".

STATE
EXCEP-
TIONS

1 **Concealment, fraud.** This entire policy shall be void if, whether
2 before or after a loss, the insured has wil-
3 fully concealed or misrepresented any ma-
4 terial fact or circumstance concerning this insurance or the
5 subject thereof, or the interest of the insured therein, or in case
6 of any fraud or false swearing by the insured relating thereto.
7 **Uninsurable and excepted property.** This policy shall not cover accounts, bills,
8 currency, deeds, evidences of debt, money or
9 securities; nor, unless specifically named
10 hereon in writing, bullion or manuscripts.
11 **Perils not included.** This Company shall not be liable for loss by
12 fire or other perils insured against in this
13 policy caused, directly or indirectly, by: (a)
14 enemy attack by armed forces, including action taken by mili-
15 tary, naval or air forces in resisting an actual or an immediately
16 impending enemy attack; (b) invasion; (c) insurrection; (d)
17 rebellion; (e) revolution; (f) civil war; (g) usurped power; (h)
18 order of any civil authority except acts of destruction at the time
19 of and for the purpose of preventing the spread of fire, provided
20 that such fire did not originate from any of the perils excluded
21 by this policy; (i) neglect of the insured to use all reasonable
22 means to save and preserve the property at and after a loss, or
23 when the property is endangered by fire in neighboring prem-
24 ises; (j) nor shall this Company be liable for loss by theft.
25 **Other Insurance.** Other insurance may be prohibited or the
26 amount of insurance may be limited by en-
27 dorsement attached hereto.
28 **Conditions suspending or restricting insurance. Unless other-
29 wise provided in writing added hereto this Company shall not
30 be liable for loss occurring**
31 (a) while the hazard is increased by any means within the con-
32 trol or knowledge of the insured; or
33 (b) while a described building, whether intended for occupancy
34 by owner or tenant, is vacant or unoccupied beyond a period of
35 sixty consecutive days; or
36 (c) as a result of explosion or riot, unless fire ensue, and in
37 that event for loss by fire only.
38 **Other perils or subjects.** Any other peril to be insured against or sub-
39 ject of insurance to be covered in this policy
40 shall be by endorsement in writing hereon or
41 added hereto.
42 **Added provisions.** The extent of the application of insurance
43 under this policy and of the contribution to
44 be made by this Company in case of loss, and any other pro-
45 vision or agreement not inconsistent with the provisions of this
46 policy, may be provided for in writing added hereto, but no pro-
47 vision may be waived except such as by the terms of this policy
48 is subject to change.
49 **Waiver provisions.** No permission affecting this insurance shall
50 exist, or waiver of any provision be valid,
51 unless granted herein or expressed in writing
52 added hereto. No provision, stipulation or forfeiture shall be
53 held to be waived by any requirement or proceeding on the part
54 of this Company relating to appraisal or to any examination
55 provided for herein.
56 **Cancellation of policy.** This policy shall be cancelled at any time
57 at the request of the insured, in which case
58 this Company shall, upon demand and sur-
59 render of this policy, refund the excess of paid premium above
60 the customary short rates for the expired time. This policy
61 may be cancelled at any time by this Company by giving
62 to the insured a five days' written notice of cancellation with
63 or without tender of the excess of paid premium above the pro-
64 rata premium for the expired time, which excess, if not ten-
65 dered, shall be refunded on demand. Notice of cancellation shall
66 state that said excess premium (if not tendered) will be re-
67 funded on demand.
68 **Mortgagee interests and obligations.** If loss hereunder is made payable, in whole
69 or in part, to a designated mortgagee not
70 named herein as the insured, such interest in
71 this policy may be cancelled by giving to such
72 mortgagee a ten days' written notice of can-
73 cellation.
74 If the insured fails to render proof of loss such mortgagee, upon
75 notice, shall render proof of loss in the form herein specified
76 within sixty (60) days thereafter and shall be subject to the pro-
77 visions hereof relating to appraisal and time of payment and of
78 bringing suit. If this Company shall claim that no liability ex-
79 isted as to the mortgagor or owner, it shall, to the extent of pay-
80 ment of loss to the mortgagee, be subrogated to all the mort-
81 gagee's rights of recovery, but without impairing mortgagee's
82 right to sue, or it may pay off the mortgage debt and require
83 an assignment thereof and of the mortgage. Other provisions

84 relating to the interests and obligations of such mortgagee may
85 be added hereto by agreement in writing.
86 **Pro rata liability.** This Company shall not be liable for a greater
87 proportion of any loss than, the amount
88 hereby insured shall bear to the whole insurance covering the
89 property against the peril involved, whether collectible
90 **Requirements in case loss occurs.** The insured shall give immediate
91 notice to this Company of any loss, protect
92 the property from further damage, forthwith
93 separate the damaged and undamaged personal property, put
94 it in the best possible order, furnish a complete inventory of
95 the destroyed, damaged and undamaged property, showing in
96 detail quantities, costs, actual cash value and amount of loss
97 claimed; and within sixty days after the loss, unless such time
98 is extended in writing by this Company, the insured shall render
99 to this Company a proof of loss, signed and sworn to by the
100 insured, stating the knowledge and belief of the insured as to
101 the following: the time and origin of the loss, the interest of the
102 insured and of all others in the property, the actual cash value of
103 each item thereof and the amount of loss thereto, all encum-
104 brances thereon, all other contracts of insurance, whether valid
105 or not, covering any of said property, any changes in the title,
106 use, occupation, location, possession or exposures of said prop-
107 erty since the issuing of this policy, by whom and for what
108 purpose any building herein described and the several parts
109 thereof were occupied at the time of loss and whether or not it
110 then stood on leased ground, and shall furnish a copy of all the
111 descriptions and schedules in all policies and, if required, verified
112 plans and specifications of any building, fixtures or machinery
113 destroyed or damaged. The insured, as often as may be reason-
114 ably required, shall exhibit to any person designated by this
115 Company all that remains of any property herein described, and
116 submit to examinations under oath by any person named by this
117 Company, and subscribe the same; and, as often as may be
118 reasonably required, shall produce for examination all books of
119 account, bills, invoices and other vouchers, or certified copies
120 thereof if originals be lost, at such reasonable time and place as
121 may be designated by this Company or its representative, and
122 shall permit extracts and copies thereof to be made
123 **Appraisal.** In case the insured and this Company shall
124 fail to agree as to the actual cash value or
125 the amount of loss, then, on the written demand of either, each
126 shall select a competent and disinterested appraiser and
127 the other of the appraiser selected within twenty days
128 demand. The appraisers shall first select a competent and
129 interested umpire; and failing for fifteen days to agree upon
130 such umpire, then, on request of the insured or this Company,
131 such umpire shall be selected by a judge of a court of record in
132 the state in which the property covered is located. The ap-
133 praisers shall then appraise the loss, stating separately actual
134 cash value and loss to each item; and, failing to agree, shall
135 submit their differences, only, to the umpire. An award in writ-
136 ing, so itemized, of any two when filed with this Company shall
137 determine the amount of actual cash value and loss. Each
138 appraiser shall be paid by the party selecting him and the ex-
139 penses of appraisal and umpire shall be paid by the parties
140 equally.
141 **Company's options.** It shall be optional with this Company to
142 take all, or any part, of the property at the
143 agreed or appraised value, and also to re-
144 pair, rebuild or replace the property destroyed or damaged with
145 other of like kind and quality within a reasonable time, on giv-
146 ing notice of its intention so to do within thirty days after the
147 receipt of the proof of loss herein required.
148 **Abandonment.** There can be no abandonment to this Com-
149 pany of any property.
150 **When loss payable.** The amount of loss for which this Company
151 may be liable shall be payable sixty days
152 after proof of loss, as herein provided, is
153 received by this Company and ascertainment of the loss is made
154 either by agreement between the insured and this Company ex-
155 pressed in writing or by the filing with this Company of an
156 award as herein provided.
157 **Suit.** No suit or action on this policy for the recov-
158 ery of any claim shall be sustainable in any
159 court of law or equity unless all the requirements of this policy
160 shall have been complied with, and unless commenced within
161 twelve months next after inception of the loss.
162 **Subrogation.** This Company may require from the insured
163 an assignment of all right of recovery against
164 any party for loss to the extent that payment therefor is
165 by this Company.



REPLACEMENT INSURANCE

Applicable to the kind(s) of insurance indicated by specific designation in the space hereinafter provided:

Fire and Extended Coverage as provided in Form 5C FMB-D-1 Sections I and II.

Boiler and Machinery Coverage as provided in Form 5C FMB-D-1 Sections I and III.

(Effective 2-1-80 - Amendment No. 51)
It is understood and agreed, subject to all the terms, conditions and stipulations of the Policy to which this endorsement is attached, not in conflict herewith, that in case of loss or damage:

(A) Caused by the perils insured under Section II of this Policy to any Property covered under this Policy except Stock and Supplies, Jigs and Fixtures, Dies, Small Tools, Drawings, Patterns, Records including Records on Photographic Film, Data Processing Media, Data Storage and Program Devices, Manuscripts, Contractor's Equipment, Employees Personal Property, Personal Property of Third Parties and

(B) Caused by perils insured under Section III of this Policy to any property covered under this Policy except Stock and Supplies

this Policy is hereby extended to indemnify the Insured for the cost, as of the time of loss, of replacement of the damaged or destroyed property in a new condition subject to the following conditions:

1. If property damaged or destroyed is useless to the Insured or is not repaired, rebuilt or replaced on the same or another site within two years from the date of loss or damage, this Company shall not be liable for more than the actual cash value (ascertained with proper deduction for depreciation) of the property destroyed.
2. The total liability of this Company under this Policy for loss to property included under this endorsement shall not exceed the smallest of the following:
 - a. the cost to repair, or
 - b. the cost to rebuild or replace, all as of the time of loss, on the same site, with new materials of equivalent size, kind and quality, or
 - c. the actual expenditure incurred in rebuilding, repairing or replacing the damaged or destroyed property on the same or another site, but not to exceed the size and operating capacity that existed at the time of loss.
3. This Company shall not be liable for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair.

Special Provisions

Applicable to Fire and Extended Coverages Only

If at the time of loss covered under this Policy claim is made for the cost of replacement of the property damaged or destroyed by fire or extended coverages, then this Company shall be liable for no greater proportion of such loss than the amount of \$..... bears to 90% of the cost at the time of loss and at the same site of replacement in a new condition with material of like size, kind, and quality of all the property insured under the terms of this endorsement. The value of foundations and other property located below the lowest basement floor or where there is no basement below the surface of the ground shall be disregarded in applying this co-insurance provision. In the event that the aggregate claim for any loss covered under the conditions of this Endorsement is less than \$10,000 and less than 5% of the total amount of Fire Insurance on property insured under this Endorsement, no special inventory or appraisal of the undamaged property shall be required.

See Latest Amount Shown on Attached Sheet(s)



Optional Endorsement No. FMB-18-OM (5/74)

AMEND. No. 46 AMT. EFF. AFTER 2-1-79	AMEND. No. 49 AMT. EFF. AFTER 2-1-79	AMEND. No. 52 AMT. EFF. AFTER 2-6-80	AMEND. No. 54 AMT. EFF. AFTER 2-1-80	AMEND. No. AMT. EFF. AFTER	AMEND. No. AMT. EFF. AFTER
\$9,188,000	\$9,990,000	\$11,175,000	\$11,204,000	\$	\$

| AMEND. No.
AMT. EFF. AFTER |
|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| \$ | \$ | \$ | \$ | \$ | \$ |

If at the time of loss as covered under the condition of the location(s) of this Policy to which this endorsement applies there is other Fire Insurance or Fire with Extended Coverage Insurance written (1) on an actual cash value basis only, or (2) with a separate amount applicable for the difference between the actual cash value (ascertained with proper deduction for depreciation) and the cost of replacement, then the amount of insurance provided under said location(s) of this Policy shall be divided and apply as follows:

- a. \$..... On actual cash value (ascertained with proper deduction for depreciation).
- b. \$..... On difference between actual cash value and cost of replacement in a new condition, it being agreed that this Company shall be liable for no greater proportion of any loss or damage calculated on an actual cash value basis than the amount set forth in a. above bears to the total amount of all actual cash value Fire and Fire with Extended Coverage Insurance in force, and shall be liable for no greater proportion of the loss suffered on the difference between the actual cash value of the damaged or destroyed property and the cost of replacement in a new condition than the amount set forth in b. above bears to the total amount of all Insurance against loss for the difference between actual cash value and actual cost of replacement in a new condition.

In order to comply with the laws of the following states, it is understood and agreed that in the application of this endorsement the following conditions shall apply:

- a. for property situated in the Commonwealth of Massachusetts or the State of North Carolina the portion of the first sentence reading "as of the time of loss, of replacement of the damaged or destroyed property in a new condition" is hereby deleted and the following is substituted therefor "of repairing, rebuilding or replacing on the premises described in the Policy or some other location within the Commonwealth of Massachusetts, or the State of North Carolina, as the case may be, mutually agreed upon between the Insurer and the Insured with materials of like size, kind and quality".
- b. for property situated in the State of Washington this endorsement shall be applicable only to buildings, machinery and equipment.
- c. for property situated in the Commonwealth of Massachusetts household furniture and furnishings in dwelling houses shall be excluded.

This endorsement shall apply only to Location(s) No.(s) See Section B of the Policy and the foregoing provisions shall apply to each such location separately.

ALLENDALE MUTUAL INSURANCE COMPANY

.....
Authorized Signature

Acct. No. 70731..... Policy No. 74089...
Sheet No. E-4.....
Effective... February 1, 1979.....
Amendment No. 46



Standard Endorsement No. 20 (4/53)

FIRE DEPARTMENT SERVICE CHARGES

It is understood and agreed that this Policy is extended to cover actual loss sustained by the insured, for an amount not exceeding \$500., to defray regular, agreed fire department service charges, or those imposed by ordinance, in responding to a fire in, on or exposing the property described herein, excluding any liability for charges incurred by false alarms.

Attached to and forming a part of Policy Contract No. 74089

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.....
.....
Authorized Signature

Acct. No. 1-70731 Policy No. 74089
Sheet No. E-5
Effective February 1, 1979
Amendment No. 46
Endorsement No. 1012M (9/69)
Special New Jersey

**SPECIAL NEW JERSEY ENDORSEMENTS
CANCELLATIONS**

It is agreed with respect to any locations in the State of New Jersey that 30 days written notice shall be given; (1) to the insured of the cancellation of the Policy to which this endorsement is attached; and (2) to any designated mortgagee not named herein as the insured of the cancellation of any interest in the Policy; and (3) to the insured, of intent not to renew the Policy.

The aforesaid provisions shall not apply for those exceptions provided for in Chapter 131, Public Laws of New Jersey, 1968.

This endorsement shall be in force only until the Directive of the Commissioner of Banking and Insurance of the State of New Jersey dated July 3, 1968 pertaining to cancellation notice is revoked or expires.

EXPLOSION CLAUSE

It is agreed with respect to any locations in the State of New Jersey that Exclusion (D) of the Explosion Clause contained in the Policy is void.

SECTION III - OTHER INSURANCE CONDITIONS

It is agreed with respect to any locations in the State of New Jersey that Paragraph (B) of the Other Insurance Conditions Clause contained in Section III of any FMB Policy shall be revised to read as follows:

"(B) In case the policy or policies affording such other insurance do not contain a clause similar to Clause (A), the Company shall be liable under this Section only for the proportion of said joint loss that the amount insured under this section, applicable to said joint loss, bears to the whole amount of insurance, applicable to said joint loss.

ALLENDALE MUTUAL INSURANCE COMPANY

Authorized Signature

Acct. No. 1-70731... Policy No. 74089.
Sheet No. E-6.....
Effective February 1, 1979.....
Amendment No. 46

Special Endorsement No. 1011 (9/68)



CIVIL AUTHORITY ENDORSEMENT

It is agreed with respect to any locations in the following States; Connecticut, Iowa, Kentucky, Maryland, New York, South Carolina and Virginia, and in the Commonwealth of Puerto Rico that the following amendment to the Time Element Insurance form attached to this Policy shall apply.

In the clause reading:

“THIS POLICY COVERS LOSS AS HEREIN DEFINED:

From actual curtailment of production or suspension of business operations resulting from order of civil authority prohibiting access to the premises described herein, during the period of time, not exceeding two weeks, while access to the said premises is prohibited, but only when such order is given as a direct result of damage or destruction by fire or other peril insured against, in the said premises or in the immediate vicinity thereof, provided such fire or other peril did not originate from any of the perils herein specifically excluded. With respect to the peril of riot, civil commotion, vandalism and malicious mischief, this coverage shall apply only if such order is given as a direct result of damage or destruction in the said premises or within five hundred feet thereof.”

the last sentence reading,

“With respect to the peril of riot, civil commotion, vandalism and malicious mischief, this coverage shall apply only if such order is given as a direct result of damage or destruction in the said premises or within five hundred feet thereof.”

is null and void.

Attached to and forming a part of Policy Contract No. 74089.....

ALLENDALE MUTUAL INSURANCE COMPANY

.....
Authorized Signature

Account No. 1-70731..... Policy No. 74089.....
Sheet No. E. 7.....
Effective..... February 1, 1979.....
Amendment No. 46

Special Endorsement No. 1024A (1/79)

EFFECTIVE TIME ENDORSEMENT

The time of inception and time of expiration of this policy and of any schedule or endorsement attached thereto shall be Noon standard time at the location of the property involved, anything in this policy to the contrary notwithstanding.

This endorsement applies only to locations in those states where the change in inception and expiration time to 12:01 A. M. Standard Time has not been adopted by the authority having jurisdiction.

To the extent that coverage in this policy replaces coverage in other policies terminating noon standard time on the inception date of this policy, coverage under this policy shall not become effective until such other coverage has terminated.

ALLENDALE MUTUAL INSURANCE COMPANY

.....
Authorized Signature

Acct. No. 1-70731 Policy No. 74089
Sheet No. E-8
Effective February 1, 1979
Amendment No. 49

Standard Endorsement No. 18-F (1/66)



**AGREED AMOUNT ENDORSEMENT
(Repair or Replace)**

It is understood and agreed that until*.....the amount stipulated under either (1) Paragraph 4 of Standard or Optional Endorsement No. 18, or (2) the first paragraph of "Special Provisions applicable to Fire and Extended Coverages Only" of Standard or Optional Endorsement No. FMB-18, whichever is attached to this Policy, represents at least 90% of the value of the property insured thereunder for the purposes of the provisions of said paragraph.

ALLENDALE MUTUAL INSURANCE COMPANY

.....
Authorized Signature

* February 1, 1980

* February 1, 1981 - Amendment No. 54



FMB Endorsement No. 101 (10/78)

DEFINITIONS AND SPECIAL PROVISIONS

Attached to and forming a Part of Form FMB-D-1 Section III or Form FMBT-SP-1 Section III

101-1 Applicable to Boilers, Fired Vessels and Electric Steam Generators

Definition of Object. "Object" shall mean any boiler, fired vessel, or electric steam generator described as "Objects Covered" and shall also include (1) any steel economizer used solely with such Object, (2) as respects any such Object which is a steam boiler, any piping on the premises of the Insured, or between parts of said premises, with valves, fittings, traps and separators thereon, which contains steam or condensate thereof, generated in whole or in part in such boiler, but not including any such piping which forms a part of any other vessel or apparatus and, (3) as respects any such Object which is a steam boiler, any feed water piping between such boiler and its feed pump or injector, but Object shall not include (a) any part of such vessel which does not contain steam or water, (b) any boiler setting, (c) any insulating or refractory material, (d) any piping which does not contain steam or condensate thereof, (e) any piping not on the premises of the Insured, used to supply any premises not owned by, leased by or operated under the control of the Insured, (f) any other piping, radiator, convector, coil, vessel or apparatus except as included in (1), (2), and (3) above, (g) any reciprocating or rotating machine, nor (h) any electrical apparatus.

Special Provisions. (1) As respects any of the following vessels used with any Object described as "Objects Covered", such vessel shall be considered as included within the provisions of this Endorsement: (a) any condensate return tank used with such Object; (b) any cushion tank or expansion tank used with such Object which is a hot water heating boiler; and (c) any indirect water heater used for hot water supply service which is directly in the water circulating system of such Object and which does not form a part of a water storage tank. (2) As respects any Object which uses a heat transfer medium other than water, such heat transfer medium and its vapor shall be considered as substituted for the words "water" and "steam" wherever such words are used in this Endorsement. (3) The Company shall not be liable for loss from an Accident to any Object while said Object is undergoing a hydrostatic pressure test. (4) The Company shall not be liable for loss from an explosion of gas or unconsumed fuel within the furnace of such Object or within the passages from the furnace to the atmosphere, whether or not such explosion (a) is contributed to or aggravated by an Accident to any part of said Object that contains steam or water, or (b) is caused in whole or in part, directly or indirectly, by an Accident to any Object, or part thereof. (5) The Company shall not be liable for loss from an explosion within the furnace of any boiler of the chemical-recovery type or within the passages from the furnace to the atmosphere, whether or not such explosion (a) is contributed to or aggravated by an Accident to any part of said boiler that contains steam or water, or (b) is caused in whole or in part, directly or indirectly, by an Accident to any Object, or part thereof. (6) The furnace of the Object and the gas passages therefrom to the atmosphere shall not be considered as part of the Object.

101-2 Applicable to Unfired Vessels (Except Electric Steam Generators)

Definition of Object. "Object" shall mean any vessel described as "Objects Covered" but shall not include (a) any part of such vessel which is not under pressure of contents therein or which is not under vacuum therein; (b) any insulating or refractory material; (c) any reciprocating or rotating apparatus within or forming a part of such vessel; (d) any electrical apparatus within or forming a part of such vessel; (e) any piping leading to or from such vessel; (f) any cylinder containing a movable plunger or piston; nor (g) any vessel, radiator, inductor, convector or coil connected to or used with a refrigerating system or an air conditioning system.

Special Provisions. (1) The Company shall not be liable for loss from an Accident to any Object while said Object is undergoing a hydrostatic, pneumatic or gas pressure test.



101-3 Applicable to Refrigerating and Air Conditioning Vessels and Piping

Definition of Object. "Object" shall mean any refrigerating and air conditioning vessels and piping described as "Objects Covered" consisting of (1) all interconnected vessels, coils and piping which contain the refrigerant included in the description of the Object; (2) all vessels which contain coils within which such refrigerant is circulated, (3) any vessel, heated directly or indirectly, which functions as a generator, regenerator or concentrator and which forms a part of an absorption type system; (4) all valves and fittings on such vessels, coils and piping; and (5) as respects any installation for which the words "Additional Vessels and Piping" are included as "Objects Covered", Object shall also include all vessels, radiators, inductors, convectors and coils, together with valves and fittings thereon, which are connected to or used with the system and within which steam, water, brine or other solution is circulated for cooling, humidifying or space heating; and all piping containing water, brine or other solution interconnecting such vessels, radiators, inductors, convectors and coils, together with valves and fittings on such piping; but Object shall not include (a) any steam boiler, steam piping or hot water boiler, (b) any reciprocating or rotating machine or apparatus, (c) any electrical apparatus, (d) any apparatus mounted on or forming a part of a truck or other vehicle, or any hose, flexible device or non-metallic pipe connected to such apparatus, nor (e) any vessel, cooling tower, reservoir or other source of supply of cooling water for any condenser or compressor together with any water piping leading to or from such source of supply.

Ammonia Contamination Limit. The Company's liability for property damage loss, including salvage expense, with respect to damage by ammonia contacting or permeating property under refrigeration or in process requiring refrigeration, resulting from any One Accident to one or more Objects, described as "Objects Covered" shall not exceed \$1,000 or shall not exceed the amount, if any, specified as the Ammonia Contamination Limit elsewhere in this Policy. Such Limit shall be a part of and not in addition to the Limit of the Policy.

Water Damage Limit. The Company's liability for property damage loss, including salvage expense, on property damaged by water, resulting from any One Accident to one or more Objects described as "Objects Covered" shall not exceed \$1,000 or shall not exceed the amount, if any, specified as the Water Damage Limit elsewhere in this Policy. Such Limit shall be a part of and not in addition to the Limit of the Policy.

Special Provision. The Company shall not be liable for loss from an Accident to any Object while said Object is undergoing a hydrostatic, pneumatic or gas pressure test.

101-4 Applicable to Auxiliary Piping

Definition of Object. "Object" shall mean any piping described as "Object Covered", including any valve, fitting, trap or separator thereon; but Object shall not include any radiator, convector, coil or other vessel or apparatus connected to such piping.

Special Provision: Same as in 101-3.

ALLENDALE MUTUAL INSURANCE COMPANY

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Authorized Signature

FMB Endorsement No. 103 (10/78)



DEFINITIONS AND SPECIAL PROVISIONS

Attached to and Forming a Part of Form FMB-D-1 Section III or Form FMBT-SP-1 Section III

103-1 Applicable to Engines, Pumps, Compressors, Fans and Blowers

Definition of Object. "Object" shall mean any machine described as "Objects Covered" and, as respects any such machine which is a reciprocating pump or a reciprocating compressor and which forms an integral part of a steam engine or an internal combustion engine or which is connected to such an engine by a coupling, clutch or gear set, the complete machine shall mean the said pump or compressor and its driving engine and the interconnecting coupling, clutch or gear set; but Object shall not include (a) any air tank, or other apparatus connected to such machine except control apparatus mounted on the machine, (b) any electrical apparatus, other than a governor motor, (c) any condenser or its adapter, (d) any piping or duct leading to or from such machine, nor (e) any well casing.

103-2 Applicable to Miscellaneous Machines, Gear Wheels and Enclosed Gear Sets

Definition of Object. "Object" shall mean any machine described as "Objects Covered" but shall not include (a) any mechanism or other apparatus connected to such machine except control apparatus mounted on the machine, (b) any shaft on which any machine described as a "Gear Wheel" is mounted, or the bearings for such shaft, (c) any electrical apparatus, (d) any felt, wire, screen, die, extrusion plate, swing hammer, grinding disc, cutting blade, chain, tool, clutch plate, brake pad, belt, or other part also subject to frequent, periodic replacement, nor (e) any piping or duct leading to or from such machine.

103-3 Applicable to Wheels and Shafting (Except Gear Wheels)

Definition of Object. As respects any wheels, pulley, disc or coupling described as "Objects Covered", "Object" shall mean only the rotating part or parts of such apparatus; but shall not include (a) any shaft upon which the apparatus is mounted, or the bearings for such shaft, nor (b) any cutting blade. (2) As respects any shaft described as "Objects Covered", "Object" shall mean only the rotating shaft with its couplings and bearings.

103-4 Applicable to Rotating Electrical Machines, Transformers, and Induction Feeder Regulators

Definition of Object. "Object" shall mean any rotating electrical machine, transformer or induction feeder regulator described as "Objects Covered" and, as respects any rotating electrical machine, Object shall also include (1) any exciter which is mechanically connected to such machine and is used solely for the excitation of such machine, (2) any shaft of such machine and any gear, wheel or magnetic brake mechanism on such shaft or on the frame of such machine, if such shaft does not also form an integral part of any other machine, (3) any continuous shaft which forms an integral part of such machine and which also forms an integral part of another rotating electrical machine, including any gear, wheel, or magnetic brake mechanism on such shaft or on the frame of such machine, (4) any shaft coupled to such machine, including the couplings and bearings thereon, if there is no mechanism other than a coupling on such shaft, (5) any gear set, with its bearings and shafts, built into the frame of any such machine described under "Objects Covered" as a motor or built into a casing integral with such motor, and (6) any non-rotating equipment used solely to start, stop or control any motor described under "Objects Covered" and all electrical conductors connecting such equipment with the said motor, provided that such control equipment is physically separate from, and does not form a part of a switchboard, cubicle or bus structure used for the control of any electrical machine other than the said motor; but Object shall not include any other electrical conductors nor any piping leading to or from such Object nor shall it include any electronic computer or electronic data processing equipment.

Special Provisions. The Company shall not be liable for loss from an Accident to any Object while said Object is undergoing an insulation breakdown test, or is being dried out.

(see conditions on back hereof)



103-5 Applicable to Miscellaneous Electrical Apparatus

Definition of Object. "Object" shall mean the electrical apparatus described as "Objects Covered" but shall not include (a) any rotating electrical machine other than one used solely to operate any part of such apparatus, (b) any transformer except an instrument transformer or any induction feeder regulator, (c) any conduit, (d) any electrical conductors or piping leading to or from such apparatus, (e) nor any electronic computer or electronic data processing equipment.

Special Provisions. Same as in 103-4

103-6 Applicable to Deep Well Pump Units

Definition of Object. "Object" shall mean the unit described as "Objects Covered" including any non-rotating equipment used solely to start, stop or control the driving electric motor of said unit, and all electrical conductors connecting such equipment with the said motor; but Objects shall not include (a) any other electrical conductor or any piping leading to or from the unit, (b) any mechanism, appliance or shaft connected to the unit, (c) any well casing, (d) any electronic computer or electronic data processing equipment.

Special Provisions. Same as in 103-4

103-7 Applicable to Small Compressing and Refrigerating Units (Not exceeding 15 hp)

Definition of Object. "Object" shall mean the unit described as "Objects Covered", but shall not include (a) any wiring or piping leading to or from the unit, (b) any belt, nor (c) any truck or other vehicle, cabinet or compartment on or within which the unit, or any part thereof, is installed.

Special Provisions. Same as in 103-4.

103-8 Applicable to Air Conditioning Units (Not exceeding 600,000 BTU)

Definition of Object. "Object" shall mean the unit described as "Objects Covered," consisting of (1) all interconnected vessels, coils and piping which contain refrigerant, or within which refrigerant is circulated, together with valves and fittings on such vessels, coils and piping; (2) any vessel, heated directly or indirectly, which functions as a generator, regenerator or concentrator and which forms a part of an absorption type unit; (3) all compressors, pumps; fans and blowers used solely with such unit, together with their driving electric motors; (4) all control equipment used solely with the unit; and (5) all vessels, radiators, inductors, convectors, and coils, together with valves and fittings thereon, which are connected to the unit and within which water, brine or other solution is circulated for cooling, humidifying or space heating, and all piping containing water, brine or other solution interconnecting such vessels, radiators, inductors, convectors and coils; together with valves and fittings on such piping; but Object shall not include (a) any steam boiler, steam piping or hot water boiler; (b) any vessel, cooling tower, reservoir or other source of supply of cooling water for any condenser or compressor, together with any water piping leading to or from such source of supply; (c) any wiring or piping leading to or from the unit; (d) any belt; nor (e) any truck or other vehicle, cabinet or compartment on or within which the unit, or any part thereof, is installed.

Water Damage Limit. The Company's liability for property damage loss, including salvage expense, on property damaged by water, resulting from any One Accident to one or more Objects described as "Objects Covered", shall not exceed \$1,000 or shall not exceed the amount, if any, specified as the Water Damage Limit elsewhere in this Policy. Such Limit shall be a part of and not in addition to the Limit of the Policy.

Special Provisions. Same as in 103-4.



BOILER AND MACHINERY COVERAGE ONLY

**Attached to and Forming Part of Form FMB-D-1 or Form FMBT-SP-1
 and FMB Endorsements Nos. 101, 102, 103, or 104**

It is agreed, with respect to (1) any locations where Boiler and Machinery Insurance (Sections I and III) only applies or (2) any locations where there is other fire insurance or fire insurance with extended coverage applicable to such locations covered under Section II of this Policy, that the following conditions shall be effective:

1. FORM FMB-D-1

Exclusions

Exclusion (C) in Section III which reads "Paid or payable under Section II of this Policy or that would have been payable under Section II if Section II had applied to the property suffering loss," is void and the following exclusions shall be added:

- “(C) From fire concomitant with or following an Accident or from the use of water or other means to extinguish fire.
- (D) From an Accident caused directly or indirectly by fire or from the use of water or other means to extinguish fire.
- (E) From a combustion explosion outside the Object concomitant with or following an Accident. Unless 'Furnace Explosion Coverage' is specifically included by Endorsement, the furnace of the Object and the gas passages therefrom to the atmosphere shall be considered as 'outside the Object' and a sudden and accidental explosion of gas or unconsumed fuel within the furnace of said Object or within the passages from the furnace to the atmosphere whether or not such explosion (a) is contributed to or aggravated by an Accident to any part of said Object that contains steam or water, or (b) is caused in whole or in part, directly or indirectly, by an Accident to any Object, or part thereof, shall not constitute an Accident.
- (F) Loss from an Accident caused directly or indirectly by a combustion explosion outside the Object.
- (G) From an Accident caused by or resulting from lightning or lightning induced surges.

Malicious Mischief

The following clause shall be added in Section III:

“Subject to the War Damage Clause contained in the Statutory Fire Insurance Policy attached hereto, any Accident, as defined herein, arising out of strike, riot, civil commotion, acts of sabotage, vandalism or malicious mischief, shall be considered 'accidental' within the terms of said definition.”

Radioactive Contamination

The following clause shall be added in Section III under the heading of INSURING AGREEMENT:

COVERAGE
 E —
 RADIOACTIVE
 CONTAMINATION

To pay the Insured for loss or damage to property of the Insured caused by sudden and accidental radioactive contamination including resultant radiation damage in excess of \$5,000 for each occurrence provided such radioactive contamination arises from materials used or stored or from processes conducted on the described premises, and provided at the time of loss there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction nor any new or used nuclear fuel on the described premises.”

The OTHER INSURANCE CONDITIONS in Section III will also apply to COVERAGE E — RADIOACTIVE CONTAMINATION.

2. FORM FMBT-SP-1

Exclusions

Exclusions (10.) in Section III shall be void and the following shall be substituted:

“10. This Section does not cover loss as herein defined resulting:



BOILER AND MACHINERY COVERAGE ONLY (Continued)

- (a) from fire concomitant with or following an Accident or from the use of water or other means to extinguish fire;
- (b) from an accident caused directly or indirectly by fire or from the use of water or other means to extinguish fire;
- (c) from a combustion explosion outside the Object concomitant with or following an Accident. Unless 'Furnace Explosion Coverage' is specifically included by Endorsement, the furnace of the Object and the gas passages therefrom to the atmosphere shall be considered as 'outside the Object' and a sudden and accidental explosion of gas or unconsumed fuel within the furnace of said Object or within the passages from the furnace to the atmosphere whether or not such explosion (a) is contributed to or aggravated by an Accident to any part of said Object that contains steam or water, or (b) is caused in whole or in part, directly or indirectly, by an Accident to any Object, or part thereof, shall not constitute an Accident;
- (d) from an Accident caused directly or indirectly by a combustion explosion outside the Object.
- (e) from an Accident caused by or resulting from lightning or lightning induced surges.

Malicious Mischief

The following clause shall be added in Section III:

"Subject to the War Damage Clause contained in the Statutory Fire Insurance Policy attached hereto, any Accident, as defined herein, arising out of strike, riot, civil commotion, acts of sabotage, vandalism or malicious mischief shall be considered 'accidental' within the terms of said definition."

Radioactive Contamination

The following clause shall be added in Section III:

"RADIOACTIVE
CONTAM-
INATION

To pay the Insured for loss or damage to property of the Insured caused by sudden and accidental radioactive contamination including resultant radiation damage in excess of \$5,000 for each occurrence provided such radioactive contamination arises from materials used or stored or from processes conducted on the described premises, and provided at the time of loss there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction nor any new or used nuclear fuel on the described premises."

3. FMB ENDORSEMENT NO. 101

The following Special Provision is added under 101-2:

"(2) Any Object described as 'Objects Covered' which is used for the storage of gas or liquid and which is periodically filled, moved, emptied and refilled in the course of its normal service, shall be considered as 'connected ready for use' within the terms of the Policy."

4. FMB ENDORSEMENTS NOS. 102, 103, 104

The following Special Provision is added under 102-1, 102-2, 103-4, 103-5, 103-6, 103-7, 103-8, and 104-4:

"Exclusion (C) in Section III of Form FMB-D-1 and Exclusion 10 (a) in Section III of Form FMBT-SP-1, both as amended in Paragraphs 1 and 2 of this Endorsement, are changed to read:

'From damage outside any electrical machine or electrical apparatus forming a part of the object from fire concomitant with or following an Accident or from the use of water or other means to extinguish fire.'"

ALLENDALE MUTUAL INSURANCE COMPANY

.....
Authorized Signature



**SECTION I
GENERAL PROVISIONS**

(Applicable to All Coverages Unless Otherwise Provided)

This Form extends the provisions of the Standard Fire Insurance Policy to which this Form is attached shall, unless otherwise herein provided, apply to each of the perils herein insured against to the same extent as though the designations of such other perils were respectively substituted for the word "fire" therein.

LIMIT OF LIABILITY The limit of risk assumed under this Policy and all endorsements and supplementary coverages related thereto shall not exceed in the aggregate the amount of fire insurance stated in this Policy.

PROPERTY ALSO COVERED

BULLION AND MANUSCRIPTS If this Policy covers Personal Property, it shall also cover bullion and manuscripts while on the described premises.

PROPERTY OF OTHERS Unless otherwise provided herein, if this Policy covers personal property owned by the Insured, it shall also cover while in the custody of the Insured on the described premises or in the open within 500 feet thereof; (a) personal property of others which the Insured is under obligation to keep insured; (b) the interest of the Insured in and legal liability for loss or damage by any of the perils herein insured against to personal property belonging to others. It is understood and agreed that the coverage provided by this clause shall not attach to any property of others which is of a kind or character specifically excluded under any other conditions of this Policy.

DEBRIS REMOVAL This Policy also covers expense of removal from the described premises of debris remaining after any loss hereby insured against, except that there shall be no liability assumed for the expense of removal of: (a) any foundations, other than damaged portions which must be removed for repair or rebuilding; (b) any building or part thereof, the removal of which is required by any ordinance or law regulating construction or repair.

PROPERTY OF EMPLOYEES This Policy also covers personal property, other than motor vehicles, of officers and employees of the Insured while such property is on the described premises or in the open within 500 feet thereof.

The provisions of the preceding Clauses shall not increase any amounts or limits of insurance provided by this Policy.

SPECIAL PROVISIONS ON PROPERTY

BRANDS AND LABELS It is understood and agreed that if branded or labeled merchandise covered by this Policy is damaged and this Company elects to take all or any part of such merchandise at the value established by the terms of this Policy, the Insured may, at his own expense stamp "salvage" on the merchandise or its containers, or may remove or obliterate the brands or labels, if such stamp, removal or obliteration will not physically damage the merchandise, but the Insured must re-label the merchandise or containers in compliance with the requirements of law.

VALUE OF STOCK Unless otherwise endorsed hereon, adjustment of loss under this Policy shall be:

(1) on stock in process, the value of raw materials and labor expended plus the proper proportion of overhead charges;



SECTION I (Cont'd)

VALUE OF STOCK (Cont'd)

(2) on finished goods manufactured by the Insured, the regular cash selling price at the location where the loss occurs, less all discounts and charges to which the merchandise would have been subject had no loss occurred;

(3) on raw materials, supplies and other merchandise not manufactured by the Insured, the replacement cost;

all to be computed as of the time of the fire or other casualty insured against by this Policy.

VALUE OF RECORDS AND MEDIA

It is understood and agreed that liability on exposed film, records, manuscripts and drawings shall not exceed their value blank plus the cost of transcription.

Liability for loss or damage on media, data storage devices, and program devices for electronic and electro-mechanical data-processing and production equipment is limited to the cost of reproducing such media, data storage devices, and program devices from duplicates or from originals of the previous generation of the data.

GENERAL CONDITIONS

Permission is Given:

- (1) For other insurance.
- (2) To store and use any and all materials usual and incidental to the business or occupancy.
- (3) To alter and repair the described premises.
- (4) To cease operations and for the premises to be vacant or unoccupied for sixty (60) consecutive days, and for more than sixty (60) consecutive days providing the same degree of fire protection and watch service is maintained as existed at the time of the discontinuance of normal operations.
- (5) To operate the establishment all hours, day and night.

STANDARD DEDUCTIBLE

In each case of loss or damage covered by this Policy, this Company shall not be liable unless the Insured sustains a loss in excess of the largest of the following, and then only for its share of such excess:

- 1. \$1,000.
- 2. The specific peril deductible amount when the loss or damage is caused by a peril for which this Policy provides a specific peril deductible amount.
- 3. Any other applicable deductible amount provided elsewhere in this Policy.

When this Policy covers more than one location, the deductible amount shall apply against the total loss or damage covered by this Policy in any one occurrence.

If two or more deductible amounts provided in this Policy apply for a single occurrence, the total to be deducted shall not exceed the largest deductible amount applicable unless otherwise provided in this Policy.

If this Policy insures against both Property Damage and Time Element, the deductible amount as shown in this Policy shall apply separately to each such coverage, even if both are involved in a single occurrence, unless otherwise provided in this Policy.

NO CONTROL

This Policy shall not be invalidated by increase in hazard in any portion of the premises over which the Insured has no control.

DIVISIBLE CONTRACT

If the premises described in this Policy include two or more buildings or the contents of two or more buildings, the breach of any condition of this Policy in respect to any one or more of the buildings insured or containing the property insured, shall not prejudice the right to recover for loss occurring in any building insured or containing the property insured where, at the time of the loss, a breach of condition does not exist.

**SECTION I (Cont'd)**

SUBROGATION	This Company may require from the Insured an assignment of all right of recovery against any party for loss to the extent that payment therefor is made by this Company, but this Company shall not acquire any rights of recovery which the Insured has expressly waived prior to loss nor shall such waiver affect the Insured's rights under this Policy.
NO REDUCTION BY LOSS	It is mutually understood and agreed that any loss hereunder shall not reduce the amount of this Policy.
UNDERLYING POLICY	If the premises described in this Policy include property in more than one state, province or territory, it is understood that separate policies underlying this Policy may be issued in compliance with state, province or territory laws, and that this Policy is subject to the conditions of the Standard Fire Insurance Policy of the state, province, or territory in which the individual properties are located. It is further understood, however, that such underlying policies are not to be considered as additional insurance but as duplicates only.
CANCELLATION	It is understood and agreed that the provisions of the Cancellation Clause in this Policy are amended to provide that this Company will give not less than thirty (30) days written notice of cancellation. However, this Policy may be cancelled by the Company if the Insured fails to remit, when due, the payment of Premium Deposit for such policy, by giving the Insured not less than ten (10) days written notice of cancellation.
LIBERALIZA- TION	If any authorized endorsement or filed rules or regulations affecting this Policy are revised by statute or otherwise so as to broaden the insurance without additional premium charge, such extended or broadened insurance shall inure to the benefit of the Insured hereunder, effective as of the date of the change.
LOSS PAYABLE	Unless otherwise provided herein, loss, if any, is to be adjusted with and payable to the Insured named in this Policy.
PLANS	Reference is hereby made to plan(s) on file in the office of this Company for further description and location of property herein described.

EXCLUSIONS**This Policy does not cover loss or damage:**

NUCLEAR PERILS	Caused by nuclear reaction or nuclear radiation or radioactive contamination, all whether directly or indirectly resulting from an insured peril under this Policy, except as provided in the Radioactive Contamination clause in Section II. However, if fire or sprinkler leakage ensues, liability is specifically assumed for direct loss by such ensuing fire or sprinkler leakage but not including any loss due to nuclear reaction, nuclear radiation or radioactive contamination.
FLOOD	Resulting from flood or the release of water from natural or man-made bodies of water, whether or not caused by or contributed to by an insured peril. However, liability is specifically assumed for additional loss or damage (1) by ensuing fire, sprinkler leakage or explosion, all as defined and limited in Section II of this Policy, to property designated and described as insured under Section II of this Policy, and (2) by an ensuing Accident, as defined and limited in Section III of this Policy, to an Object designated and described as "Object Covered" in Section III of this Policy, resulting from flood or the release of water from natural or man-made bodies of water. For the purpose of this Policy, flood includes but is not limited to tidal wave or seismic sea wave, wave wash, high water, or overflow, surface or rising water, all whether or not driven by wind.
LAW OR ORDINANCE	Resulting from any law or ordinance which regulates construction, repair, replacement, use, or which necessitates demolition of any undamaged portions of property on the premises described herein.
LAND	Loss or damage to land.



SECTION II
STANDARD PROVISIONS

(Applicable to Fire and Extended Coverages Only as Defined in this Section of the Policy)

PERILS INSURED AGAINST

This Policy covers any direct loss or damage as defined and limited herein and elsewhere in this Policy to the herein insured property caused by the perils hereinafter defined:

FIRE
LIGHTNING
WIND OR
HAIL

- 1. Fire
2. Lightning.
3. Direct action of wind or hail, including expense necessarily incurred by the Insured for removal of debris or other property not covered by the terms of this Policy, blown by wind upon said premises, but this Company shall not be liable for any loss or damage:

(A) Caused by rain, sleet, snow, sand, or dust except that liability is assumed hereunder for loss or damage caused thereby when such rain, sleet, snow, sand, or dust shall enter buildings through openings concurrently broken open by

- (1) direct force of the wind,
(2) substance driven by the wind,
(3) hail;

however, if flood ensues or occurs coincident therewith, then the liability-assumed hereunder for loss or damage due to such rain, sleet, snow, sand, or dust is limited to the damage above the flood high-water mark.

(B) Caused when weight of snow, rainwater, ice or sleet is a contributing factor to the fall or collapse of a building or structure or any part thereof.

(C) To the following property

.....
.....

SPRINKLER
LEAKAGE

- 4. Sprinkler leakage, meaning thereby loss or damage due to water or other substance discharged from any part of the fire protective equipment for the described premises or adjoining premises.

The term "fire protective equipment" shall be held to include tanks, water mains, piping, hydrants, or valves, and any other equipment whether used solely for fire protection or jointly for fire protection and for other purposes but shall not be held to include:

- (A) branch piping from a joint system where such branches are used entirely for purposes other than fire protection;
(B) any underground water mains or appurtenances located outside of said premises and forming a part of the public water distribution system;
(C) any pond or reservoir in which the water is impounded by a dam.
(D) any aqueduct, penstock or their associated surge tanks.

In the event of such loss or damage, liability is also specifically assumed for the cost (with due allowance for depreciation) of restoring the damaged portion of the fire protective equipment if such equipment is insured under the terms of this Policy, except that liability for restoring the damaged portion of such fire protective equipment is limited to the cost of restoring only that portion from which the water or other substance causing the loss or damage was discharged.



SECTION II (Cont'd)

SPRINKLER LEAKAGE (Cont'd)

Liability is also specifically assumed for:

(a) the collapse, rupture or fall of tanks forming part of such fire protective equipment or the component parts or supports of such tanks;

(b) damage to such fire protective equipment due to freezing.

LIQUID DAMAGE

3. Escaped liquids, meaning thereby accidental discharge, leakage, backup, or overflow of liquids from within piping, plumbing systems or tanks located on the described premises in excess of \$25,000 for each occurrence, but there shall be no liability under the terms of this Clause for: (a) loss of or damage to such escaped liquids, including all materials in solution or suspension in the liquids at the time of the escape, (b) the cost of repairing the fault that permitted such escape, (c) property in transit, (d) the cost of removing or recovering such escaped liquids including all materials in solution or suspension in the liquids at the time of the escape, (e) loss or damage resulting from the escape of liquids into or from piping or vessels contained within other piping or vessels or from the flow or liquids between interconnected piping, plumbing systems or tanks, (f) loss or damage due to water or other substance discharged from any part of "fire protective equipment" as defined in the Sprinkler Leakage Clause of this Policy, or (g) the following property:

EXPLOSION

6. Explosion, but this Company shall not be liable under the terms of this clause for any loss or damage occasioned by or incident to explosion in or of the following equipment, owned, operated or controlled by the Insured:

(A) steam boilers, steam turbines, steam engines, steam pipes interconnecting any of the foregoing;

(B) moving or rotating machinery or parts thereof when such direct loss or damage is caused by centrifugal force or mechanical breakdown;

(C) combustion gas turbines;

(D) any products manufactured by the Insured or other property attached thereto or forming or to form a part thereof undergoing pressure tests to the extent of the loss to such property;

(E) vessels, machinery, and equipment while under pressure, utilized directly for (1) Chemical processing involving chemical reactions or change of physical state, or for (2) chemical storage operations consisting of

(F) cylinders, drier rolls, bleachers, or digesters, all containing steam, used in the manufacture of pulp or paper;

(G) bleachers, kiers or dry cans, all containing steam used in the manufacture or processing of textiles;

provided said vessels, machinery, or equipment described in (E), (F) or (G) above have a maximum normal internal working pressure exceeding 15 psi above atmospheric pressure.

Liability is specifically assumed for loss or damage resulting from:

(a) the explosion of accumulated combustible gases or unconsumed fuel within the furnace of a boiler or pressure vessel, other than combustion gas turbines, or within the flues or passages which conduct the gases of combustion therefrom;

(b) a combustion explosion outside of any equipment excluded above even though such combustion explosion may have been the direct result of the explosion of such excluded equipment.

SECTION II (Cont'd)**EXPLOSION
(Cont'd)**

The following are not explosions within the intent or meaning of this clause:

- (a) electric arcing or any coincident rupture of electrical equipment due to such arcing;
- (b) bursting or rupture caused by freezing;
- (c) sonic shock waves, generally known as "sonic boom".

**RIOT
CIVIL
COMMOTION
VANDALISM
MALICIOUS
MISCHIEF**

7. Riot, Civil Commotion, Vandalism and Malicious Mischief, including loss or damage:

- (A) done by strikers;
- (B) done secretly by a foreign enemy or agent of any government (de facto or otherwise) and not in connection with operations of armed forces in or against the country where the described premises are situate;
- (C) from theft, pillage or looting during and at the immediate place of a riot or civil commotion or "sit-down" strike;
- (D) caused by burglars to buildings and structures excluding, however, pilferage, theft, burglary or larceny.

This Company shall not be liable under the terms of this clause for loss or damage resulting from:

- (a) increased cost of operation or maintenance;
- (b) depreciation, delay, deterioration, change in temperature, humidity or atmospheric conditions, interference with customary operations, loss of market, or any other consequential or indirect loss of any kind, whether or not loss due to such contingency is covered by this Policy as to other perils;
- (c) inability of Insured to carry on normal operations because of strike or loss caused by the deliberate slowing down or the interfering with business operations on the part of any employee or employees;
- (d) operations of armed forces in or against the country where the described premises are situate.

**CIVIL
AUTHORITY**

8. Acts of destruction at the order of civil authority or military or usurped power at the time of and for the purpose of preventing the spread of fire, provided such fire did not originate from any of the perils herein specifically excluded.

VEHICLES

9. Impact of vehicles, other than aircraft, while moving on land or tracks, except that this Company shall not be liable by the terms of this clause:

- (A) for loss or damage caused by any vehicle owned or operated by the Insured or by any tenant of the described premises or by any employee of either except that liability is specifically assumed for direct loss or damage to buildings or structures covered under this Policy;
- (B) for any loss or damage to any vehicle or parts thereof causing the loss whether or not otherwise covered by this Policy.
- (C) for ordinary wear and tear or accumulative damage to property.

AIRCRAFT

10. Impact of aircraft or missiles or objects falling therefrom or meteorites. However, this Company shall not be liable by the terms of this Clause for loss or damage caused by any aircraft when being taxied or towed inside or outside of buildings, except that liability is specifically assumed for direct loss or damage to buildings or structures covered under this Policy.

**SONIC
BOOM**

11. Sonic shock waves, generally known as "sonic boom," except that in event of loss or damage to buildings or structures covered under this Policy, this Company shall be liable only for such loss or damage as may exceed \$5000 for each such occurrence.



SECTION II (Cont'd)

SMOKE

12. Smoke, except accumulative damage, resulting from the sudden, unusual and faulty operation of any stationary furnace located on the described premises.

MOLTEN MATERIAL

13. Heat from molten material which shall have accidentally escaped from equipment, but there shall be no liability assumed by the terms of this clause for:

- (A) loss or damage to such escaped material;
- (B) the cost of removing or recovering such escaped material;
- (C) the cost of repairing the fault which permitted such accidental escape.

RADIOACTIVE CONTAMINATION

14. Sudden and accidental Radioactive Contamination, including resultant radiation damage in excess of \$5,000 for each occurrence, from material used or stored or from processes conducted on the described premises, provided that at the time of such loss there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction nor any new or used nuclear fuel on the described premises.

COLLAPSE

15. Collapse of buildings, structures or a material part thereof in excess of \$25,000 for each occurrence, except that there shall be no liability for loss or damage caused by or resulting from flood, earthquake, landslide, subsidence or any other earth movement. Collapse shall not mean settling, cracking, shrinking, bulging, or expansion of pavements, foundations, walls, floors, ceilings or roofs. This Company shall not be liable under the terms of this clause for any loss or damage to: (a) property in transit, (b) property located underground, (c) air inflated buildings, or (d) the following property:

VOLCANIC ERUPTION

16. Loss or damage to insured property resulting from lava or other material expelled by volcanic action. There shall be no coverage provided by this clause for earthquake, subsidence or other earth movement.

PROPERTY ALSO COVERED UNDER THIS SECTION

NEW BUILDINGS AND ADDITIONS

1. If this Policy covers real property, it shall also cover: (A) New buildings and other structures, and additions, now in process of erection or hereafter erected on the described premises, including alterations and repairs to buildings and structures herein insured; also (1) materials and supplies therefor and (2) equipment, machinery and apparatus for the service thereof, all when on such premises or within 500 feet thereof;

(B) All contractors' interests in such property to the extent that the Insured has agreed, prior to loss, to keep such interests insured, or for which the Insured is liable.

CONTENTS OF NEW BUILDINGS

2. If this Policy covers personal property, it shall also cover personal property not otherwise excluded herein in new buildings, additions and other structures described under the "New Buildings and Additions" clause above.

PROPERTY LOCATED UNDERGROUND

3. If this Policy covers buildings, machinery or structures it shall also cover tanks, flues, pipes, drains, tunnels, wiring or other equipment and passageways located underground on premises containing the property described herein and appurtenant thereto, and if such premises are not located in the State of Ohio, the Policy is further extended to cover foundations of buildings, machinery and structures, whether or not underground.

PROPERTY OUTSIDE OF BUILDINGS

4. This Policy also covers property appurtenant to the business of the Insured and similar to property herein insured (not otherwise insured or not excluded by this Policy) outside of buildings and railroad cars: (a) when on a described premises or (b) if personal property, when within 500 feet thereof.

**SECTION II (Cont'd)****ROLLING STOCK**

5. This Policy also covers Railroad Rolling Stock and, if this Policy covers personal property, the contents of such Railroad Rolling Stock and other vehicles, all when at the risk of the Insured and while on the described premises, or within 500 feet thereof.

PROPERTY REMOVED FROM DESCRIBED PREMISES

6. This Policy also covers property appurtenant to the business of the Insured when removed from the described premises to any location in the United States, Commonwealth of Puerto Rico, or Canada for the purpose of being repaired, serviced, exhibited, or in order to avoid threatened damage from flood, excluding (a) property otherwise insured, (b) property excluded from the insurance under this Policy or (c) property removed from the described premises for normal storage or processing or preparation for sale or delivery. Liability under this clause is limited to an amount not exceeding \$50,000, or the face amount of the Policy, whichever is smaller, and to a period of 60 days from date of removal. No coverage is provided under this clause on property in transit.

AUTOMATIC COVERAGE

7. Unless such property is otherwise insured, this Policy also covers up to a limit of \$100,000 or 1% of the face amount of the Policy, whichever is smaller, and for a period of 90 days from date of acquisition, at any location in the United States or Canada rented or purchased by the Insured after the inception date of this Policy. No coverage is provided under this clause on property in transit.

The provisions of the preceding clauses 1-7 shall not increase any amounts or limits of insurance provided by this Policy.

GENERAL CONDITIONS**OTHER INSURANCE**

With respect to coverages afforded under this Section, the following conditions shall apply in the event of other insurance. If at time of loss there is other insurance, whether collectible or not, covering any property included under this Policy against any of the hazards insured against by this Section, the liability of this Company shall not exceed that proportion of the loss which the amount of fire insurance under this Policy bears to the total fire insurance in force on any of the property covered under this Policy limited by the following:

1. If such other insurance is not written upon the same plan, terms, conditions and provisions as those contained in Sections I and II of this Policy then this Policy shall apply (except as to motor vehicles, loss or damage to electric apparatus by fire caused by an electric current artificially generated and loss or damage by explosion) only for the difference between the amount for which such other insurance would be liable if insurance provided by this Policy did not exist and the total amount of such loss.

2. If at the time of loss caused by explosion or by fire due to electrical current artificially generated there is insurance other than fire insurance or fire insurance with extended coverage applicable to such loss, the loss, to which both the insurance provided by this Section and such other insurance applies, shall be known as "Joint Loss". In the event of such "Joint Loss":

(A) This Company shall be liable under this Section only for the proportion of the said Joint Loss that the amount which would have been payable under this Section on account of said Joint Loss, had no insurance other than fire insurance or fire insurance with extended coverage existed, bears to the combined total of the said amount and the amount that would have been payable under all other insurance on account of said Joint Loss had there been no insurance under this Section, but

(B) In case the Policy or policies, other than fire insurance or fire insurance with extended coverage, do not contain provisions similar to those in (A) above; then this Company shall not be liable under this Section for any loss or damage caused (1) by explosion, (2) by fire to the equipment in which the loss originated when caused by electrical current artificially generated.

3. If this Policy is divided into more than one item, the foregoing conditions shall apply to each such item separately.



SECTION II (Cont'd)

CONSEQUENTIAL
DAMAGE

It is understood and agreed that in the event of direct damage to any property situate on the described premises by reason of any peril insured against by this Section, and such damage, without the intervention of any other independent cause, results in a sequence of events which causes physical damage to other property insured by this Policy, then this Policy will cover such resulting loss or damage.

The liability of this Company includes only the loss incurred during such period as would be required with the exercise of due diligence under normal conditions to repair or replace the damaged property, and does not include any liability resulting from inability of the Insured to make repairs or replacements because of strikes or labor disputes. Nothing in this clause shall be deemed to extend this insurance to property which is otherwise specifically excluded from coverage by the terms of this Policy.

Liability is not assumed for loss or damage resulting from lack of incoming electricity, fuel, water, steam or refrigerant caused by an occurrence off the premises described in this Policy unless specifically endorsed herein. However, if the lack of such a service causes a peril insured under this Section to occur on the described premises, this Section shall cover the resulting damage.

EXCLUSIONS

This Company shall not be liable under this Section for loss or damage:

MOTOR
VEHICLES

1. To motor vehicles when such loss or damage is otherwise insured in whole or in part, nor for the Insured's legal liability therefor, except that if this Policy covers personal property, liability is specifically assumed for the Insured's legal liability (if not otherwise insured) for loss or damage from the hazards hereby insured against to motor vehicles while in the custody of the Insured and on the described premises:

- (A) if the product of the Insured, sold but not delivered, or held for the account of others;
- (B) for experimentation, adjustments or repairs; or
- (C) for the purpose of loading or unloading materials or supplies;

ELECTRICAL
CURRENT

2. Caused by electrical current artificially generated except for loss by fire ensuing therefrom; electrical arcing itself is not a fire within the intent or meaning of this Policy;

SECTION III

STANDARD PROVISIONS

(Applicable to Boiler and Machinery Coverages Only As Defined in this Section of the Policy)

This Policy also covers loss from an Accident to an Object designated and described as "Object Covered" in this Policy, occurring during the Policy Period and while the Object is in use or connected ready for use at the Locations specified, subject to the Standard Fire Insurance Policy and to the Terms, Conditions, and Limitations contained in Sections I and III of this Policy.

The Company hereby agrees with the named Insured respecting loss from an Accident as defined herein, as follows:

COVERAGE A—
PROPERTY
OF THE
INSURED

To pay the Insured for loss or damage to property of the Insured directly caused by such accident to an Object, including loss or damage to property of the Insured consisting of accounts, bills, currency, deeds, evidences of debt, money or securities directly caused by such Accident to an Object.

SECTION III (Cont'd)

COVERAGE B— EXPEDITING EXPENSES	To pay the Insured for the reasonable extra cost of temporary repair and of expediting the repair of such damaged property of the Insured, provided the Company's liability under Coverage B shall not exceed \$1,000;
COVERAGE C— PROPERTY OF OTHERS	To pay, on behalf of the Insured, over and above payments made for liability assumed under the "Property of Others" clause in Section I of this Policy, such amounts as the Insured shall become obligated to pay by reason of the liability of the Insured for loss on real or personal property of others in the custody of the Insured, including liability for loss of use caused directly by such Accident to an Object designated and described as "Object Covered" in this Policy.
COVERAGE D— AUTOMATIC COVERAGE	That any Object located in the United States, Puerto Rico or Canada, similar to any Object designated and described as being covered by this Section hereafter installed by the Insured at any location owned or leased by the Insured and not specified in any Schedule or Endorsement of this Policy or existing in any property hereafter acquired by the Insured shall be considered as added to this Policy as of the time said Object is in use or connected ready for use, subject to: (a) the insurance (excluding Spoilage and any other indirect insurance) applicable to any similar Object insured under this Policy and (b) all subject to the highest Limit per Accident applicable to any similar Object at any specified location and (c) provided that the Insured notifies the Company in writing within ninety days after said Object is in use or connected ready for use, and agrees to pay any required additional premium deposit.

CONDITIONS

DEFINITION OF ACCIDENT	1. Unless otherwise provided herein, "Accident" shall mean any sudden and accidental occurrence to the Object, or part thereof, which results in damage to the Object and necessitates repair or replacement of the Object or part thereof; but Accident shall not mean (a) depletion, deterioration, corrosion, or erosion of material, (b) wear and tear, (c) leakage at any valve, fitting, shaft seal, gland packing, joint or connection, (d) the breakdown of any vacuum tube, gas tube or brush, (e) the breakdown of any electronic computer or electronic data processing equipment, (f) the breakdown of any structure or foundation supporting the Object or any part thereof, nor (g) the functioning of any safety device or protective device.
INSPECTION	2. The Company, at all reasonable times during the policy period, shall be permitted but not obligated to inspect any Object designated and described as being covered by this Policy. 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 Object is safe or healthful.
SUSPENSION	3. Upon the discovery of a dangerous condition with respect to any Object, any representative of the Company may immediately suspend the insurance with respect to an Accident to said Object by giving written notice to the Insured and the mortgagee, if any. The insurance so suspended may be reinstated by an Officer of the Company. The Insured shall be allowed the return of premium deposit resulting from the suspension of insurance.



SECTION III (Cont'd)

OTHER INSURANCE CONDITIONS (Applicable to Coverages A, B, & C)

4. Any loss under this Section to which any other insurance carried by the Insured applies shall be known as a "joint loss". In the event of such "joint loss",

(A) The Company shall be liable under this Section only for the proportion of the said joint loss that the amount which would have been payable under this Section on account of said joint loss, had no other insurance existed, bears to the combined total of the said amount and the amount which would have been payable under all other insurance on account of said joint loss, had there been no insurance under this Section, but

(B) In case the policy or policies affording such other insurance do not contain a clause similar to Clause (A), the Company shall be liable under this Section only for the difference between the amount for which such other insurance would be liable if insurance provided by this Policy did not exist and the total amount of such loss.

EARTHQUAKE LIMIT OF LIABILITY

5. The Limit of Liability for all loss as defined in this Section at all locations under this Policy and any other Policies written by this Company for this Insured for loss by any one Earthquake occurrence in the State of Alaska, the State of Hawaii or the State of California, shall not exceed fifteen million dollars (\$15,000,000), or 50% of the combined Property Damage and Business Interruption values of such locations, whichever is smaller. This Limit shall not serve to increase any other Limit stated in this Policy and any other Policies written by this Company for this Insured for loss by Earthquake. For purposes of this Clause an Earthquake occurrence shall be defined as all shocks occurring within a continuous 72 hour period during the term of this Policy, but in no event shall include any shocks occurring before the effective date and time or after the expiration date and time of this Policy.

If the Peril of Earthquake is insured against under Section II of this Policy, the above Earthquake Limit of Liability Clause is declared null and void and the limits of Liability for Earthquake provided by Section II shall apply as a total Limit for all Earthquake loss insured under Sections II and III of this Policy and any other Policies written by this Company for this Insured.

EARTHQUAKE DEDUCTIBLE

6. It is understood and agreed that in the event of an Accident as defined in this Section to an Object insured hereunder caused by or resulting from an Earthquake occurrence in the State of Alaska, the State of Hawaii or the State of California, the Standard Deductible Clause in this Policy is declared null and void and the following substituted therefor:

Loss or damage to each Object insured herein for each Earthquake occurrence shall be considered a separate Accident. For each such Accident this Company shall not be liable unless the Insured sustains a loss in excess of \$500 or an amount of deductible specified elsewhere in this Policy for the Object involved and then only for its share of such excess. These deductible amounts shall apply separately for each Object and shall be in addition to any other deductible specified elsewhere in this Policy.

EXCLUSIONS

This Section does not apply to Loss:

- (A) From lack of power, light, heat, steam, or refrigeration.
(B) From any other indirect result of an Accident.
(C) Paid or payable under Section II of this Policy or that would have been payable under Section II if Section II had applied to the property suffering loss.

Attached to and forming a part of Policy No.74089.....

ALLENDALE MUTUAL INSURANCE COMPANY

Authorized Signature



PROPERTY ALSO COVERED

NEW
BUILDINGS
AND
ADDITIONS

1. If this Policy covers real property, it shall also cover:

(A) New buildings and other structures, and additions, now in process of erection or hereafter erected on the described premises, including alterations and repairs to buildings and structures herein insured; also (1) materials and supplies therefor, and (2) equipment, machinery and apparatus for the service thereof, all when on such premises or within 500 feet thereof;

(B) All contractors' interests in such property to the extent that the Insured has agreed, prior to loss, to keep such interests insured, or for which the Insured is liable.

CONTENTS OF
NEW
BUILDINGS

2. If this Policy covers personal property, it shall also cover:

(A) Personal property not otherwise excluded herein in new buildings, additions and other structures described under 1-(A) above.

BULLION AND
MANUSCRIPTS

(B) Bullion and manuscripts while on the described premises.

PROPERTY
LOCATED
UNDERGROUND

3. If this Policy covers buildings, machinery or structures, it shall also cover tanks, flues, pipes, drains, tunnels, wiring or other equipment and passageways located underground on premises containing the property described herein and appurtenant thereto, and if such premises are not located in the State of Ohio, the Policy is further extended to cover foundations of buildings, machinery and structures, whether or not underground.

PROPERTY
OUTSIDE OF
BUILDINGS

4. This Policy also covers property appurtenant to the business of the Insured and similar to property herein insured (not otherwise insured or not excluded by this Policy) outside of buildings and railroad cars: (a) when on the described premises or (b) if personal property, when within 500 feet thereof.

ROLLING
STOCK

5. This Policy also covers Railroad Rolling Stock and, if this Policy covers personal property, the contents of such Railroad Rolling Stock and other vehicles, all when at the risk of the Insured and while on the described premises, or within 500 feet thereof.

PROPERTY
OF
EMPLOYEES

6. This Policy also covers personal property, other than motor vehicles, of officers and employees of the Insured while such property is on the described premises or in the open within 500 feet thereof.

PROPERTY
OF OTHERS

7. Unless otherwise provided herein, if this Policy covers personal property owned by the Insured, it shall also cover while in the custody of the Insured on the described premises or in the open within 500 feet thereof: (a) personal property of others which the Insured is under obligation to keep insured; (b) the interest of the Insured in and legal liability for loss or damage by any of the perils herein insured against to personal property belonging to others. It is understood and agreed that the coverage provided by this clause shall not attach to any property of others which is of a kind or character specifically excluded under any other conditions of this Policy.

DEBRIS
REMOVAL

8. This Policy also covers expense of removal from the described premises of debris remaining after any loss hereby insured against, except that there shall be no liability assumed for the expense of removal of: (a) any foundations, other than damaged portions which must be removed for repair or rebuilding; (b) any building or part thereof, the removal of which is required by any ordinance or law regulating construction or repair.



PROPERTY
REMOVED
FROM
DESCRIBED
PREMISES

9. This Policy also covers property appurtenant to the business of the Insured when removed from the described premises to any location in the United States, Commonwealth of Puerto Rico, or Canada for the purpose of being repaired, serviced, exhibited, or in order to avoid threatened damage from flood, excluding (a) property otherwise insured, (b) property excluded from the insurance under this Policy or (c) property removed from the described premises for normal storage or processing or preparation for sale or delivery. Liability under this clause is limited to an amount not exceeding \$50,000, or the face amount of the Policy, whichever is smaller, and to a period of 60 days from date of removal. No coverage is provided under this clause on property in transit.

AUTOMATIC
COVERAGE

10. Unless such property is otherwise insured, this Policy also covers up to a limit of \$100,000 or 1% of the face amount of the Policy, whichever is smaller, and for a period of 90 days from date of acquisition, at any location in the United States or Canada rented or purchased by the Insured after the inception date of this Policy. No coverage is provided under this clause on property in transit.

The provisions of the preceding clauses 1-10 shall not increase any amounts or limits of insurance provided by this Policy.

SUPPLEMENTARY COVERAGES AGAINST ADDITIONAL PERILS

The conditions and limitations of the Standard Fire Insurance Policy to which this Form is attached shall, unless otherwise herein provided, apply to each of the perils herein insured against to the same extent as though the designations of such other perils were respectively substituted for the word "fire" therein; provided that the limit of risk assumed under this Policy and all riders and supplementary coverages attached hereto shall not exceed in the aggregate the amount of fire insurance stated in this Policy.

This Policy also covers any direct loss or damage to the herein insured property caused by the perils hereinafter defined:

WIND
OR
HAIL

1. Direct action of wind or hail, including expense necessarily incurred by the Insured for removal of debris or other property not covered by the terms of this Policy, blown by wind upon said premises, but this Company shall not be liable for any loss or damage:

(A) Caused by rain, sleet, snow, sand, or dust except that liability is assumed hereunder for loss or damage caused thereby when such rain, sleet, snow, sand, or dust shall enter buildings through openings concurrently broken open by:

- (1) direct force of the wind,
- (2) substance driven by the wind,
- (3) hail;

however, if flood ensues or occurs coincident therewith, then the liability assumed hereunder for loss or damage due to such rain, sleet, snow, sand, or dust is limited to the damage above the flood high-water mark.

(B) Caused when weight of snow, rainwater, ice or sleet is a contributing factor to the fall or collapse of a building or structure or any part thereof.

(C) To the following property.....

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.....



SPRINKLER LEAKAGE

2. Sprinkler leakage, meaning thereby loss or damage due to water or other substance discharged from any part of the fire protective equipment for the described premises or adjoining premises.

The term "fire protective equipment" shall be held to include tanks, water mains, piping, hydrants, or valves, and any other equipment whether used solely for fire protection or jointly for fire protection, and for other purposes but shall not be held to include:

(A) branch piping from a joint system where such branches are used entirely for purposes other than fire protection;

(B) any underground water mains or appurtenances located outside of said premises and forming a part of the public water distribution system;

(C) any pond or reservoir in which the water is impounded by a dam;

(D) any aqueduct, penstock or their associated surge tanks

In the event of such loss or damage, liability is also specifically assumed for the cost (with due allowance for depreciation) of restoring the damaged portion of the fire protective equipment if such equipment is insured under the terms of this Policy, except that liability for restoring the damaged portion of such fire protective equipment is limited to the cost of restoring only that portion from which the water or other substance causing the loss or damage was discharged.

Liability is also specifically assumed for:

(a) the collapse, rupture or fall of tanks forming part of such fire protective equipment or the component parts or supports of such tanks;

(b) damage to such fire protective equipment due to freezing.

LIQUID DAMAGE

3. Escaped liquids, meaning thereby accidental discharge, leakage, backup, or overflow of liquids from within piping, plumbing systems or tanks located on the described premises in excess of \$25,000 for each occurrence, but there shall be no liability under the terms of this Clause for: (a) loss of or damage to such escaped liquids, including all materials in solution or suspension in the liquids at the time of the escape, (b) the cost of repairing the fault that permitted such escape, (c) property in transit, (d) the cost of removing or recovering such escaped liquids including all materials in solution or suspension in the liquids at the time of the escape, (e) loss or damage resulting from the escape of liquids into or from piping or vessels contained within other piping or vessels or from the flow of liquids between interconnected piping, plumbing systems or tanks, (f) loss or damage due to water or other substance discharged from any part of "fire protective equipment" as defined in the Sprinkler Leakage Clause of this Policy, or (g) the following property:

EXPLOSION

4. Explosion, but this Company shall not be liable under the terms of this clause for any loss or damage occasioned by or incident to explosion in or of the following equipment, owned, operated or controlled by the Insured:

(A) steam boilers, steam turbines, steam engines, and steam pipes interconnecting any of the foregoing;

(B) moving or rotating machinery or parts thereof when such direct loss or damage is caused by centrifugal force or mechanical breakdown;

(C) combustion gas turbines;

(D) any product manufactured by the Insured or other property attached thereto or forming or to form a part thereof undergoing pressure tests to the extent of the loss to such property;

(E) vessels, machinery, and equipment while under pressure, utilized directly for (1) Chemical processing involving chemical reactions or change of physical state, or for (2) chemical storage operations consisting of

(F) cylinders, drier rolls, bleachers, or digesters, all containing steam, used in the manufacture of pulp or paper;



EXPLOSION
(Cont'd)

(G) bleachers, kiers or dry cans, all containing steam used in the manufacturer or processing of textiles; provided said vessels, machinery, or equipment described in (E), (F) or (G) above have a maximum normal internal working pressure exceeding 15 psi above atmospheric pressure.

Liability is specifically assumed for loss or damage resulting from:

(a) the explosion of accumulated combustible gases or unconsumed fuel within the furnace of a boiler or pressure vessel, other than combustion gas turbines, or within the flues or passages which conduct the gases of combustion therefrom;

(b) a combustion explosion outside of any equipment excluded above even though such combustion explosion may have been the direct result of the explosion of such excluded equipment.

The following are not explosions within the intent or meaning of this clause:

(a) electric arcing or any coincident rupture of electrical equipment due to such arcing;

(b) bursting or rupture caused by freezing;

(c) sonic shock waves, generally known as "sonic boom".

5. Riot, Civil Commotion, Vandalism and Malicious Mischief, including loss or damage:

(A) done by strikers;

(B) done secretly by a foreign enemy or agent of any government (de facto or otherwise) and not in connection with operations of armed forces in or against the country where the described premises are situate;

(C) from theft, pillage or looting during and at the immediate place of a riot or civil commotion or "sit-down" strike;

(D) caused by burglars to buildings and structures excluding, however, pilferage, theft, burglary or larceny.

This Company shall not be liable under the terms of this clause for loss or damage resulting from:

(a) increased cost of operation or maintenance;

(b) depreciation, delay, deterioration, change in temperature, humidity or atmospheric conditions, interference with customary operations, loss of market, or any other consequential or indirect loss of any kind, whether or not loss due to such contingency is covered by this Policy as to other perils;

(c) inability of Insured to carry on normal operations because of strike or loss caused by the deliberate slowing down or the interfering with business operations on the part of any employee or employees;

(d) operations of armed forces in or against the country where the described premises are situate.

6. Acts of destruction at the order of civil authority or military or usurped power at the time of and for the purpose of preventing the spread of fire, provided such fire did not originate from any of the perils herein specifically excluded.

7. Impact of vehicles, other than aircraft, while moving on land or tracks, except that this Company shall not be liable by the terms of this clause:

(A) for loss or damage caused by any vehicle owned or operated by the Insured or by any tenant of the described premises or by any employee of either except that liability is specifically assumed for direct loss or damage to buildings or structures covered under this Policy;

(B) for any loss or damage to any vehicle or parts thereof causing the loss whether or not otherwise covered by this Policy;

(C) for ordinary wear and tear or accumulative damage to property

RIOT
CIVIL
COMMOTION
VANDALISM
MALICIOUS
MISCHIEF

CIVIL
AUTHORITY

VEHICLES



AIRCRAFT

8. Impact of aircraft or missiles or objects falling therefrom or meteorites. However, this Company shall not be liable by the terms of this Clause for loss or damage caused by any aircraft when being taxied or towed inside or outside of buildings, except that liability is specifically assumed for direct loss or damage to buildings or structures covered under this Policy.

SONIC BOOM

9. Sonic shock waves, generally known as "sonic boom," except that in event of loss or damage to buildings or structures covered under this Policy, this Company shall be liable only for such loss or damage as may exceed \$5,000 for each such occurrence.

SMOKE

10. Smoke, except accumulative damage, resulting from the sudden, unusual and faulty operation of any stationary furnace located on the described premises.

MOLTEN MATERIAL

11. Heat from molten material which shall have accidentally escaped from equipment, but there shall be no liability assumed by the terms of this clause for:

- (A) loss or damage to such escaped material;
- (B) the cost of removing or recovering such escaped material;
- (C) the cost of repairing the fault which permitted such accidental escape.

RADIOACTIVE CONTAMINATION

12. Sudden and accidental Radioactive Contamination, including resultant radiation damage in excess of \$5,000 for each occurrence, from material used or stored or from processes conducted on the described premises, provided that at the time of such loss there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction nor any new or used nuclear fuel on the described premises.

COLLAPSE

13. Collapse of buildings, structures or a material part thereof in excess of \$25,000 for each occurrence, except that there shall be no liability for loss or damage caused by or resulting from flood, earthquake, landslide, subsidence or any other earth movement. Collapse shall not mean settling, cracking, shrinking, bulging, or expansion of pavements, foundations, walls, floors, ceilings or roofs. This Company shall not be liable under the terms of this clause for any loss or damage to: (a) property in transit, (b) property located underground, (c) air inflated buildings, or (d) the following property:

VOLCANIC ERUPTION

14. Loss or damage to insured property resulting from lava or other material expelled by volcanic action. There shall be no coverage provided by this clause for earthquake, subsidence or other earth movement.

EXCLUSIONS

This Company shall not be liable for loss or damage:

MOTOR VEHICLES

1. To motor vehicles when such loss or damage is otherwise insured in whole or in part, nor for the Insured's legal liability therefor, except that if this Policy covers personal property, liability is specifically assumed for the Insured's legal liability (if not otherwise insured) for loss or damage from the hazards hereby insured against to motor vehicles while in the custody of the Insured and on the described premises:

- (A) if the product of the Insured, sold but not delivered, or held for the account of others;
- (B) for experimentation, adjustments or repairs; or
- (C) for the purpose of loading or unloading materials or supplies.

ELECTRICAL CURRENT FLOOD

2. Caused by electrical current artificially generated except for loss by fire ensuing therefrom; electrical arcing itself is not a fire within the intent or meaning of this Policy.

3. Resulting from flood or the release of water from natural or man-made bodies of water, whether or not caused by or contributed to by an insured peril. However, liability is specifically assumed for additional loss or damage by ensuing fire, sprinkler leakage or explosion, all as defined and limited elsewhere in this Policy, resulting from flood or



FLOOD
(Cont'd)

the release of water from natural or man-made bodies of water. For the purpose of this Policy, flood includes but is not limited to tidal wave or seismic sea wave, wave wash, high water, or overflow, surface or rising water, all whether or not driven by wind.

LAW OR
ORDINANCE

4. Resulting from any law or ordinance which regulates construction, repair, replacement, use, or which necessitates demolition of any undamaged portions of property on the premises described herein.

NUCLEAR
PERILS

5. Caused by nuclear reaction or nuclear radiation or radioactive contamination, all whether directly or indirectly resulting from an insured peril under this Policy, except as provided in the Radioactive Contamination Clause under the caption "Supplementary Coverages."

However, if fire or sprinkler leakage ensues, liability is specifically assumed for direct loss by such ensuing fire or sprinkler leakage but not including any loss due to nuclear reaction, nuclear radiation or radioactive contamination.

LAND

6. To land.

GENERAL CONDITIONS

Permission is Given:

- (1) For other insurance.
- (2) To store and use any and all materials usual and incidental to the business or occupancy.
- (3) To alter and repair the described premises.
- (4) To cease operations and for the premises to be vacant or unoccupied for sixty (60) consecutive days, and for more than sixty (60) consecutive days providing the same degree of fire protection and watch service is maintained as existed at the time of the discontinuance of normal operations.
- (5) To operate the establishment all hours, day and night.

STANDARD
DEDUCTIBLE

In each case of loss or damage covered by this Policy, this Company shall not be liable unless the Insured sustains a loss in excess of the largest of the following, and then only for its share of such excess:

- 1. \$1,000.
- 2. The specific peril deductible amount when the loss or damage is caused by a peril for which this Policy provides a specific peril deductible amount.
- 3. Any other applicable deductible amount provided elsewhere in this Policy.

When this Policy covers more than one location, the deductible amount shall apply against the total loss or damage covered by this Policy in any one occurrence.

If two or more deductible amounts provided in this Policy apply for a single occurrence, the total to be deducted shall not exceed the largest deductible amount applicable unless otherwise provided in this Policy.

If this Policy insures against both Property Damage and Time Element, the deductible amount as shown in this Policy shall apply separately to each such coverage, even if both are involved in a single occurrence, unless otherwise provided in this Policy.

OTHER
INSURANCE

It is a condition of this Policy that if at time of loss there is other insurance, whether collectible or not, covering any property included under this Policy against any of the hazards insured against by this Policy, the liability of this Company shall not exceed that proportion of the loss which the amount of fire insurance under this Policy bears to the total fire insurance in force on any of the property covered under this Policy limited by the following:

- 1. If such other insurance is not written upon the same plan, terms, conditions and provisions as those contained in this Policy then this Policy shall apply (except as to motor vehicles, loss or damage to electrical apparatus by fire caused by an electrical current artificially generated and loss or damage by explosion) only for the difference between the amount for which such other insurance would be liable if insurance provided by this Policy did not exist and the total amount of such loss.



OTHER
INSURANCE
(Cont'd)

2. If at the time of loss caused by explosion or by fire due to electrical current artificially generated there is insurance other than fire insurance or fire insurance with extended coverage applicable to such loss, the loss, to which both the insurance provided by this Policy and such other insurance applies, shall be known as a "Joint Loss." In the event of such "Joint Loss":

(A) this Company shall be liable under this Policy only for the proportion of the said Joint Loss that the amount which would have been payable under this Policy on account of said Joint Loss, had no insurance other than fire insurance or fire insurance with extended coverage existed, bears to the combined total of the said amount and the amount that would have been payable under all other insurance on account of said Joint Loss had there been no insurance under this Policy, but

(B) in case the Policy or Policies, other than fire insurance or fire insurance with extended coverage, do not contain provisions similar to those in (A) above, then this Company shall not be liable under this Policy for any loss or damage caused (1) by explosion, (2) by fire to the equipment in which the loss originated when caused by electrical current artificially generated.

3. If this Policy is divided into more than one item, the foregoing conditions shall apply to each such item separately.

BRANDS
AND
LABELS

It is understood and agreed that if branded or labeled merchandise covered by this Policy is damaged and this Company elects to take all or any part of such merchandise at the value established by the terms of this Policy, the Insured may, at his own expense, stamp "salvage" on the merchandise or its containers, or may remove or obliterate the brands or labels, if such stamp, removal or obliteration will not physically damage the merchandise, but the Insured must re-label the merchandise or containers in compliance with the requirements of law.

VALUE
OF STOCK

Unless otherwise endorsed hereon, adjustment of loss under this Policy shall be:

(1) on stock in process, the value of raw materials and labor expended plus the proper proportion of overhead charges;

(2) on finished goods manufactured by the Insured, the regular cash selling price at the location where the loss occurs, less all discounts and charges to which the merchandise would have been subject had no loss occurred;

(3) on raw materials, supplies and other merchandise not manufactured by the Insured, the replacement cost;

all to be computed as of the time of the fire or other casualty insured against by this Policy.

VALUE
OF RECORDS
AND MEDIA

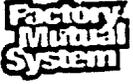
It is understood and agreed that liability on exposed film, records, manuscripts and drawings shall not exceed their value blank plus the cost of transcription.

Liability for loss or damage on media, data storage devices, and program devices for electronic and electro-mechanical data-processing and production equipment is limited to the cost of reproducing such media, data storage devices, and program devices from duplicates or from originals of the previous generation of the data.

CONSEQUEN-
TIAL
DAMAGE

It is understood and agreed that in the event of direct damage to any property situate on the described premises by reason of any peril insured against by this Policy, and such damage, without the intervention of any other independent cause, results in a sequence of events which causes physical damage to other property insured by this Policy, then this Policy will cover such resulting loss or damage.

The liability of this Company includes only the loss incurred during such period as would be required with the exercise of due diligence under normal conditions to repair or replace the damaged property, and does not include any liability resulting from inability of the Insured to make repairs or replacements because of strikes or labor disputes. Nothing in this clause shall be deemed to extend this insurance to property which is otherwise specifically excluded from coverage by the terms of this Policy.



CONSEQUENTIAL DAMAGE (Cont'd)

Liability is not assumed for loss or damage resulting from lack of incoming electricity, fuel, water, steam or refrigerant caused by an occurrence off the premises described in this Policy unless specifically endorsed herein. However, if the lack of such a service causes an insured peril to occur on the described premises, this Policy shall cover the resulting damage.

NO CONTROL

This Policy shall not be invalidated by increase in hazard in any portion of the premises over which the Insured has no control.

DIVISIBLE CONTRACT

If the premises described in this Policy include two or more buildings or the contents of two or more buildings, the breach of any condition of this Policy in respect to any one or more of the buildings insured or containing the property insured, shall not prejudice the right to recover for loss occurring in any building insured or containing the property insured where, at the time of the loss, a breach of condition does not exist.

SUBROGATION

This Company may require from the Insured an assignment of all right of recovery against any party for loss to the extent that payment therefor is made by this Company, but this Company shall not acquire any rights of recovery which the Insured has expressly waived prior to loss nor shall such waiver affect the Insured's rights under this Policy.

NO REDUCTION BY LOSS

It is mutually understood and agreed that any loss hereunder shall not reduce the amount of this Policy.

UNDERLYING POLICY

If the premises described in this Policy include property in more than one state, province or territory, it is understood that separate policies underlying this Policy may be issued in compliance with state, province or territory laws, and that this Policy is subject to the conditions of the Standard Fire Insurance Policy of the state, province, or territory in which the individual properties are located. It is further understood, however, that such underlying policies are not to be considered as additional insurance but as duplicates only.

CANCELLATION

It is understood and agreed that the provisions of the Cancellation Clause in this Policy are amended to provide that this Company will give not less than thirty (30) days written notice of cancellation. However, this Policy may be cancelled by the Company if the Insured fails to remit, when due, the payment of Premium Deposit for such policy, by giving the Insured not less than ten (10) days written notice of cancellation.

LIBERALIZATION

If any authorized endorsement or filed rules or regulations affecting this Policy are revised by statute or otherwise so as to broaden the insurance without additional premium charge, such extended or broadened insurance shall inure to the benefit of the Insured hereunder, effective as of the date of the change.

LOSS PAYABLE

Unless otherwise provided herein, loss, if any, is to be adjusted with and payable to the Insured named in this Policy.

PLANS

Reference is hereby made to plan(s) on file in the office of this Company for further description and location of property herein described.

Attached to and forming a part of Policy Contract No. 74089

ALLENDALE MUTUAL INSURANCE COMPANY

Authorized Signature



This Form applies only when coverage is indicated in Section B of this Policy

Extra Expense

This Policy covers the actual loss of "Extra Expense" sustained by the Insured as a result of physical damage caused directly by the perils insured against hereunder to the property utilized by the Insured situate as described elsewhere in this Policy.

DEFINITIONS

The following terms wherever used in this Policy shall be defined as follows:

Extra Expense.—The excess, if any of the total cost during the "period of restoration" chargeable to the conduct of the Insured's business over and above the total cost that would normally have been incurred to conduct the business during the same period had no fire or other peril insured against herein occurred; the cost in each case to include expense of using other property or facilities of other concerns, or other necessary emergency expenses. In no event, however, shall this Company be liable under this Policy for loss of income, nor for Extra Expense in excess of that necessary to continue as nearly as practicable the normal conduct of the Insured's business, nor for the cost of repairing or replacing any of the described property that has been damaged or destroyed by fire or other peril herein insured against, except cost in excess of the normal cost of such repairs or replacements necessarily incurred for the purpose of reducing the total amount of Extra Expense; liability for such excess cost, however, shall not exceed the amount by which the total Extra Expense otherwise payable under this Policy is reduced.

Normal.—The condition that would have existed had no fire or other peril herein insured against occurred.

Month.—Thirty consecutive days.

Period of Restoration.—That period computed from the time of the damage caused by a peril insured against to the time when with due diligence and dispatch the property could be repaired or replaced and made ready for normal operations, not to be limited by the date of expiration of this Policy.

LIMIT OF LIABILITY

The limit of liability of this Company shall be as specified under either (a) or (b) below, depending upon which is checked.

[] (a) Daily Indemnity.—This Company shall be liable for a period of restoration not exceeding months and within such period of restoration for no greater amount for any one day than of the total insurance named in this Policy.

[x] (b) Variable Monthly Limits of Liability.—This Company shall be liable for no greater percentage of the amount of this Policy than is stated below for the determined period of restoration.

- 60. % if period of restoration is one month or less
..... 80. % if period of restoration exceeds one month but does not exceed two months
..... 100. % if period of restoration exceeds two months but does not exceed three months
..... 100. % if period of restoration exceeds three months but does not exceed four months
..... 100. % if period of restoration exceeds four months but does not exceed five months
..... 100. % if period of restoration exceeds five months but does not exceed six months
..... 100. % if period of restoration exceeds six months but does not exceed seven months
..... 100. % if period of restoration exceeds seven months but does not exceed eight months
..... 100. % if period of restoration exceeds eight months but does not exceed nine months
..... 100. % if period of restoration exceeds nine months but does not exceed ten months
..... 100. % if period of restoration exceeds ten months but does not exceed eleven months
..... 100. % if period of restoration exceeds eleven months but does not exceed twelve months

It is further agreed that in the event Extra Expense incurred during the longest period of restoration for which provision is made above does not exhaust the insurance provided by this Policy, then such unexhausted amount shall apply for the remainder of the period of restoration not exceeding in any event, however, twelve months from the date of the physical damage to the property covered hereunder.

USE OF OTHER PROPERTY

The Insured agrees to use any suitable property or service owned or controlled by the Insured or obtainable from other sources in reducing the loss under this Policy. Any salvage value of such property remaining after resumption of normal operations, however, shall be taken into consideration in the adjustment of any loss.

**Business Interruption Insurance**
Non-Premium Adjustment

This Policy covers only the actual loss sustained by the Insured due to necessary interruption of business as a result of physical damage caused directly by the perils insured against hereunder to the property utilized by the Insured situated as described elsewhere in this Policy. In the event the Insured is wholly or partially prevented from producing goods or from continuing business operations or services and is unable:

- (a) to make up lost production within a reasonable period of time (not to be limited to the period during which production is interrupted), or
- (b) to continue business operations or services;

all through the use of any property or service owned or controlled or obtainable from other sources or through working extra time or overtime at the location(s) specified herein, or at such other location(s) acquired for the purpose,

this Company shall be liable, subject to all other conditions of this Policy, for the **Actual Loss Sustained** of the following:

GROSS EARNINGS, less all charges and expenses which do not necessarily continue during the period of interruption of production or suspension of business operations. For the purpose of this contract "Gross Earnings" shall be defined: (a) for manufacturing operations as the net sales value of production through the use of such property less the cost of all raw stock, materials and supplies utilized in such production plus all other earnings derived from the operation of the business; or (b) for mercantile or non-manufacturing operations as the total net sales less cost of merchandise sold, materials and supplies consumed in the operations or service rendered by the Insured; plus all other earnings derived from the operation of the business.

Expenses, over and above normal operating expenses, necessarily incurred by the Insured in making up lost production or in reducing loss otherwise payable under this Policy are covered hereunder, but in no event shall this Company be liable for an amount greater than that for which it would have been liable had the Insured been unable to make up any lost production or to continue any business operations or services.

In determining net sales, in the event of loss hereunder, at mercantile or non-manufacturing operations, any amount recovered under Property Damage policies for damage to or destruction of merchandise shall be included as though the merchandise had been sold to the Insured's regular customers.

In determining the indemnity payable under this Policy, due consideration shall be given to the experience of the business before the loss and the probable experience thereafter and to the continuation of only those normal charges and expenses that would have existed had no loss occurred.

Reporting.—As of the inception date of this Policy and annually as of February 1st thereafter, the Insured shall file with this Company a statement of the estimated Gross Earnings as specified in (a) below and a statement of the actual Gross Earnings as specified in (b) below. These statements shall be filed not later than 90 days from the above date.

- (a) The Estimated Gross Earnings anticipated for the twelve months following the date of the report.
- (b) The Actual Gross Earnings for the previous twelve-month period.

If the above defined reported values include Gross Earnings at other owned or controlled locations (such as branch stores, sales outlets and other plants not specifically insured in this Policy), at which Gross Earnings loss would result from interruption of production or suspension of business operations as a result of physical damage by the perils insured against at locations named in this Policy then this Policy shall cover such resulting loss.



In the event that the estimated Gross Earnings exceed the amount of insurance in force, this Company shall be authorized to effect the additional insurance.

In the event of failure of the Insured to furnish the statements of Gross Earnings as above required the following Co-Insurance Clause shall attach and come into full force and effect as of noon of the thirtieth day following that on which a statement is due and shall remain in effect until noon of the day on which the next filed statement is received in the Home Office of this Company.

Co-Insurance.— This Company shall be liable for no greater proportion of any loss under this Policy than the amount hereby insured bears to fifty...per cent (50...%) of the Gross Earnings as defined herein which would have been earned had no interruption of production or suspension of business operations occurred, during the period of the twelve months following the interruption of such operations by fire or other peril insured against by this Policy; provided, however, that this Co-Insurance Clause shall not apply unless the agreed loss exceeds five per cent (5%) of the total Business Interruption Insurance in force or \$10,000, whichever is the lesser.



STANDARD PROVISIONS

This Policy covers loss as herein defined which is the result of physical damage to the property described herein caused directly by:

FIRE
LIGHTNING
WIND OR HAIL

- 1. Fire.
2. Lightning.
3. Direct action of wind or hail, except that this Company shall not be liable for any loss:

(A) Caused by rain, sleet, snow, sand, or dust except that liability is assumed hereunder for loss caused thereby when such rain, sleet, snow, sand or dust shall enter buildings through openings concurrently broken open by

- (1) direct force of the wind,
(2) substance driven by the wind,
(3) hail;

however, if flood ensues or occurs coincident therewith, then the liability assumed hereunder for loss due to such rain, sleet, snow, sand or dust is limited to loss resulting from physical damage above the flood high water mark.

(B) Caused when weight of snow, rainwater, ice or sleet is a contributing factor to the fall or collapse of a building or structure or any part thereof.

SPRINKLER LEAKAGE

- 4. Sprinkler leakage, meaning thereby loss due to water or other substance discharged from any part of the fire protective equipment for the described premises or adjoining premises.

The term "fire protective equipment" shall be held to include tanks, water mains, piping, hydrants, or valves, and any other equipment whether used solely for fire protection or jointly for fire protection and for other purposes but shall not be held to include:

(A) Branch piping from a joint system where such branches are used entirely for purposes other than fire protection.

(B) Any underground water mains or appurtenances located outside of said premises and forming a part of the public water distribution system.

(C) Any pond or reservoir in which the water is impounded by a dam.

(D) any aqueduct, penstock or their associated surge tanks.

Liability is also specifically assumed for loss as herein defined resulting from:

(a) The collapse, rupture or fall of tanks forming part of such fire protective equipment or the component parts or supports of such tanks.

(b) Damage to such fire protective equipment due to freezing.

LIQUID DAMAGE

- 5. Escaped liquids, meaning thereby accidental discharge, leakage, backup, or overflow of liquids from within piping, plumbing systems or tanks located on the described premises in excess of \$25,000 for each occurrence, but there shall be no liability under the terms of this Clause for loss from curtailment of production or suspension of business operations due to the necessity of: (a) replacement of the escaped liquids, including all materials in solution or suspension in the liquids at the time of the escape, (b) repairing the fault that permitted such escape, (c) replacement of or repair of property in transit, (d) removing or recovering such escaped liquids including all materials in solution or suspension in the liquids at the time of the escape, (e) replacement of or repair of property due to damage resulting from the escape of liquids into or from piping or vessels contained within other piping or vessels or from the flow of liquids between interconnected piping, plumbing systems or tanks, (f) replacement of or repair of property due to damage caused by water or other substance discharged from any part of "fire protective equipment" as defined in the Sprinkler Leakage Clause of this Policy, or (g) replacement of or repair of the following property:



EXPLOSION

6. Explosion, but this Company shall not be liable under the terms of this clause for any loss occasioned by or incident to explosion in or of the following equipment, owned, operated or controlled by the Insured:

(A) steam boilers, steam turbines, steam engines, and steam pipes inter-connecting any of the foregoing;

(B) moving or rotating machinery or parts thereof when such loss is caused by centrifugal force or mechanical breakdown;

(C) combustion gas turbines.

(D) any product manufactured by the Insured or other property attached thereto or forming or to form a part thereof undergoing pressure tests to the extent of the loss to such property;

(E) vessels, machinery, and equipment while under pressure, utilized directly for (1) Chemical processing involving chemical reactions or change of physical state, or for (2) chemical storage operations consisting of

(F) cylinders, drier rolls, bleachers, or digesters, all containing steam, used in the manufacture of pulp or paper;

(G) bleachers, kiers or dry cans, all containing steam used in the manufacture or processing of textiles;

provided said vessels, machinery, or equipment described in (E), (F) or (G) above have a maximum normal internal working pressure exceeding 15 psi above atmospheric pressure.

Liability is specifically assumed for loss as herein defined resulting from:

(a) the explosion of accumulated combustible gases or unconsumed fuel within the furnace of a boiler or pressure vessel, other than combustion gas turbines, or within the flues or passages which conduct the gases of combustion therefrom;

(b) a combustion explosion outside of any equipment excluded above even though such combustion explosion may have been the direct result of the explosion of such excluded equipment.

The following are not explosions within the intent or meaning of this clause:

(a) electric arcing or any coincident rupture of electrical equipment due to such arcing;

(b) bursting or rupture caused by freezing;

(c) sonic shock waves, generally known as "sonic boom".

7. Riot, Civil Commotion, Vandalism and Malicious Mischief, including loss as herein defined:

(A) caused by strikers;

(B) caused by a foreign enemy or agent of any government (de facto or otherwise) if done in secret and not in connection with operations of armed forces in or against the country where the described premises are situate;

(C) caused by theft, pillage or looting during and at the immediate place of a riot or civil commotion or "sit-down" strike.

This Company shall not be liable under the terms of this clause for loss resulting from:

(a) delay in repairing or replacing the property lost or damaged, beyond the time necessary for such repair or replacement under normal conditions;

(b) depreciation, delay, deterioration, change in temperature, humidity or atmospheric conditions, interference with customary operations, loss of market, or any other consequential or indirect loss of any kind, whether or not loss due to such contingency is covered by this Policy as to other perils;

RIOT
CIVIL
COMMOTION
VANDALISM
MALICIOUS
MISCHIEF



- CIVIL COMMOTION VANDALISM MALICIOUS MISCHIEF (Con't.)
 - CIVIL AUTHORITY
 - VEHICLES
 - AIRCRAFT
 - SONIC BOOM
 - SMOKE
 - MOLTEN MATERIAL
 - RADIOACTIVE CONTAMINATION
 - COLLAPSE
 - VOLCANIC ERUPTION
- (c) inability of Insured to carry on normal operations because of strike or loss caused by the deliberate slowing down or the interfering with business operations on the part of any employee or employees;
- (d) operations of armed forces in or against the country where the described premises are situate.
8. Acts of destruction at the order of civil authority or military or usurped power at the time of and for the purpose of preventing the spread of fire, provided such fire did not originate from any of the perils herein specifically excluded.
9. Impact of vehicles, other than aircraft, while moving on land or tracks, except that this Company shall not be liable by the terms of this clause for loss resulting from damage to property other than buildings and structures caused by any vehicle owned or operated by the Insured or by any tenant of the described premises or by any employee of either.
10. Impact of aircraft or missiles or by objects falling therefrom, or meteorites, except that this Company shall not be liable by the terms of this clause for loss resulting from damage to property other than buildings or structures caused by any aircraft when being taxied or towed inside or outside of buildings.
11. Sonic shock waves, generally known as "sonic boom".
12. Smoke, resulting from the sudden, unusual and faulty operation of any stationary furnace located on the described premises.
13. Heat from molten material which shall have accidentally escaped from equipment, but there shall be no liability assumed by the terms of this clause for loss from curtailment of production or suspension of business operations due to the necessity of removing or recovering the escaped material or repairing the fault which permitted such accidental escape.
14. Sudden and accidental Radioactive Contamination, including resultant radiation damage in excess of \$5,000 for each occurrence, from material used or stored or from processes conducted on the described premises, provided that at the time of such loss there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction nor any new or used nuclear fuel on the described premises.
15. Collapse of buildings, structures or a material part thereof in excess of \$25,000 for each occurrence, except that there shall be no liability under the terms of this Clause for loss from curtailment of production or suspension of business operations arising from physical damage caused by or resulting from flood, earthquake, landslide, subsidence or any other earth movement. Collapse shall not mean settling, cracking, shrinking, bulging, or expansion of pavements, foundations, walls, floors, ceilings or roofs. This Company shall not be liable under the terms of this Clause for loss from curtailment of production or suspension of business operations caused by physical damage to: (a) property in transit, (b) property located underground, (c) air inflated buildings, or (d) the following property:.....
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16. Loss or damage to insured property resulting from lava or other material expelled by volcanic action. There shall be no coverage provided by this clause for earthquake, subsidence or other earth movement.

PERILS OTHER THAN FIRE. — The conditions and limitations of the Standard Fire Insurance Policy to which this form is attached shall, unless otherwise herein provided, apply to each of the perils herein insured against to the same extent as though the designations of such other perils were respectively substituted for the word "fire" therein; provided that the limit of risk assumed under this Policy and all riders and supplementary coverages attached hereto shall not exceed in the aggregate the amount of insurance stated in this Policy against loss as herein defined caused by fire.



GENERAL STIPULATIONS, CONDITIONS AND LIMITATIONS

This Policy covers loss as herein defined:

- (1) Computed from the time of the damage caused by a peril insured against to the time when with due diligence and dispatch the property could be repaired or replaced and made ready for normal operations, not to be limited by the day of expiration named in this Policy;
- (2) (a) For such additional time as may be required with the exercise of due diligence and dispatch to restore stock in process to the same state of manufacture in which it stood at the time of interruption;
(b) For such additional time as may be required with the exercise of due diligence and dispatch to replace damaged or destroyed mercantile stock;
- (3) From actual curtailment of production or suspension of business operations resulting from inability to procure or replace raw materials and supplies to replace similar materials and supplies damaged or destroyed, but liability for such loss shall be limited to that period for which the damaged or destroyed raw materials and supplies would have supplied operating needs. In the event, however, that water used as a raw material or for power or for any other manufacturing purpose, stored behind dams or in reservoirs situate on the property described herein, is released from storage as the result of damage to such dam, reservoir or equipment connected therewith by any of the perils herein insured against, the liability of this Company for curtailment of production or suspension of business operations because of the resulting inadequate water supply shall not extend for more than thirty (30) consecutive days after the damaged or destroyed dam, reservoir or equipment has been repaired or replaced;
- (4) From actual curtailment of production or suspension of business operations resulting from order of civil authority prohibiting access to the premises described herein, during the period of time, not exceeding two weeks, while access to the said premises is prohibited, but only when such order is given as a direct result of damage or destruction by fire or other peril insured against, in the said premises or in the immediate vicinity thereof, provided such fire or other peril did not originate from any of the perils herein specifically excluded. With respect to the peril of riot, civil commotion, vandalism and malicious mischief, this coverage shall apply only if such order is given as a direct result of damage or destruction in the said premises or within five hundred feet thereof.
- (5) In the event of loss or damage by a peril insured against to property under construction and insured by this Policy, the indemnity payable shall be in accordance with the following:

(a) the section numbered (1) under "This Policy covers loss as defined herein" shall read:

- (1) Computed for a period of time equivalent to the time in which, with due diligence and dispatch, the property could be repaired or replaced. This equivalent period of time shall be applied to the level of production or level of business operations that would have been reasonably achieved after construction and startup would have been completed had no physical damage occurred. Neither period of time mentioned above is limited by the day of expiration named in this Policy.

(b) In determining the indemnity payable under this Policy, due consideration shall be given to the available experience of the business compiled after completion of the construction and startup.

This Policy also covers loss as herein defined resulting from physical damage caused by any peril insured against to:

- (1) Tanks, flues, pipes, drains, tunnels, wiring and other equipment and passageways located underground, and to foundations of buildings, machinery and structures, whether or not underground, all on premises containing the property described herein.
- (2) Electrical transmission lines and other electrical equipment and to fuel, water, steam and refrigeration transmission lines, all situate outside the described premises but within 500 feet thereof, except that liability is not otherwise assumed for loss as herein defined resulting from lack of such incoming services caused by an off-premises occurrence unless specifically endorsed herein.
- (3) New buildings and other structures and additions now in process of erection or hereafter erected on the described premises including contents thereof and alterations and repairs to buildings and structures herein insured; also (a) materials and supplies therefor, and (b) equipment, machinery and apparatus for the service thereof, all when on such premises or within 500 feet thereof.



- (4) Bullion and manuscripts while on the described premises.
- (5) Property appurtenant to the business of the Insured (not otherwise insured or not excluded by this Policy) outside of buildings and railroad cars when on the described premises or when within 500 feet thereof.
- (6) Railroad rolling stock, other vehicles, and their contents while on the described premises or within 500 feet thereof.
- (7) Property at any location in the United States or Canada rented or purchased by the Insured after the inception date of this Policy up to a limit of \$100,000 or 1% of the face amount of the Policy, whichever is smaller, and for a period of 90 days from date of acquisition unless such property is otherwise insured. No coverage is provided under this clause on property in transit.

This Company shall not be liable for:

- LAW OR ORDINANCE 1. Any increase of loss resulting from any law or ordinance which regulates construction, repair, replacement, use, or which necessitates demolition of any undamaged portions of property on the premises described herein.
- ELECTRICAL CURRENT 2. Loss caused by electrical current artificially generated except for loss by fire ensuing therefrom; electrical arcing itself is not a fire within the intent or meaning of this Policy.
- FINISHED PRODUCT 3. Loss resulting from damage to finished product manufactured by the Insured nor for the time required for its reproduction.
- IDLE PERIODS 4. Loss with respect to any period during which goods would not have been produced, or business operations or services would not have been maintained for any reason other than direct damage to the said premises from a peril insured against herein.
- FLOOD 5. Loss resulting from flood or the release of water from natural or man-made bodies of water, whether or not caused by or contributed to by an insured peril. However, liability is specifically assumed for additional loss or damage by ensuing fire, sprinkler leakage or explosion, all as defined and limited elsewhere in this Policy, resulting from flood or the release of water from natural or man-made bodies of water. For the purpose of this Policy, flood includes but is not limited to tidal wave or seismic sea wave, wave wash, high water, or overflow, surface or rising water, all whether or not driven by wind.
- NUCLEAR PERILS 6. Loss as herein defined caused by nuclear reaction or nuclear radiation or radioactive contamination all whether directly or indirectly resulting from an insured peril under this Policy, except as provided in the Radioactive Contamination Clause.
However, if fire or sprinkler leakage ensues, liability is specifically assumed for loss as herein defined resulting from such ensuing fire or sprinkler leakage but not including any loss due to nuclear reaction, nuclear radiation or radioactive contamination.
- LAND 7. Loss or damage to land.

Permission is given:

- (1) For other insurance.
- (2) To store and use any and all materials usual and incidental to the business or occupancy.
- (3) To alter and repair the described premises.
- (4) To cease operations and for the premises to be vacant or unoccupied for sixty (60) consecutive days, and for more than sixty (60) consecutive days providing the same degree of fire protection and watch service is maintained as existed at the time of the discontinuance of normal operations.
- (5) To operate the establishment all hours, day and night.



STANDARD
DEDUCTIBLE

In each case of loss or damage covered by this Policy, this Company shall not be liable unless the Insured sustains a loss in excess of the largest of the following, and then only for its share of such excess:

1. \$1,000.
2. The specific peril deductible amount when the loss or damage is caused by a peril for which this Policy provides a specific peril deductible amount.
3. Any other applicable deductible amount provided elsewhere in this Policy.

When this Policy covers more than one location, the deductible amount shall apply against the total loss or damage covered by this Policy in any one occurrence.

If two or more deductible amounts provided in this Policy apply for a single occurrence, the total to be deducted shall not exceed the largest deductible amount applicable unless otherwise provided in this Policy.

If this Policy insures against both Property Damage and Time Element, the deductible amount as shown in this Policy shall apply separately to each such coverage, even if both are involved in a single occurrence, unless otherwise provided in this Policy.

OTHER
INSURANCE

It is a condition of this Policy that if at the time of loss there is other insurance against loss as herein defined, whether collectible or not, covering any property included under this Policy against any of the hazards insured against by this Policy, the liability of this Company shall not exceed that proportion of the loss which the amount of insurance against the hazard of fire covered under this Policy bears to the total of such insurance against the hazard of fire in force on any of the property covered hereunder, limited by the following:

1. If such other insurance is not written upon the same plan, terms, conditions and provisions as those contained in this Policy then this Policy shall apply (except as to loss resulting from damage to electrical apparatus by fire caused by an electrical current artificially generated and loss resulting from damage by explosion) only for the difference between the amount for which such other insurance would be liable if insurance provided by this Policy did not exist and the total amount of such loss.
2. If at the time of loss as herein defined caused by explosion or by fire due to electrical current artificially generated there is insurance other than fire insurance or fire insurance with extended coverage applicable to such loss, the loss, to which both the insurance provided by this Policy and such other insurance applies, shall be known as a "Joint Loss". In the event of such "Joint Loss":

(A) this Company shall be liable under this Policy only for the proportion of the said Joint Loss that the amount which would have been payable under this Policy on account of said Joint Loss, had no insurance other than fire insurance or fire insurance with extended coverage existed, bears to the combined total of the said amount and the amount that would have been payable under all other insurance on account of said Joint Loss had there been no insurance under this Policy, but

(B) in case the Policy or Policies, other than fire insurance or fire insurance with extended coverage, do not contain provisions similar to those in (A) above, then this Company shall not be liable under this Policy for any loss caused (1) by explosion, (2) by fire to the equipment in which the loss originated when caused by electrical current artificially generated.

3. If this Policy is divided into more than one item, the foregoing conditions shall apply to each such item separately.

CONSEQUEN-
TIAL LOSS

It is understood and agreed that in the event of direct damage to any property situate on the described premises by reason of any peril insured against by this Policy, and such damage, without the intervention of any other independent cause, results in a sequence of events which causes physical damage to other property situate on the described premises, then this Policy will cover any resulting loss as herein defined.

The liability of this Company includes only the loss incurred during such period as



CONSEQUENTIAL LOSS
(Cont'd)

would be required with the exercise of due diligence under normal conditions to repair or replace the damaged property. Nothing in this clause shall be deemed to extend this insurance to loss which is otherwise specifically excluded from coverage by the terms of this Policy.

NO CONTROL DIVISIBLE CONTRACT

This Company shall not be liable for any increase of loss due to the suspension, cancellation or lapse of any lease, contract, license or order nor for any loss due to fines or damages for breach of contract or for late or non-completion of orders or for penalties of whatever nature nor shall the Company be liable for any other consequential or remote loss.

This Policy shall not be invalidated by increase in hazard in any portion of the premises over which the Insured has no control.

If the premises described in this Policy include two or more buildings, or the contents of two or more buildings, the breach of any condition of this Policy in respect to any one or more of the buildings insured or containing the property insured, shall not prejudice the right to recover for loss occurring in any building insured or containing the property insured where, at the time of the loss, a breach of condition does not exist.

SUBROGATION

This Company may require from the Insured an assignment of all right of recovery against any party for loss to the extent that payment therefor is made by this Company, but this Company shall not acquire any rights of recovery which the Insured has expressly waived prior to loss nor shall such waiver affect the Insured's rights under this Policy.

NO REDUCTION BY LOSS

It is mutually understood and agreed that the amount of insurance shall not be reduced by the payment of losses under this Policy, but the Insured shall in rendering reports (if such are required) include the amount collected for such losses as income for the loss period.

UNDERLYING POLICY

If the premises described in this Policy include property in more than one state, province or territory, it is understood that separate policies underlying this Policy may be issued in compliance with state, province or territory laws, and that this Policy is subject to the conditions of the Standard Fire Insurance Policy of the state, province, or territory in which the individual properties are located. It is further understood, however, that such underlying policies are not to be considered as additional insurance but as duplicates only.

CANCELLATION

It is understood and agreed that the provisions of the Cancellation Clause in this Policy are amended to provide that this Company will give not less than thirty (30) days written notice of cancellation. However, this Policy may be cancelled by the Company if the Insured fails to remit, when due, the payment of Premium Deposit for such policy, by giving the Insured not less than ten (10) days written notice of cancellation.

LIBERALIZATION

If any authorized endorsement or filed rules or regulations affecting this Policy are revised by statute or otherwise so as to broaden the insurance without additional premium charge, such extended or broadened insurance shall inure to the benefit of the Insured hereunder, effective as of the date of the change.

LOSS PAYABLE

Unless otherwise provided herein, loss, if any, is to be adjusted with and payable to the Insured named in this Policy.

PLANS

Reference is hereby made to plan(s) on file in the office of this Company for further description and location of property herein described.

Attached to and forming a part of Policy Contract No. 74089

ALLENDALE MUTUAL INSURANCE COMPANY

Authorized Signature



(Effective 9-30-80 - Amendment No. 55)

Rental Insurance

This Company shall be liable for the Actual Loss Sustained by the Insured (not including non-continuing charges and expenses) of:

- (1) the fair rental value of any portion of the property occupied by the Insured;
- (2) income reasonably expected from rentals of unoccupied or unrented portions of such property;
- (3) the rental income from the rented portions of such property, according to bona fide leases, contracts or agreements in force at the time of loss;
- (4) expenses necessarily incurred in reducing loss under this Policy for an amount not exceeding that by which the loss is reduced;

when the property described elsewhere in this Policy is necessarily rendered wholly or partially untenable as a result of physical damage caused directly by:

- FIRE 1. Fire.
- LIGHTNING 2. Lightning.
- WIND OR HAIL 3. Direct action of wind or hail, except that this Company shall not be liable for any loss:
 - (A) Caused by rain, sleet, snow, sand, or dust except that liability is assumed hereunder for loss caused thereby when such rain, sleet, snow, sand or dust shall enter buildings through openings concurrently broken open by
 - (1) direct force of the wind,
 - (2) substance driven by the wind,
 - (3) hail;

however, if flood ensues or occurs coincident therewith, then the liability assumed hereunder for loss due to such rain, sleet, snow, sand or dust is limited to loss resulting from physical damage above the flood high water mark.

(B) Caused when weight of snow, rainwater, ice or sleet is a contributing factor to the fall or collapse of a building or structure or any part thereof.

SPRINKLER LEAKAGE

- 4. Sprinkler leakage, meaning thereby loss due to water or other substance discharged from any part of the fire protective equipment for the described premises or adjoining premises.

The term "fire protective equipment" shall be held to include tanks, water mains, piping, hydrants, or valves, and any other equipment whether used solely for fire protection or jointly for fire protection and for other purposes but shall not be held to include:

- (A) branch piping from a joint system where such branches are used entirely for purposes other than fire protection;
- (B) any underground water mains or appurtenances located outside of said premises and forming a part of the public water distribution system;
- (C) any pond or reservoir in which the water is impounded by a dam.
- (D) any aqueduct, penstock or their associated surge tanks.

Liability is also specifically assumed for loss as herein defined resulting from:

- (a) the collapse, rupture or fall of tanks forming part of such fire protective equipment or the component parts or supports of such tanks;
- (b) damage to such fire protective equipment due to freezing.

LIQUID DAMAGE

- 5. Escaped liquids, meaning thereby accidental discharge, leakage, backup, or overflow of liquids from within piping, plumbing systems or tanks located on the described premises in excess of \$25,000 for each occurrence, but there shall be no liability under the terms of this Clause for loss as herein defined due to the necessity of: (a) replacement of the escaped liquids, including all materials in solution or



LIQUID DAMAGE (Cont'd)

suspension in the liquids at the time of the escape, (b) repairing the fault that permitted such escape, (c) replacement of or repair of property in transit, (d) removing or recovering such escaped liquids including all materials in solution or suspension in the liquids at the time of the escape, (e) replacement of or repair of property due to damage resulting from the escape of liquids into or from piping or vessels contained within other piping or vessels or from the flow of liquids between interconnected piping, plumbing systems or tanks, (f) replacement of or repair of property due to damage caused by water or other substance discharged from any part of "fire protective equipment" as defined in the Sprinkler Leakage Clause of this Policy, or (g) replacement of or repair of the following property:.....

EXPLOSION

6. Explosion, but this Company shall not be liable under the terms of this clause for any loss occasioned by or incident to explosion in or of the following equipment, owned, operated or controlled by the Insured:

- (A) steam boilers, steam turbines, steam engines, and steam pipes interconnecting any of the foregoing;
(B) moving or rotating machinery or parts thereof when such loss is caused by centrifugal force or mechanical breakdown;
(C) combustion gas turbines;
(D) any product manufactured by the Insured or other property attached thereto or forming or to form a part thereof undergoing pressure tests to the extent of the loss to such property;
(E) vessels, machinery, and equipment while under pressure, utilized directly for (1) Chemical processing involving chemical reactions or change of physical state, or for (2) chemical storage operations consisting of.....
(F) cylinders, drier rolls, bleachers, or digesters, all containing steam, used in the manufacture of pulp or paper;
(G) bleachers, kiers or dry cans, all containing steam used in the manufacture or processing of textiles;
provided said vessels, machinery, or equipment described in (E), (F) or (G) above have a maximum normal internal working pressure exceeding 15 psi above atmospheric pressure.

Liability is specifically assumed for loss as herein defined resulting from:

- (a) the explosion of accumulated combustible gases or unconsumed fuel within the furnace of a boiler or pressure vessel, other than combustion gas turbines, or within the flues or passages which conduct the gases of combustion therefrom;
(b) a combustion explosion outside of any equipment excluded above even though such combustion explosion may have been the direct result of the explosion of such excluded equipment.

The following are not explosions within the intent or meaning of this clause:

- (a) electric arcing or any coincident rupture of electrical equipment due to such arcing;
(b) bursting or rupture caused by freezing;
(c) sonic shock waves, generally known as "sonic boom".

RIOT CIVIL COMMOTION VANDALISM MALICIOUS MISCHIEF

7. Riot, Civil Commotion, Vandalism and Malicious Mischief, including loss as herein defined:

- (A) caused by strikers;
(B) caused by a foreign enemy or agent of any government (de facto or otherwise) if done in secret and not in connection with operations of armed forces in or against the country where the described premises are situate;



RIOT
CIVIL
COMMOTION
VANDALISM
MALICIOUS
MISCHIEF
(Cont'd.)

(C) caused by theft, pillage or looting during and at the immediate place of a riot or civil commotion or "sit-down" strike.

This Company shall not be liable under the terms of this clause for loss resulting from:

(a) delay in repairing or replacing the property lost or damaged, beyond the time necessary for such repair or replacement under normal conditions;

(b) depreciation, delay, deterioration, change in temperature, humidity or atmospheric conditions, interference with customary operations, loss of market, or any other consequential or indirect loss of any kind, whether or not loss due to such contingency is covered by this Policy as to other perils;

(c) inability of Insured to carry on normal operations because of strike or loss caused by the deliberate slowing down or the interfering with business operations on the part of any employee or employees;

(d) operations of armed forces in or against the country where the described premises are situate.

CIVIL
AUTHORITY

8. Acts of destruction at the order of civil authority or military or usurped power at the time of and for the purpose of preventing the spread of fire, provided such fire did not originate from any of the perils herein specifically excluded.

VEHICLES

9. Impact of vehicles, other than aircraft, while moving on land or tracks, except that this Company shall not be liable by the terms of this clause for loss resulting from damage to property other than buildings and structures caused by any vehicle owned or operated by the Insured or by any tenant of the described premises or by any employee of either.

AIRCRAFT

10. Impact of aircraft or missiles or by objects falling therefrom or meteorites, except that this Company shall not be liable by the terms of this clause for loss resulting from damage to property other than buildings or structures caused by any aircraft when being taxied or towed inside or outside of buildings.

SONIC
BOOM

11. Sonic shock waves, generally known as "sonic boom".

SMOKE

12. Smoke, resulting from the sudden, unusual and faulty operation of any stationary furnace located on the described premises.

MOLTEN
MATERIAL

13. Heat from molten material which shall have accidentally escaped from equipment, but there shall be no liability assumed by the terms of this clause for loss as herein defined due to the necessity of removing or recovering the escaped material or repairing the fault which permitted such accidental escape.

RADIOACTIVE
CONTAM-
INATION

14. Sudden and accidental Radioactive Contamination, including resultant radiation damage in excess of \$5,000 for each occurrence, from material used or stored or from processes conducted on the described premises, provided that at the time of such loss there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction nor any new or used nuclear fuel on the described premises.

COLLAPSE

15. Collapse of buildings, structures or a material part thereof in excess of \$25,000 for each occurrence, except that there shall be no liability under the terms of this Clause for loss as herein defined arising from physical damage caused by or resulting from explosion, implosion, flood, earthquake, landslide, subsidence or any other earth movement. Collapse shall not mean settling, cracking, shrinking, bulging, or expansion of pavements, foundations, walls, floors, ceilings or roofs. This Company shall not be liable under the terms of this Clause for loss as herein defined caused by physical damage to: (a) property in transit, (b) property located underground, (c) air inflated buildings, or (d) the following property:

.....
.....



VOLCANIC
ERUPTION

16. Loss or damage to insured property resulting from lava or other material expelled by volcanic action. There shall be no coverage provided by this clause for earthquake, subsidence or other earth movement.

PERILS OTHER THAN FIRE.—The conditions and limitations of the Standard Fire Insurance Policy to which this form is attached shall, unless otherwise herein provided, apply to each of the perils herein insured against to the same extent as though the designations of such other perils were respectively substituted for the word "fire" therein; provided that the limit of risk assumed under this Policy and all riders and supplementary coverages attached hereto shall not exceed in the aggregate the amount of insurance stated in this Policy against loss as herein defined caused by fire.

In adjustment of any loss hereunder, due consideration shall be given to rental conditions before the loss and what reasonably could have been expected had no loss occurred.

The amount of loss (if any) shall not be limited by the date of expiration named in this Policy, but in no event shall this Company be liable for more than the amount of this Policy.

Reporting.—As of the inception date of this Policy and annually as of February 1st.....thereafter, the Insured shall file with this Company a statement of the estimated Rental Income Values for the 12-month period following the date of the report and a statement of the actual Rental Income Values for the preceding 12-month period. These statements shall be filed not later than 90..... days from the above date(s).

In the event of failure of the Insured to furnish the statements of values as above required the following Co-Insurance Clause shall attach and come into full force and effect as of noon of the thirtieth day following that on which a statement is due and shall remain in effect until noon of the day on which the next filed statement is received in the home office of this Company. It is further agreed that in the event that the anticipated Rental Income Values specified in the statement exceed the amount of insurance in force, this Company shall be authorized to effect additional insurance.

Co-Insurance.—In the event of failure of the Insured to comply with the above reporting provisions, this Company shall be liable for no greater proportion of any loss under this Policy than the amount hereby insured bears to *..... per cent (100..%) of the Rental Income Value (to be determined as above) of the above described building or buildings (had no loss occurred) for the twelve months immediately following the date of damage to or destruction of said building(s). However, this Co-Insurance Clause shall not apply unless the agreed loss exceeds five per cent (5%) of the total insurance in force against Loss of Rental Income Value or \$10,000, whichever is the lesser. If this Policy is divided into two or more items, the foregoing shall apply to each item separately.

***One Hundred GENERAL STIPULATIONS, CONDITIONS AND LIMITATIONS**

This Policy Covers Loss As Herein Defined:

- (1) Computed from the time of the damage caused by a peril insured against to the end of the period that would be required, with due diligence, to restore the property, with material of like kind and quality, to the same tenantable condition as existed at the time of the fire or other peril; said period, in case of disagreement, to be determined by appraisalment in the manner provided in the conditions of this Policy;
- (2) Resulting from order of civil authority prohibiting access to the premises described herein, during the period of time, not exceeding two weeks, while access to the said premises is prohibited, but only when such order is given as a direct result of damage or destruction by fire or other peril insured against, in the said premises or in the immediate vicinity thereof, provided such fire or other peril did not originate from any of the perils herein specifically excluded. With respect to the peril of riot, civil commotion, vandalism and malicious mischief, this coverage shall apply only if such order is given as a direct result of damage or destruction in the said premises or within five hundred feet thereof.
- (3) In the event that water, used for power, manufacturing or domestic purposes, stored behind dams or in reservoirs situate on the property described herein, is released from storage as the result of damage to such dam, reservoir or equipment connected therewith, by any of the perils herein insured against, the liability of this Company for such loss because of the resulting inadequate water supply shall not extend more than thirty (30) consecutive days after the damaged or destroyed dam, reservoir or equipment has been repaired or replaced.



(4) In the event of loss or damage by a peril insured against to property under construction and insured by this Policy, the indemnity payable shall be in accordance with the following:

(A) the section numbered (1) under "This Policy covers loss as defined herein" shall read:

(1) Computed for a period of time equivalent to the time in which, with due diligence and dispatch, the property could be repaired or replaced. This equivalent period of time shall be applied to the rental income value that would have been reasonably achieved after construction and startup would have been completed had no physical damage occurred. This period of time is not limited by the day of expiration named in this Policy.

(B) In determining the indemnity payable under this Policy, due consideration shall be given to the available experience compiled after completion of the construction.

This Policy also covers loss as herein defined resulting from physical damage caused by any peril insured against to:

- (1) Tanks, flues, pipes, drains, tunnels, wiring and other equipment and passageways located underground, and to foundations of buildings, machinery and structures, whether or not underground, all on premises containing the property described herein.
- (2) Electrical transmission lines and other electrical equipment and to fuel, water, steam and refrigeration transmission lines, all situate outside the described premises but within 500 feet thereof, except that liability is not otherwise assumed for loss as herein defined resulting from lack of such incoming services caused by an off-premises occurrence unless specifically endorsed herein.
- (3) New buildings and other structures and additions now in process of erection or hereafter erected on the described premises including contents thereof and alterations and repairs to buildings and structures herein insured; also (a) materials and supplies therefor, and (b) equipment, machinery and apparatus for the service thereof, all when on such premises or within 500 feet thereof.
- (4) Property appurtenant to the business of the Insured (not otherwise insured or not excluded by this Policy) outside of buildings and railroad cars when on the described premises or when within 500 feet thereof.
- (5) Railroad rolling stock, other vehicles, and their contents while on the described premises or within 500 feet thereof.
- (6) Property at any location in the United States, Puerto Rico or Canada rented or purchased by the Insured after the inception date of this Policy up to a limit of \$100,000 or 1% of the face amount of the Policy, whichever is smaller, and for a period of 90 days from date of acquisition unless such property is otherwise insured. No coverage is provided under this clause on property in transit.

This Company shall not be liable for:

- ELECTRICAL CURRENT** 1. Loss caused by electrical current artificially generated except for loss by fire ensuing therefrom; electrical arcing itself is not a fire within the intent or meaning of this Policy;
- FLOOD** 2. Loss resulting from flood or the release of water from natural or man-made bodies of water, whether or not caused by or contributed to by an insured peril. However, liability is specifically assumed for additional loss or damage by ensuing fire, sprinkler leakage, or explosion, all as defined and limited elsewhere in this Policy, resulting from flood or the release of water from natural or man-made bodies of water. For the purpose of this Policy, flood includes but is not limited to tidal wave or seismic sea wave, wave wash, high water, or overflow, surface or rising water, all whether or not driven by wind.
- LAW OR ORDINANCE** 3. Any increase of loss resulting from any law or ordinance which regulates construction, repair, replacement, use, or which necessitates demolition of any undamaged portions of property on the premises described herein.



UNTENANT-
ABLE
PERIOD
NUCLEAR
PERILS

4. Loss of Rental Income with respect to any period during which the insured property would not have been tenantable for any reason other than direct damage to the said premises from a peril insured against herein;

5. Loss as herein defined caused by nuclear reaction or nuclear radiation or radioactive contamination all whether directly or indirectly resulting from an insured peril under this Policy, except as provided in the Radioactive Contamination Clause.

However, if fire or sprinkler leakage ensues, liability is specifically assumed for loss as herein defined resulting from such ensuing fire or sprinkler leakage but not including any loss due to nuclear reaction, nuclear radiation or radioactive contamination.

LAND

6. Loss or damage to land.

Permission is Given:

- (1) For other insurance;
- (2) To store and use any and all materials usual and incidental to the business or occupancy;
- (3) To alter and repair the described premises;
- (4) To cease operations and for the premises to be vacant or unoccupied for sixty (60) consecutive days, and for more than sixty (60) consecutive days providing the same degree of fire protection and watch service is maintained as existed at the time of the discontinuance of normal operations;
- (5) To operate the establishment all hours, day and night.

STANDARD
DEDUCTIBLE

In each case of loss or damage covered by this Policy, this Company shall not be liable unless the Insured sustains a loss in excess of the largest of the following, and then only for its share of such excess:

- 1. \$1,000.
- 2. The specific peril deductible amount when the loss or damage is caused by a peril for which this Policy provides a specific peril deductible amount.
- 3. Any other applicable deductible amount provided elsewhere in this Policy.

When this Policy covers more than one location, the deductible amount shall apply against the total loss or damage covered by this Policy in any one occurrence.

If two or more deductible amounts provided in this Policy apply for a single occurrence, the total to be deducted shall not exceed the largest deductible amount applicable unless otherwise provided in this Policy.

If this Policy insures against both Property Damage and Time Element losses, the deductible amount as shown in this Policy shall apply separately to each such coverage, even if both are involved in a single occurrence, unless otherwise provided in this Policy.

OTHER
INSURANCE

It is a condition of this Policy that if at the time of loss there is other insurance against loss as herein defined, whether collectible or not, covering any property included under this Policy against any of the hazards insured against by this Policy, the liability of this Company shall not exceed that proportion of the loss which the amount of insurance against the hazard of fire covered under this Policy bears to the total of such insurance against the hazard of fire in force on any of the property covered hereunder, limited by the following:

- 1. If such other insurance is not written upon the same plan, terms, conditions and provisions as those contained in this Policy then this Policy shall apply (except as to loss resulting from damage to electrical apparatus by fire caused by an electrical current artificially generated and loss resulting from damage by explosion) only for the difference between the amount for which such other insurance would be liable if insurance provided by this Policy did not exist and the total amount of such loss.



OTHER
INSURANCE
(Cont'd)

2. If at the time of loss as herein defined caused by explosion or by fire due to electrical current artificially generated there is insurance other than fire insurance or fire insurance with extended coverage applicable to such loss, the loss, to which both the insurance provided by this Policy and such other insurance applies, shall be known as a "Joint Loss". In the event of such "Joint Loss":

(A) this Company shall be liable under this Policy only for the proportion of the said Joint Loss that the amount which would have been payable under this Policy on account of said Joint Loss, had no insurance other than fire insurance or fire insurance with extended coverage existed, bears to the combined total of the said amount and the amount that would have been payable under all other insurance on account of said Joint Loss had there been no insurance under this Policy, but

(B) in case the Policy or Policies, other than fire insurance or fire insurance with extended coverage, do not contain provisions similar to those in (A) above, then this Company shall not be liable under this Policy for any loss caused (1) by explosion, (2) by fire to the equipment in which the loss originated when caused by electrical current artificially generated.

3. If this Policy is divided into more than one item, the foregoing conditions shall apply to each such item separately.

CONSEQUEN-
TIAL
LOSS

It is understood and agreed that in the event of direct damage to any property situate on the described premises by reason of any peril insured against by this Policy, and such damage, without the intervention of any other independent cause, results in a sequence of events which causes physical damage to other property situate on the described premises, then this Policy will cover any resulting loss as herein defined.

The liability of this Company includes only the loss incurred during such period as would be required with the exercise of due diligence under normal conditions to repair or replace the damaged property. Nothing in this clause shall be deemed to extend this insurance to loss which is otherwise specifically excluded from coverage by the terms of this Policy.

This Company shall not be liable for any increase of loss due to the suspension, cancellation or lapse of any license or order nor for any loss due to fines or damages for breach of contract or for penalties of whatever nature nor shall the Company be liable for any other consequential or remote loss.

NO
CONTROL

This Policy shall not be invalidated by increase in hazard in any portion of the premises over which the Insured has no control.

DIVISIBLE
CONTRACT

If the premises described in this Policy include two or more buildings, or the contents of two or more buildings, the breach of any condition of this Policy in respect to any one or more of the buildings insured or containing the property insured, shall not prejudice the right to recover for loss occurring in any building insured or containing the property insured where, at the time of the loss, a breach of condition does not exist.

SUBROGA-
TION

This Company may require from the Insured an assignment of all right of recovery against any party for loss to the extent that payment therefor is made by this Company, but this Company shall not acquire any rights of recovery which the Insured has expressly waived prior to loss nor shall such waiver affect the Insured's rights under this Policy.

NO REDUCTION
BY LOSS

It is mutually understood and agreed that the amount of insurance shall not be reduced by the payment of losses under this Policy, but the Insured shall in rendering reports (if such are required) include the amount collected for such losses as income for the loss period.



UNDERLYING POLICY

If the premises described in this Policy include property in more than one state, province or territory, it is understood that separate policies underlying this Policy may be issued in compliance with state, province or territory laws, and that this Policy is subject to the conditions of the Standard Fire Insurance Policy of the state, province, or territory in which the individual properties are located. It is further understood, however, that such underlying policies are not to be considered as additional insurance but as duplicates only.

CANCELLATION

It is understood and agreed that the provisions of the Cancellation Clause in this Policy are amended to provide that this Company will give not less than thirty (30) days written notice of cancellation. However, this Policy may be cancelled by the Company if the Insured fails to remit, when due, the payment of Premium Deposit for such policy, by giving the Insured not less than ten (10) days written notice of cancellation.

LIBERALIZATION

If any authorized endorsement or filed rules or regulations affecting this Policy are revised by statute or otherwise so as to broaden the insurance without additional premium charge, such extended or broadened insurance shall inure to the benefit of the Insured hereunder, effective as of the date of the change.

USE OF OTHER PROPERTY

The Insured agrees to use any suitable property or service owned or controlled by the Insured or obtainable from other sources in reducing the loss under this Policy.

LOSS PAYABLE

Unless otherwise provided herein, loss, if any, is to be adjusted with and payable to the Insured named in this Policy.

PLANS

Reference is hereby made to plan(s) on file in the office of this Company for further description and location of property herein described.

Attached to and forming a part of Policy Contract No. 74089.....

ALLENDALE MUTUAL INSURANCE COMPANY

.....
Authorized Signature

REINSURANCE RIDER Amendment No. 46

(1) The liability of this Company under Section II of this policy has been partially reinsured under uniform reinsurance contracts, and each Company's percentage (retained or reinsured) of the amounts of insurance and of premium deposit and of any increases or decreases in such amounts effected during the term hereof is as follows:

PERCENTAGE OF SECTION II

Key Letter	C					
Allendale Mutual Insurance Company, Johnston, R. I.	55.0					
Arkwright-Boston Manufacturers Mutual Insurance Company, Waltham, Mass.	18.1					
Philadelphia Manufacturers Mutual Insurance Company, Valley Forge, Pa.	5.9					
Protection Mutual Insurance Company, Park Ridge, Ill.	21.0					
	100%	100%	100%	100%	100%	100%

The return of unabsorbed premium deposit, if any, under Section II shall be the aggregate of the returns made by this Company and by all the Reinsuring Companies set forth above on each Company's share of the total premium deposit.

(2) The liability of this Company under Section III of this Policy has been partially reinsured under uniform reinsurance contracts with the Companies listed in paragraph (1). Each Company's percentage (retained or reinsured) of the amounts of insurance and of premium deposit and of any increases or decreases in such amounts effected during the term hereof is based upon a distribution agreed to by the Companies. Said percentage of amounts and premium deposit shall change as the Companies may change such distribution.

The return of unabsorbed premium deposit, if any, under Section III shall be the aggregate of the returns made by this Company and by all the Reinsuring Companies set forth above on each Company's share of the total premium deposit.

(3) If this Company, during the time this Policy is in force, should ever be placed in the hands of a receiver, assignee, trustee, state commissioner of insurance or other person for the purpose of liquidation, each of the Reinsuring Companies shall be directly liable to the holder of this Policy for the payment of unabsorbed premium deposit and unpaid past and future losses in accordance with Article X of the Factory Mutual Reinsurance Agreement, which is printed on the reverse side of this Rider, and which is binding on all the Reinsuring Companies.

(4) In accordance with the Factory Mutual Intercompany Reinsurance Agreement (Article XI), in the event of the insolvency of any reinsuring company the other Factory Mutual Companies opposite which a percentage is shown above agree that they shall each be liable for the proportion of any outstanding losses reinsured by such insolvent reinsuring company which the amount of insurance or reinsurance carried by each of them bears to the total insurance and reinsurance in the solvent companies on the risks which suffered loss.

ALLENDALE MUTUAL INSURANCE COMPANY

By _____
Authorized Signature

ARTICLE X
SUBSTITUTION OF THE REINSURING COMPANIES FOR THE PLACING COMPANY

Unless otherwise specifically provided by law, the Reinsuring Companies shall be directly liable to the policyholder of the Placing Company, if the Placing Company shall be placed in the hands of a receiver, assignee, trustee, state commissioner of insurance or other person for the purpose of liquidation, under the following conditions:

- A. If at such time there shall be in force any policies issued by the Placing Company and reinsured hereunder, the Reinsuring Companies shall thereupon be substituted for the Placing Company upon any such policies as to liability for unpaid past losses and future losses to the extent of the amount reinsured by them and in addition, to the extent a loss is not covered by a State Insolvency Fund due to operation of the limit per loss in the provision of said Fund, for the proportion of the said loss amount retained by the Placing Company which each Reinsuring Company's amount of reinsurance bears to the total amount reinsured, all as shown by the reinsurance rider attached to the reinsured policy.
- B. Losses shall be paid directly to the Insured named in the reinsured policies. The Reinsuring Companies shall have all the rights and privileges possessed by the Placing Company under the policies issued to the Insured, and shall be liable to the Insured under such policies to the extent specified above for the payment of losses as if they had been named in such policies as the Insurer. The assumption by the Reinsuring Companies of such loss liability to the Insured named in the policies of the Placing Company to which the reinsurance rider is attached shall thereby relieve them from all such liability to the Placing Company and to its liquidator, receiver, assignee, trustee, state commissioner of insurance or other person.
- C. If at such time there shall be in force any policies issued by the Placing Company and reinsured hereunder which upon their expiration or prior termination would entitle the policyholder to any return of unabsorbed premium deposit declared as payable by the Reinsuring Companies, payment of such unabsorbed premium deposit shall be made directly to the Insured, or any other person designated in such reinsured policies as the intended recipient thereof, and not to a receiver, assignee, trustee, state commissioner of insurance or other person responsible for the liquidation of the Placing Company.

On the reinsurance of all policies which do not provide for substitution of the Reinsuring Companies for the Placing Company the reinsurance shall be payable by the Reinsuring Companies on the basis of the liability of the Placing Company under the contract or contracts reinsured without diminution because of the insolvency of the Placing Company, directly to the Placing Company or of its liquidator, receiver or other statutory successor.

This Endorsement applies to Location
No. 1 Only

Acct. No. 1-70731 Policy No. 74089...
Sheet No. E-2...
Effective - February 1, 1979
Amendment No. 46

Optional Endorsement No. 18-OM (5/74)



REPAIR OR REPLACE

It is understood and agreed, subject to all the terms, conditions and stipulations of the Policy to which this endorsement is attached, not in conflict herewith, that in case of loss or damage to:

Any property covered under this Policy except Stock and Supplies, Jigs and Fixtures, Dies, Small Tools, Drawings, Patterns, Records including Records on Photographic Film, Data Processing Media, Data Storage and Program Devices, Manuscripts, Contractor's Equipment, Employees Personal Property, Personal Property of Third Parties and

.....
this Policy is hereby extended to indemnify the Insured for the cost, as of the time of loss, of replacement of the damaged or destroyed property in a new condition subject to the following conditions:

1. If property damaged or destroyed is useless to the Insured or is not repaired, rebuilt or replaced on the same or another site within two years from the date of loss or damage, this Company shall not be liable for more than the actual cash value (ascertained with proper deduction for depreciation) of the property destroyed.
2. The total liability of this Company under this Policy for loss to property included under this endorsement shall not exceed the smallest of the following:
 - a. the cost to repair, or
 - b. the cost to rebuild or replace, all as of the time of loss, on the same site, with new materials of equivalent size, kind and quality, or
 - c. the actual expenditure incurred in rebuilding, repairing or replacing the damaged or destroyed property on the same or another site, but not to exceed the size and operating capacity that existed at the time of loss.
3. This Company shall not be liable for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair.
4. If at the time of loss covered under this Policy claim is made for the cost of replacement of the property damaged or destroyed, then this Company shall be liable under this endorsement for no greater proportion of such loss than the amount ~~latest amount~~ bears to 90% of the cost at the time of loss and at the same site of replacement in a new condition with materials of equivalent size, kind and quality, of all the property included under the terms of this endorsement. The value of the foundations and other property located below the lowest basement floor or, where there is no basement, below the surface of the ground shall be disregarded in applying this co-insurance provision. In the event that the aggregate claim for any loss covered under the conditions of this endorsement is less than \$10,000 and less than 5% of the total amount of insurance provided hereby, no special inventory or appraisal of the undamaged property shall be required.

| AMEND. No.
AMT. EFF. AFTER |
|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| \$ | \$ | \$ | \$ | \$ | \$ |

| AMEND. No.
AMT. EFF. AFTER |
|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| \$ | \$ | \$ | \$ | \$ | \$ |

Optional Endorsement No. 18-OM (5/74)



If at the time of loss as covered under the conditions of the item(s) of this Policy to which this endorsement applies there is other insurance written (1) on an actual cash value basis only, or (2) with a separate amount applicable for the difference between the actual cash value (ascertained with proper deduction for depreciation) and the cost of replacement, then the amount of insurance provided under said item(s) of this Policy shall be divided and apply as follows:

- a. \$..... On actual cash value (ascertained with proper deduction for depreciation).
- b. \$..... On difference between actual cash value and cost of replacement in a new condition, it being agreed that this Company shall be liable for no greater proportion of any loss or damage calculated on an actual cash value basis than the amount set forth in a. above bears to the total amount of all actual cash value insurance in force, and shall be liable for no greater proportion of the loss suffered on the difference between the actual cash value of the damaged or destroyed property and the cost of replacement in a new condition than the amount set forth in b. above bears to the total amount of all insurance against loss for the difference between actual cash value and actual cost of replacement in a new condition.

In order to comply with the laws of the following states, it is understood and agreed that in the application of this endorsement the following conditions shall apply:

- a. for property situated in the Commonwealth of Massachusetts or the State of North Carolina the portion of the first sentence reading "as of the time of loss, of replacement of the damaged or destroyed property in a new condition" is hereby deleted and the following is substituted therefor "of repairing, rebuilding or replacing on the premises described in the Policy or some other location within the Commonwealth of Massachusetts, or the State of North Carolina, as the case may be, mutually agreed upon between the Insurer and the Insured with materials of like size, kind and quality".
- b. for property situated in the State of Washington this endorsement shall be applicable only to buildings, machinery and equipment.
- c. for property situated in the Commonwealth of Massachusetts household furniture and furnishings in dwelling houses shall be excluded.

This endorsement shall apply only to Loc (s) No.(s).....*..... of the Policy to which it is attached and the foregoing provisions shall apply to each such Loc separately.

*See Section B

ALLENDALE MUTUAL INSURANCE COMPANY

.....
Authorized Signature

Allendale

HANNOCH WEISMAN

A PROFESSIONAL CORPORATION
COUNSELLORS AT LAW

4 BECKER FARM ROAD
ROSELAND, NEW JERSEY 07068-3788

(201) 335-3300

FACSIMILE

(201) 884-7198

N. Y. TELEPHONE

(212) 732-3262

PLEASE REPLY TO:

P.O. BOX 1040

NEWARK, NJ 07101-9819

1150 SEVENTEENTH STREET, N.W.

SUITE 600

WASHINGTON, DC 20036

(202) 296-3432

OF COUNSEL

RICHARD J. HUGHES

JOSEPH A. WEISMAN

ROBERT A. MATTHEWS

WRITER'S DIRECT LINE:

535-5356

FILE #

37098-16

50 WEST STATE STREET
SUITE 400
P.O. BOX 1298
TRENTON, NJ 08607-1298
(609) 392-2100
FACSIMILE (609) 392-7956

100 OVERLOOK CENTER
SUITE 301
CN 5304
PRINCETON, NJ 08543 5304
(609) 987-9200
FACSIMILE (609) 987 0118

April 2, 1991

Allendale Mutual Insurance Company
Allendale Park
P.O. Box 7500
Johnson, Rhode Island 02919

Attention: Environmental Claims Section

Re: Insurer: Allendale Mutual Insurance Company
Insured: United State Radium Corporation
Policy: No.: 74089
Policy Period: 2/1/73 - 2/1/76
 2/1/76 - 2/1/79
 2/1/79 - 2/1/82
Policy Type: Mutual Corporation/Non-Assessable
Policy

Dear Sir/Madam:

On behalf of our client and your insured, we hereby place you on notice of two (2) claims under the above referenced policies, one being asserted by the U.S. Nuclear Regulatory Commission ("USNRC") concerning the Bloomsburg, Pennsylvania facility and the other being asserted by Van Dyke Research Corporation and Apollo Associates Limited concerning the Whippany, New Jersey facility.

BLOOMSBURG, PENNSYLVANIA CLAIM

This office represents Safety Light Corporation, the renamed United States Radium Corporation ("USNRC"), in its attempt to defend against and/or obtain coverage for the USNRC claim. By order dated March 16, 1989 a copy of which is enclosed, the USNRC inter alia required your insured to undertake the preparation and implementation for a plan of site

HANNOCH WEISMAN

A PROFESSIONAL CORPORATION

Allendale Mutual Insurance Company

April 2, 1991

Page 2

characterization and decontamination of the Bloomsburg property. This order was apparently triggered by USNRC's concern that there might not be adequate finances available to decontaminate the Bloomsburg property. On June 2, 1989 a Joint Characterization Plan prepared by your insured's consultant, IT Corporation, was submitted to the USNRC in response to the March, 1989 order. This plan was rejected by the USNRC on June 16, 1989; however, a revised plan dated August 9, 1989 was approved on September 11, 1989.

By order dated August 21, 1989, the USNRC required your insured and Safety Light Corporation to contribute over the course of one year, \$1 million to an escrow account to finance the Site Characterization Plan. By orders dated November 22, 1989 and December 1, 1989, the USNRC imposed a stay of both the March 16, 1989 and the August 21, 1989 orders pending a full hearing on the issue. By order dated February 7, 1990, the USNRC vacated this stay and again directed your insured to immediately begin contributing to the aforementioned escrow account. By order dated March 8, 1990, the USNRC modified the February 7 order to provide that your insured need not make cash payments contemplated by that order "so long as they furnish the staff and equivalent security interest in assets possessed by them." Negotiations concerning same are continuing.

You should be aware that your insured and Safety Light Corporation have commenced a declaratory judgment action in the State of New Jersey for a defense and indemnification of claims filed against them for activities attributed to the operation by USRC of a radium processing facility located in Orange, New Jersey. A copy of the Fourth Amended Complaint in that action is enclosed for your review. As you can see, paragraph 52 of the Complaint was amended to include the USNRC claim referenced above. The Complaint has not been amended to include your company as a party defendant, pending prior notification of your office.

Although your insured has also notified its other carriers of this claim, neither a defense or indemnification has been provided. Given the USNRC's position in this matter and your insured's vulnerable financial position, it is possible that in the absence of coverage being provided in the immediate future your insured may be forced into bankruptcy. It is therefore imperative that this claim be given your immediate attention.

HANNOCH WEISMAN

A PROFESSIONAL CORPORATION

Allendale Mutual Insurance Company
April 2, 1991
Page 3

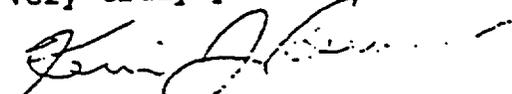
WHIPPANY, NEW JERSEY CLAIM

The basis for this notice of claim is a demand letter dated April 3, 1990, a copy of which is attached hereto, received by our client from counsel to Van Dyke Research Corporation and Apollo Associates.

The enclosed demand letter represents the full extent of our knowledge concerning this potential claim. As of this writing, we are not aware of any formal action having been filed against your insured. We will of course keep you apprised of future events as they develop.

If you have any questions concerning the above or enclosed, please do not hesitate to contact me.

Very truly yours,


KEVIN J. BRUNO

KJB/JNW:tmh
Enclosures

STANDSTILL AND TOLLING AGREEMENT

This Standstill and Tolling Agreement (the "Agreement") is entered into on this 5th day of June, 1991, by United States Radium Corporation, now known as Safety Light Corporation, ("USRC") and Factory Mutual Engineering Association, on behalf of Allendale Mutual Insurance Company ("Allendale").

WHEREAS, Allendale issued to USRC a first party physical damage insurance policy, Policy No. 74089 ("the policy");

WHEREAS, USRC first notified Allendale by letter of April 2, 1991, of a claimed loss at one location in Bloomsburg, Pennsylvania;

WHEREAS, USRC and Allendale have conferred and concur, subject to the conditions set forth below, that it is in their mutual interests to establish certain time-related procedures with respect to Allendale's investigation of the claimed loss to determine policy coverage application and with respect to the resolution of any dispute concerning coverage under the policy;

NOW, THEREFORE, in consideration of the mutual undertakings and covenants contained herein, USRC and Allendale ("the Parties") hereby agree as follows:

1. Standstill Provisions. For the purposes of this Agreement, "Action" means any lawsuit, arbitration or other form of proceeding that relates to insurance coverage under the policy for the claimed loss. Neither Party shall initiate an Action against the other Party during the period this Agreement is in effect

(as provided in paragraph 3). Allendale shall not commence or conduct an investigation of the claimed loss to determine policy coverage application during the period this Agreement is in effect (as provided in paragraph 3).

2. Tolling Provisions. For purposes of this Agreement, the applicable "Tolling Period" means the period starting April 2, 1991, and ending one day after the effective termination of this Agreement (as provided in paragraph 3). No period of limitation, whether contractual or statutory, on an Action shall run between the Parties during the Tolling Period, nor shall either Party put forward or rely upon such Tolling Period as a waiver or estoppel or as a time bar under the doctrine of laches or any other legal theory, in order to preclude or defeat an Action by the other Party; provided, however, that nothing in this Agreement modifies or otherwise alters any waiver, estoppel or time bar existing prior to April 2, 1991, and that no claims, suits, actions or rights for which a contractual or statutory limitation period or time requirement expired as of April 2, 1991 are revived or in any way affected by this Agreement.

3. Period of Effect Between Parties. This Agreement shall be deemed to have taken effect on April 2, 1991 and shall only terminate if one Party sends the other a written notice of termination (as provided in paragraph 5) by overnight delivery. The effective time of such termination shall be at 12 o'clock noon Eastern Standard Time, on the tenth day after the notified Party receives the notice of termination. The notice of termination may be revoked only if the notified Party receives a notice from the revoking Party within the 10-day period.

4. Reservation of Rights. The Parties reserve all existing rights, privileges, defenses and contentions, as of April 2, 1991, as against one another, and they enter into and proceed under this Agreement without prejudice to or waiver of those rights, privileges, defenses and contentions. Nothing in this Agreement creates, waives, satisfies, or modifies any term, condition, or requirement of the policy prior to April 2, 1991, or following termination of this Agreement as provided in paragraph 3. Except to enforce the terms of this Agreement or to respond to assertions about its effect, neither Party shall use the execution of this Agreement, or any negotiations leading to it or the negotiation of its terms, against the other Party in any Action or other litigation or legal controversy.

5. Notice. All notices provided for under this Agreement shall be furnished as follows:

To Allendale: Peter H. Hachenburg, Esq.
Assistant General Counsel & Assistant Secretary
Factory Mutual Engineering Association
1151 Boston-Providence Turnpike
P.O. Box 9102
Norwood, Massachusetts 02062

To USRC: Kevin J. Bruno, Esq.
Hannoch Weisman
4 Becker Farm Road
Roseland, New Jersey 07068-3788

A notice shall be deemed received by a Party if it is hand-delivered to its address as stated herein, or as stated in its last written notice of an address change, as the case may be.

6. Modification. This Agreement may be modified only in a writing signed by the Parties.

FACTORY MUTUAL ENGINEERING ASSOCIATION
on behalf of ALLENDALE MUTUAL INSURANCE COMPANY

By: Peter H. Hachenburg
Peter H. Hachenburg
Assistant General Counsel and
Assistant Secretary

DATE: June 5, 1991

United States Radium Corporation
now known as Safety Light Corporation

By: Kevin J. Bruno
Kevin J. Bruno
Duly authorized representative

DATE: June 10, 1991

exhibit #

JUL 06 1998

HANNOCH WEISMAN

A PROFESSIONAL CORPORATION
COUNSELLORS AT LAW

4 BECKER FARM ROAD
ROSELAND, NEW JERSEY 07068-3788

JUN 18 1998

TELEPHONE: (973) 535-5300
FACSIMILE: (973) 994-7198
NEW YORK TELEPHONE: (212) 732-3262

Writer's Direct Line:

(973) 535-5356
kbruno@hannoch.com

File #

37098-16

June 16, 1998

Peter H. Hachenburg, Esq.
Assistant General Counsel & Assistant Secretary
Factory Mutual Engineering Association
1151 Boston-Providence Turnpike
P. O. Box 9102
Norwood, Massachusetts 02062

Re: Insurer: Allendale Mutual Insurance Company
Insured: United States Radium Corporation
Policy No.: 74089
Policy Period: 2/1/73 to 2/1/82

Dear Mr. Hachenburg:

This office represents Safety Light Corporation ("Safety Light"), the re-named United States Radium Corporation ("US Radium"), with respect to various environmental matters and the pursuit of insurance coverage for same.

By letter dated April 2, 1991, this office provided notice to Allendale Mutual Insurance Company ("Allendale") of several claims, including a claim being asserted by the United States Nuclear Regulatory Commission ("USNRC") concerning environmental conditions on property owned and operated by Safety Light located in Bloomsburg, Pennsylvania. A copy of that letter is attached. Following that notice and several conversations with your office, it was agreed that the parties would best be served by entering into a Standstill and Tolling Agreement with respect to the Bloomsburg, Pennsylvania claim. A copy of that Agreement, dated June 5, 1991, is attached.

As we discussed last week, events relating to the USNRC claim have "matured" to a point where our client has determined to renew its request for coverage of that matter. Pursuant to paragraph 3 of the aforementioned Standstill and Tolling Agreement, we are providing written notice of our client's decision to terminate that Agreement. By this, our client has not

HANNOCH WEISMAN
A PROFESSIONAL CORPORATION

Peter H. Hachenburg, Esq.
June 16, 1998
Page 2

determined to commence legal proceedings for coverage of this claim. Rather, it is our intention to engage in an informal dialogue to determine whether and in what fashion this claim can be resolved in a manner satisfactory to all parties.

Please contact me on your receipt of this letter so that we can discuss how best to proceed and, in particular, the most efficient method of updating your office as to the status of this claim.

As always, your kind attention to this matter is greatly appreciated.

Very truly yours,


KEVIN J. BRUNO

KJB/dlg
Enclosures

Exhibit I

ROBERTSON, FREILICH, BRUNO & COHEN L.L.C.

COUNSELLORS AT LAW
89 HEADQUARTERS PLAZA
NORTH TOWER 14TH FLOOR
MORRISTOWN, NEW JERSEY 07960
TELEPHONE (973) 993-1735
FAX (973) 993-1438

MAR 25 1999

Writer's Direct Line: (973) 993-1854

February 22, 1999

Via Certified Mail - RRR

Mr. Christopher P. Wasko
Factory Mutual Engineering Association
401 City Avenue, Suite 715
Bala Cynwyd, PA 19004

Re: United States Radium Corporation
Your Account No. 01-70731

Dear Mr. Wasko:

This is in response to your letter of January 8, 1999, requesting information on the above-referenced claim. We will respond to your inquiries below. Initially, however, we want to bring you up to date on the current status of the claim.

At a meeting at the facility on January 26, 1998, Safety Light was informed by the Nuclear Regulatory Commission ("NRC") that the remediation of the underground silos would have to be implemented before Safety Light's license renewal application would be considered. (Safety Light's current NRC license expires at the end of 1999.) The NRC has focused on the silos because all parties have concluded that it represents the greatest risk to health and property.

Safety Light's consultant, OHM, will now be preparing a radiation safety plan for the silo remediation. Once the NRC conducts its environmental assessment of that plan, the remediation can begin. We anticipate that the silo remediation will commence within the next 4-5 months. Safety Light's license renewal is essential to its business; without a NRC license the facility cannot operate. We therefore reiterate the necessity of your considering this claim in a timely fashion.

#1) A full description and details of the contamination, including specific dates, events, quantities and investigatory and corrective action taken.

Mr. Christopher P. Wasko
Page 2
February 22, 1999

Safety Light Corporation, through our office, has already provided you with a great deal of information concerning the details of the contamination, including dates, events, quantities and investigatory and corrective action taken. The voluminous reports produced to you speak for themselves on those questions. We met with you at the offices of Hannoeh Weisman on August 18, 1998 and also provided you with an opportunity to tour the site in question, with your outside counsel, on December 7, 1998.

Suffice it to say that the nature of the contamination on the site includes surface and subsurface soils, the silos and the material therein, water associated with certain wells, and areas within many of the buildings, as set forth in the reports. As we discussed at our August meeting, many of the buildings at issue are slated for complete or partial demolition, while others are scheduled to be decontaminated. As the reports indicate, the principal contaminants include Radium 226, Cesium 137 and Americium 241.

#2) A full description and details of physical damage to insured property from an insured peril or event, including reports and costs or estimates.

Again, any and all details of the physical damage to the property are included in the many reports provided to you. The insured peril, discussed in more detail below, is radioactive contamination. The most up to date information on costs or estimates to remediate the site are contained in the OHM report in your possession.

Upon further investigation, the information on the strontium explosion provided to you during the site visit was found to be in error. We are told by a former employee of the facility that the strontium explosion in fact occurred prior to the Allendale policy period.

#3) The basis on which United States Radium Corporation believes that cleanup of the claimed contamination may be covered under referenced Policy No. 74089 or any other Allendale Mutual Insurance Company policies.

The Allendale policies in Safety Light's possession provide coverage specific to this claim. The following outlines the more salient bases for our claim:

THE SITE IS COVERED

First, it is undisputed that the Almedia (or "Bloomsburg") site is a covered location under the policies.

PROPERTY DAMAGE IS COVERED

Second, the policy clearly insures against property damage at that site:

Mr. Christopher P. Wasko
Page 3
February 22, 1999

"This Policy provides insurance against Property Damage to the property of the Titled Insured, including the Insured's interest in Improvements and Betterments, and insurance against Business Interruption and Extra Expense loss, when such loss or damage is caused by the perils herein insured against, except loss to any property specifically excluded." Sheet No. B-1

(There are certain enumerated buildings excluded from coverage at this location, but Safety Light does not seek any coverage related to those buildings.)

THE PERIL, RADIOACTIVE CONTAMINATION, IS A COVERED PERIL

"Radioactive contamination" is one of the perils insured against under these policies. In fact, the insurance company made a specific point of increasing its radioactive contamination coverage during the time period of Safety Light's coverage. This is consistent with Allendale's underwriting activities at that time. Best's Reports on Allendale from 1974 through 1986 refer to the "expansion of existing protection against radioactive contamination".

The insuring clause reads as follows:

"[This Policy also covers any direct loss or damage to the herein insured property caused by the perils hereinafter defined]...Sudden and accidental Radioactive Contamination, including resultant radiation damage in excess of \$5,000 for each occurrence, from material used or stored or from processes conducted on the described premises, provided that at the time of such loss there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction nor any new or used nuclear fuel on the described premises."

There is no "nuclear reactor capable of sustaining nuclear fission" at the property, nor has there ever been any new or used nuclear fuel.¹ The radioactive contamination at issue clearly stems from "materials used or stored or from processes conducted on the [Almedia property]".

PROPERTY LOCATED UNDERGROUND IS COVERED

The policies contain a clause covering underground structures, tanks, etc. It reads as follows:

"If the Policy covers buildings, machinery or structures, it shall also cover tanks, flues, pipes, drains, tunnels, wiring or other equipment and passageways located underground on premises containing the property described herein and appurtenant thereto, and if such premises are not located in the State of Ohio, the Policy is further

¹ See, Chemetron Investments Inc. v. Fidelity & Casualty Co., 886 F. Supp. 1194 (W.D. Pa. 1994); Constitution State Ins. Co. v. Iso-Tex, Inc., 61 F3d 405 (5th Cir. 1995), reh'g denied, (1995).

Mr. Christopher P. Wasko
Page 4
February 22, 1999

extended to cover foundations of buildings, machinery and structures, whether or not underground."

The property is not located in Ohio, and the Policy does cover buildings. Thus, there is no caveat to this clause taking effect. This would allow coverage for the underground silos, which are a chief source of concern (and remediation costs) as well as coverage for the insured buildings, including foundations and machinery.

DEBRIS REMOVAL IS COVERED

The policy covers expense of removal from the premises of debris remaining after any loss, "except that there shall be no liability assumed for the expense of removal of (a) any foundations, other than damaged portions which must be removed for repair or rebuilding; (b) any building or part thereof, the removal of which is required by any ordinance or law regulating construction or repair."

Since a significant amount of remediation activity at the site will require demolition of covered buildings, this provision covers removal of all debris. The removal of these buildings is required, but not by an ordinance or law regulating construction or repair.

CONSEQUENTIAL DAMAGES ARE COVERED

The policy states: "In the event of direct damage to any property situate on the described premises by reason of any peril insured against by this Policy...and such damage, without the intervention of any other independent cause, results in a sequence of events which causes physical damage to other property insured by this Policy, then this Policy will cover such resulting loss or damage."

THE NUCLEAR PERILS EXCLUSION DOES NOT APPLY

This exclusion is for loss or damage "caused by nuclear reaction or nuclear radiation or radioactive contamination, all whether directly or indirectly resulting from an insured peril under this Policy, except as provided in the Radioactive Contamination Clause under the caption 'Supplementary Coverages'".

The radioactive contamination clause (see above) is therefore itself an exception to the nuclear perils exclusion.

NO OTHER POLICY EXCLUSIONS APPLY

An exclusion for "Land" is contained in the last policy, 1979-1982, however, this does not apply to this claim.

Mr. Christopher P. Wasko
Page 5
February 22, 1999

SAFETY LIGHT'S CLAIM AGAINST ALLENDALE

For the purposes of settlement discussions only, Safety Light does not seek any defense costs or past costs, which have been considerable. Safety Light seeks from Allendale the costs soon to be incurred in remediating the covered buildings, and associated foundations, equipment, underground appurtenances, etc. specifically the underground silos. We reserve the right to seek such additional costs as may be provided for in the subject policies.

We appear to have a core difference of opinion as to how we view the Allendale coverage to be triggered and how you view it. As discussed in our initial meeting, it is our position that covered damage occurred during the Allendale policy period, and that there was no compensable loss until the NRC required remediation of the property. To the extent you disagree with the above analysis, we request that you provide us with your analysis, in writing, as soon as possible so that we may evaluate how to proceed.

This letter and the materials previously furnished shall constitute our proof of loss for this claim. If you require any additional information in order to satisfy the policy requirements, please let us know.

Very truly yours,

ROBERTSON, FREILICH, BRUNO
& COHEN

By: Suzanne Q. Chamberlin
Suzanne Q. Chamberlin

cc: Mr. William Lynch
Mr. Ralph McElvenney
Mr. Charles R. White
Mr. Jack Miller

UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA

Allendale Mutual Insurance Company,

Plaintiff,

v.

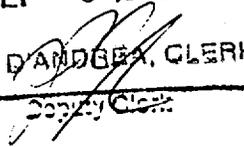
Safety Light Corporation,
Defendant.

4: CV-99-1147

Magistrate Judge Smyser

FILED
HARRISBURG, PA

SEP 3 1999

MARY E. D'AMORE, CLERK
Per 
~~Copy Clerk~~

**DEFENDANT SAFETY LIGHT CORPORATION'S ANSWER,
AFFIRMATIVE DEFENSES AND COUNTERCLAIM**

Defendant, Safety Light Corporation, ("Safety Light") by its attorneys, Kirkpatrick & Lockhart, L.L.P. and Robertson, Freilich, Bruno & Cohen, L.L.C., answers the Complaint for Declaratory Judgment as follows:

1. Safety Light has no knowledge or information sufficient to form a belief as to the allegations contained in Paragraph 1 of the Complaint and leaves plaintiff to its proofs.
2. Safety Light admits the allegations contained in Paragraph 2 of the Complaint.

JURISDICTION AND VENUE

3. The allegations contained in Paragraph 3 of the Complaint state conclusions of law to which no responsive pleading is required.

4. The allegations contained in Paragraph 4 of the Complaint state conclusions of law to which no responsive pleading is required. To the extent that a responsive pleading is required, Safety Light admits that there is diversity between the parties and that the amount in controversy, exclusive of interest and costs, exceeds \$75,000.

5. The allegations contained in Paragraph 5 of the Complaint state conclusions of law to which no responsive pleading is required. To the extent that a responsive pleading is required, Safety Light admits that it is a resident of this Judicial District.

BACKGROUND FACTS

6. Safety Light admits the allegations contained in Paragraph 6 of the Complaint.

7. Safety Light admits the allegations contained in Paragraph 7 of the Complaint.

8. Safety Light denies the allegations contained in Paragraph 8 of the Complaint.

9. Safety Light denies the allegations contained in Paragraph 9 of the Complaint.

10. Safety Light denies the allegations contained in Paragraph 10 of the Complaint.

11. Safety Light admits the allegations contained in Paragraph 11 of the Complaint.

12. Safety Light admits the allegations contained in Paragraph 12 of the Complaint.

13. Safety Light denies the allegation contained in Paragraph 13 of the Complaint.

14. Safety Light denies the allegation contained in Paragraph 14 of the Complaint.

15. In response to the allegations contained in Paragraph 15 of the Complaint, Safety Light states that in 1980, USR Industries, Inc., a newly formed corporation organized under the laws of the State of Delaware, was established as a parent holding corporation and purchased, in exchange for stock, the assets and business of the former United States Radium Corporation and the various business segments thereof, as such were comprised in 1980. The name of the former United States Radium Corporation was changed to Safety Light Corporation at or about that time. As part of the re-structuring, the following distinct companies became subsidiary corporations wholly owned by USR Industries, Inc.: Safety Light Corporation, a corporation organized under the laws of the State of Delaware; USR Lighting, Inc., a corporation organized under the laws of the State of New Jersey; USR Metals, Inc., a corporation organized under the laws of the State of Pennsylvania; and USR Chemicals, Inc., a corporation organized under the laws of the State of New Jersey. At the same time, USR Industries, Inc. also established U.S. Natural Resources, Inc., an inactive corporation organized under the laws of the State of Texas. Safety Light Corporation retained all of the NRC-related operations. In 1982, all of the stock of Safety Light Corporation was purchased by Lime Ridge Industries, Inc., a corporation formed by the management of Safety Light Corporation. Safety Light denies all allegations contained in Paragraph 15 of the Complaint that are inconsistent with this statement.

16. Paragraph 16 of the Complaint contains allegations characterizing a written document, which speaks for itself and any characterization is denied.

17. Paragraph 17 of the Complaint contains allegations characterizing a written document, which speaks for itself and any characterization is denied.

18. Paragraph 18 of the Complaint contains allegations characterizing a written document, which speaks for itself and any characterization is denied.

19. Paragraph 19 of the Complaint contains allegations characterizing a written document, which speaks for itself and any characterization is denied.

20. Paragraph 20 of the Complaint contains allegations characterizing a written document, which speaks for itself and any characterization is denied.

21. Paragraph 21 of the Complaint contains allegations characterizing a written document, which speaks for itself and any characterization is denied.

INSURANCE COVERAGE AND CLAIM BACKGROUND

22. Safety Light admits the allegations contained in Paragraph 22 of the Complaint.

23. To the extent that the statements in Paragraph 23 of the Complaint are statements of legal conclusion or opinion, no response is required. To the extent that a responsive pleading is required, Paragraph 23 of the Complaint contains allegations characterizing written documents, which documents speak for themselves and any characterization is denied.

24. In response to the allegations contained in Paragraph 24 of the Complaint, Safety Light admits only that it is the re-named United States Radium Corporation and that the name change occurred in 1980. Safety Light denies the remaining allegations contained in Paragraph 24 of the Complaint.

25. To the extent that the statements in Paragraph 25 of the Complaint are statements of legal conclusion or opinion, no response is required. To the extent that a responsive pleading is required, Paragraph 25 of the Complaint contains allegations

characterizing written documents, which documents speak for themselves and any characterization is denied.

26. To the extent that the statements in Paragraph 26 of the Complaint are statements of legal conclusion or opinion, no response is required. To the extent that a responsive pleading is required, Paragraph 26 of the Complaint contains allegations characterizing written documents, which documents speak for themselves and any characterization is denied.

27. To the extent that the statements in Paragraph 27 of the Complaint are statements of legal conclusion or opinion, no response is required. To the extent that a responsive pleading is required, Paragraph 27 of the Complaint contains allegations characterizing written documents, which documents speak for themselves and any characterization is denied.

28. To the extent that the statements in Paragraph 28 of the Complaint are statements of legal conclusion or opinion, no response is required. To the extent that a responsive pleading is required, Paragraph 28 of the Complaint contains allegations characterizing written documents, which documents speak for themselves and any characterization is denied.

29. To the extent that the statements in Paragraph 29 of the Complaint are statements of legal conclusion or opinion, no response is required. To the extent that a responsive pleading is required, Paragraph 29 of the Complaint contains allegations characterizing written documents, which documents speak for themselves and any characterization is denied.

30. To the extent that the statements in Paragraph 30 of the Complaint are statements of legal conclusion or opinion, no response is required. To the extent that a responsive pleading is required, Paragraph 30 of the Complaint contains allegations characterizing written documents, which documents speak for themselves and any characterization is denied.

31. To the extent that the statements in Paragraph 31 of the Complaint are statements of legal conclusion or opinion, no response is required. To the extent that a responsive pleading is required, Paragraph 31 of the Complaint contains allegations characterizing written documents, which documents speak for themselves and any characterization is denied.

32. To the extent that the statements in Paragraph 32 of the Complaint are statements of legal conclusion or opinion, no response is required. To the extent that a responsive pleading is required, Paragraph 32 of the Complaint contains allegations characterizing written documents, which documents speak for themselves and any characterization is denied.

33. To the extent that the statements in Paragraph 33 of the Complaint are statements of legal conclusion or opinion, no response is required. To the extent that a responsive pleading is required, Paragraph 33 of the Complaint contains allegations characterizing written documents, which documents speak for themselves and any characterization is denied.

34. To the extent that the statements in Paragraph 34 of the Complaint are statements of legal conclusion or opinion, no response is required. To the extent that a

responsive pleading is required, Paragraph 34 of the Complaint contains allegations characterizing written documents, which documents speak for themselves and any characterization is denied.

35. To the extent that the statements in Paragraph 35 of the Complaint are statements of legal conclusion or opinion, no response is required. To the extent that a responsive pleading is required, Paragraph 35 of the Complaint contains allegations characterizing written documents, which documents speak for themselves and any characterization is denied.

36. To the extent that the statements in Paragraph 36 of the Complaint are statements of legal conclusion or opinion, no response is required. To the extent that a responsive pleading is required, Paragraph 36 of the Complaint contains allegations characterizing written documents, which documents speak for themselves and any characterization is denied.

37. To the extent that the statements in Paragraph 37 of the Complaint are statements of legal conclusion or opinion, no response is required. To the extent that a responsive pleading is required, Paragraph 37 of the Complaint contains allegations characterizing written documents, which documents speak for themselves and any characterization is denied.

38. To the extent that the statements in Paragraph 38 of the Complaint are statements of legal conclusion or opinion, no response is required. To the extent that a responsive pleading is required, Paragraph 38 of the Complaint contains allegations

characterizing written documents, which documents speak for themselves and any characterization is denied.

39. In response to the allegations contained in Paragraph 39 of the Complaint, Safety Light admits only that it sent a letter to Allendale dated April 2, 1991, which document speaks for itself and any characterization is denied. Safety Light has no knowledge or information sufficient to form a belief as to the remaining allegations of Paragraph 39 of the Complaint and leaves plaintiff to its proofs.

40. Safety Light denies the allegations contained in Paragraph 40 of the complaint.

41. Safety Light denies the allegations contained in Paragraph 41 of the Complaint to the extent those allegations attempt to narrow and/or restrict the nature and basis for its claim. To the extent that Paragraph 41 of the Complaint contains allegations characterizing written documents, those documents speak for themselves and any characterization is denied.

42. In response to the allegations contained in Paragraph 42 of the Complaint, Safety Light denies that the claims in the referenced litigation were ever limited to the operations of a radium processing facility by the former United States Radium Corporation. Safety Light admits the remaining allegations contained in Paragraph 42 of the Complaint.

43. Paragraph 43 of the Complaint contains allegations characterizing a written document, which speaks for itself and any characterization is denied.

44. Paragraph 44 of the Complaint contains allegations characterizing a written document, which speaks for itself and any characterization is denied.

45. Paragraph 45 of the Complaint contains allegations characterizing a written document, which speaks for itself and any characterization is denied.

46. Paragraph 46 of the Complaint contains allegations characterizing a written document, which speaks for itself and any characterization is denied. Safety Light has no knowledge sufficient to form a belief as to when Allendale received the referenced document.

47. Paragraph 47 of the Complaint contains allegations characterizing a written document, which speaks for itself and any characterization is denied.

COUNT I

48. Safety Light repeats its answers to each of the allegations contained in Paragraphs 1 through 47 of the Complaint as if fully set forth herein.

49. Safety Light denies the allegations contained in Paragraph 49 of the Complaint.

50. Safety Light denies the allegations contained in Paragraph 50 of the Complaint.

51. Safety Light denies the allegations contained in Paragraph 51 of the Complaint.

52. Safety Light denies the allegations contained in Paragraph 52 of the Complaint.

53. Safety Light denies the allegations contained in Paragraph 53 of the Complaint.

COUNT II

54. Safety Light repeats its answers to each of the allegations contained in Paragraphs 1 through 53 of the Complaint as if fully set forth herein.

55. Paragraph 55 of the Complaint contains allegations characterizing a written document, which speaks for itself and any characterization is denied.

56. Safety Light denies the allegations contained in Paragraph 56 of the Complaint.

57. Safety Light denies the allegations contained in Paragraph 57 of the Complaint.

58. Safety Light denies the allegations contained in Paragraph 58 of the Complaint.

59. Safety Light denies the allegations contained in Paragraph 59 of the Complaint.

60. Safety Light denies the allegations contained in Paragraph 60 of the Complaint.

61. Safety Light denies the allegations contained in Paragraph 61 of the Complaint.

COUNT III

62. Safety Light repeats its answers to each of the allegations contained in Paragraphs 1 through 61 of the Complaint as if fully set forth herein.

63. Paragraph 63 of the Complaint contains allegations characterizing a written document, which speaks for itself and any characterization is denied.

64. Safety Light denies the allegations contained in Paragraph 64 of the Complaint.

65. Safety Light denies the allegations contained in Paragraph 65 of the Complaint.

66. Safety Light denies the allegations contained in Paragraph 66 of the Complaint.

67. Safety Light denies the allegations contained in Paragraph 67 of the Complaint.

68. Safety Light denies the allegations contained in Paragraph 68 of the Complaint.

COUNT IV

69. Safety Light repeats its answers to each of the allegations contained in Paragraphs 1 through 68 of the Complaint as if fully set forth herein.

70. Paragraph 70 of the Complaint contains allegations characterizing a written document, which speaks for itself and any characterization is denied.

71. Safety Light denies the allegations contained in Paragraph 71 of the Complaint.

72. Safety Light denies the allegations contained in Paragraph 72 of the Complaint.

73. Paragraph 73 of the Complaint contains allegations characterizing a written document, which speaks for itself and any characterization is denied.

74. Safety Light denies the allegations contained in Paragraph 74 of the Complaint.

75. Paragraph 75 of the Complaint contains allegations characterizing a written document, which speaks for itself and any characterization is denied.

76. Safety Light denies the allegations contained in Paragraph 76 of the Complaint.

COUNT V

77. Safety Light repeats its answers to each of the allegations contained in Paragraphs 1 through 76 of the Complaint as if fully set forth herein.

78. Paragraph 78 of the Complaint contains allegations characterizing a written document, which speaks for itself and any characterization is denied.

79. Safety Light denies the allegations contained in Paragraph 79 of the Complaint.

80. Safety Light denies the allegations contained in Paragraph 80 of the Complaint.

COUNT VI

81. Safety Light repeats its answers to each of the allegations contained in Paragraphs 1 through 80 of the Complaint as if fully set forth herein.

82. Safety Light denies the allegations contained in Paragraph 82 of the Complaint.

83. The allegations contained in Paragraph 83 of the Complaint contain legal conclusions to which no response is required and are not directed to Safety Light and no response

is required thereto. Safety Light has no knowledge or information sufficient to form a belief as to the remaining allegations of Paragraph 83 of the Complaint and leaves plaintiff to its proofs.

84. Safety Light denies the allegations contained in Paragraph 84 of the Complaint.

85. Safety Light denies the allegations contained in Paragraph 85 of the Complaint.

COUNT VII

86. Safety Light repeats its answers to each of the allegations contained in Paragraphs 1 through 85 of the Complaint as if fully set forth herein.

87. Paragraph 87 of the Complaint contains allegations characterizing a written document, which speaks for itself and any characterization is denied.

88. Safety Light denies the allegations contained in Paragraph 88 of the Complaint.

COUNT VIII

89. Safety Light repeats its answers to each of the allegations contained in Paragraphs 1 through 88 of the Complaint as if fully set forth herein.

90. Safety Light denies the allegations contained in Paragraph 90 of the Complaint.

FIRST AFFIRMATIVE DEFENSE

(Failure to State a Claim)

The complaint fails to state a claim on which relief can be granted against Safety Light.

SECOND AFFIRMATIVE DEFENSE

(Laches, Unclean Hands, Waiver, Estoppel)

Any relief sought against Safety Light may be barred by the equitable doctrines of laches, unclean hands, waiver and/or estoppel.

THIRD AFFIRMATIVE DEFENSE

(Law of Another Jurisdiction)

The contract between Allendale and Safety Light will, in part, be governed by the laws of a jurisdiction or jurisdictions other than Pennsylvania.

FOURTH AFFIRMATIVE DEFENSE

(Reservation of Defenses)

Safety Light reserves the right to assert further defenses as may become apparent during the course of discovery.

COUNTERCLAIM

Defendant-Counterclaimant Safety Light Corporation ("Safety Light"), doing business and having a facility at 4150 A Old Berwick Road, Bloomsburg, Pennsylvania, by way of Counterclaim against the plaintiff, says:

I. STATEMENT OF CASE

1. This is an action for declaratory relief and breach of contract brought by Safety Light against Allendale Mutual Insurance Company ("Allendale"), seeking coverage for certain remediation and related costs, including debris removal costs, (collectively "remediation costs") incurred and to be incurred by Safety Light as the result of environmental damage and loss to property owned by Safety Light located at 4150 A Old Berwick Road, Bloomsburg, Pennsylvania (the "Property").

II. JURISDICTION AND VENUE

2. The jurisdiction of this Court is invoked pursuant to 28 U.S.C. §1332 in that the parties are of diverse citizenship and the amount in controversy, exclusive of interest and costs, exceeds \$75,000.00. In addition, this Court has jurisdiction over this counterclaim pursuant to 28 U.S.C. §1367.

3. Venue is proper in the United States District Court for the Middle District of Pennsylvania, pursuant to 28 U.S.C. §1391(a)(1) and (2) in that Safety Light resides in this Judicial District and a substantial part of the events giving rise to these claims occurred in this District.

III. PARTIES

4. Safety Light is a corporation incorporated in the State of Delaware.

5. Upon information and belief, Allendale is a corporation of the State of Rhode Island and has its principal place of business at Allendale Park, P.O. Box 7500, Johnstown, Rhode Island.

IV. POLICY COVERAGE

6. Between 1970 and 1981, Allendale, in consideration of premiums paid, continuously provided insurance to Safety Light under the following policies (the "Policies"):

<u>POLICY NUMBER</u>	<u>POLICY PERIOD</u>
74089	February 9, 1970-February 1, 1973
74089	February 1, 1973-February 1, 1976
74089	February 1, 1976-February 1, 1979
74089	February 1, 1979-February 1, 1981

7. The Policies were issued to the former United States Radium Corporation, which at the time of issuance of each policy was headquartered in Morristown, New Jersey. The United States Radium Corporation changed its name to Safety Light Corporation in 1980.

8. Pursuant to each of the policies, Allendale is required to provide "insurance against Physical Damage (or Property Damage) to property of the titled Insured, including the Insured's interest in Improvements and Betterments, and insurance against Business Interruption Loss, when such loss or damage is covered by the perils herein insured against, except loss to any property specifically excluded". The policies also provide coverage for debris removal costs.

V. PROPERTY DAMAGE AND LOSS OF SAFETY LIGHT

9. The Property was purchased by Safety Light, the re-named United States Radium Corporation in 1948. Safety Light began operations on the Property later that same year.

10. The Property has been damaged by the presence of radioactive and other substances.

11. As the result of such damage, Safety Light has incurred and will continue to incur remediation costs.

VI. COMPLIANCE WITH POLICY CONDITIONS

12. Safety Light has duly performed all the terms and conditions of Allendale's policies of insurance, including any and all conditions precedent, and/or Allendale has waived its rights to, or is estopped from enforcing, such terms and conditions.

VII. CAUSES OF ACTION

FIRST COUNT
(Declaratory Judgment)

13. Safety Light incorporates by reference the allegations contained in the preceding paragraphs of this Counterclaim as if fully set forth herein.

14. An actual and justiciable controversy has arisen and now exists between Safety Light and Allendale concerning their respective rights and duties under the Policies.

15. Safety Light contends that under the terms of the policies Allendale is obligated to provide coverage for the remediation costs up to the applicable limits of the policies, if any.

16. Allendale denies each of Safety Light's contentions set forth in the foregoing paragraphs.

17. Safety Light desires a judicial determination of its rights under the insurance contracts and a declaration as to Allendale's duty to cover remediation costs.

18. A judicial declaration is necessary and appropriate at this time in order that Safety Light and Allendale may ascertain their rights and duties under the insurance contracts.

SECOND COUNT
(Breach of Contract)

19. Safety Light incorporates by reference the allegations contained in the preceding paragraphs of this Counterclaim, as though fully set forth herein.

20. Safety Light has performed all of its obligations under the insurance contracts referred to herein. Allendale has breached its respective insurance contracts in refusing to cover remediation costs up to the applicable policy limits, if any.

21. As a direct and proximate result of Allendale's breach of its contractual and legal duties, Safety Light has suffered and will continue to suffer damages.

WHEREFORE, Safety Light prays for judgment against Allendale as follows:

- A. For declaration in favor of Safety Light in accordance with the First Count;
- B. For compensatory, consequential and other damages;
- C. For all costs incurred by Safety Light in bringing this action, including attorneys' fees and costs;

- D. For prejudgment interest; and
- E. For such other and further relief as this Court deems just and appropriate.

KIRKPATRICK & LOCKHART, LLP
Payne-Shoemaker Building
240 North Third Street
Harrisburg, Pennsylvania 17101-1507
Attorneys for Defendant-Counterclaimant Safety
Light Corporation

By: 

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(973) 848-2100
Kevin J. Bruno
Suzanne Q. Chamberlin
Attorneys for Defendant-Counterclaimant
Safety Light Corporation

Dated: September 3, 1999

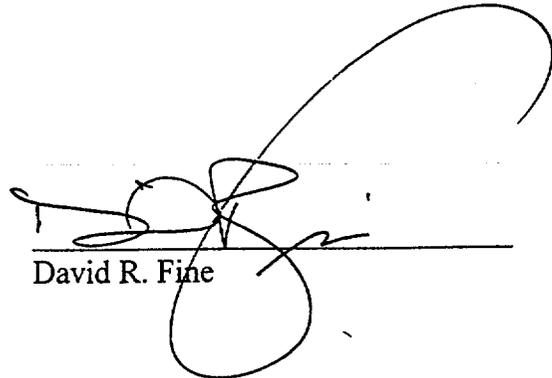
IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA

ALLENDALE MUTUAL INSURANCE	:	CIVIL ACTION
COMPANY,	:	
Plaintiff	:	
	:	NO. 3:99-CV-01147
v.	:	
	:	
SAFETY LIGHT CORPORATION,	:	
Defendant	:	

CERTIFICATE OF SERVICE

I certify that on this 3rd day of September, 1999, I served a true and correct copy of the foregoing document by first class mail, upon the following person:

William H. Black, Jr.
1700 Two Logan Square
18th and Arch Streets
Philadelphia, PA 19103
Attorneys for Plaintiff
Allendale Mutual Insurance Company



David R. Fine

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA

ALLENDALE MUTUAL INSURANCE
COMPANY,

Plaintiff

v.

SAFETY LIGHT CORPORATION,
Defendant

: CIVIL ACTION

:

:

:

:

:

:

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NO. 4: CV-99-1147

REPLY OF PLAINTIFF ALLENDALE MUTUAL INSURANCE COMPANY
TO DEFENDANT SAFETY LIGHT CORPORATION'S COUNTERCLAIM

Plaintiff Allendale Mutual Insurance Company, by its attorneys Hecker Brown Sherry and Johnson, replies to the Counterclaim of defendant Safety Light Corporation as follows:

I. STATEMENT OF CASE

1. Admitted in part; denied in part. It is admitted only that Safety Light's Counterclaim is for declaratory relief and breach of contract in connection with a claim for insurance coverage for certain damage and loss to property owned by Safety Light located at 4150-A Old Berwick Road, Bloomsburg, Pennsylvania. The remaining averments of paragraph 1 of Safety Light's Counterclaim are denied.

II. JURISDICTION AND VENUE

2. Admitted.

3. Admitted.

III. PARTIES

4. Admitted.
5. Admitted, except that Allendale's principal place of business is located in Johnston, and not "Johnstown", Rhode Island.

IV. POLICY COVERAGE

6. Denied as stated. Although it is admitted that Allendale provided certain property insurance to United States Radium Corporation in accordance with the terms, conditions, exclusions and limitations of the policies identified in paragraph 6 of Safety Light's Counterclaim and for the terms identified therein, Safety Light's characterization of the policies is denied.

7. Denied as stated. Although it is admitted that the policies were issued to United States Radium Corporation and that United States Radium Corporation was re-named Safety Light Corporation in about 1980, Allendale is, after reasonable investigation, without knowledge or information sufficient to enable it to form a belief as to the truth of the remaining averments of paragraph 7 of Safety Light's Counterclaim. Said averments are therefore denied and proof thereof is demanded at trial, if material.

8. Denied as stated. The Allendale policies, being in writing, speak for themselves and Safety Light's characterizations of the policies are denied.

V. PROPERTY DAMAGE AND LOSS OF SAFETY LIGHT

9. Admitted on information and belief.

10. The averments contained in paragraph 10 of Safety Light's Counterclaim constitute conclusions of law to which no response is required. To the extent that a responsive pleading is required, Allendale admits the averments in part and denies them in part. Allendale admits only, on information and belief, that there are radioactive substances present at the property. Allendale is, after reasonable investigation, unable to form a belief as to the truth of the remaining averments of paragraph 10 of Safety Light's Counterclaim. Said averments are therefore denied and proof thereof is demanded at trial.

11. The averments contained in paragraph 11 of Safety Light's Counterclaim constitute conclusions of law to which no response is required. To the extent that a responsive pleading is required, Allendale is, after reasonable investigation, unable to form a belief as to the truth of the averments of paragraph 11 of Safety Light's Counterclaim. Said averments are therefore denied and proof thereof is demanded at trial.

VI. COMPLIANCE WITH POLICY CONDITIONS

12. The averments contained in paragraph 12 of Safety Light's Counterclaim constitute conclusions of law to which no response is required. To the extent that a responsive pleading is required, Allendale denies the averments of paragraph 12 of Safety Light's Counterclaim.

VII. CAUSES OF ACTION

FIRST COUNT (Declaratory Judgment)

13. Allendale incorporates by reference its responses to the allegations contained in paragraphs 1 through 12 of Safety Light's Counterclaim as though the same were set forth fully herein.

14. Admitted.

15. Admitted in part; denied in part. It is admitted only that Safety Light contends that Allendale is obligated to provide coverage as alleged in paragraph 15 of Safety Light's Counterclaim. It is denied that Allendale is obligated to provide coverage as alleged by Safety Light in paragraph 15 of its Counterclaim.

16. Denied as stated. Allendale's responses to Safety Light's contentions set forth in paragraphs 1 through 15 of its Counterclaim are as set forth in paragraphs 1 through 15 of its Answer above.

17. Admitted on information and belief.

18. Admitted.

WHEREFORE, plaintiff Allendale Mutual Insurance Company requests that the Court declare that there is no coverage under any of the Allendale policies for Safety Light's claim, that it dismiss Safety Light's Counterclaim and that it be awarded such other and further relief as may be just and appropriate.

SECOND COUNT
(Breach of Contract)

19. Allendale incorporates by reference its responses to the allegations contained in paragraphs 1 through 18 of Safety Light's Counterclaim as though the same were set forth fully herein.

20. The averments of paragraph 20 of Safety Light's Counterclaim constitute conclusions of law to which no response is required. To the extent that a responsive pleading is required, Allendale denies the averments of paragraph 20 of Safety Light's Counterclaim.

21. The averments of paragraph 21 of Safety Light's Counterclaim constitute conclusions of law to which no response is required. To the extent that a responsive pleading is required, Allendale denies that it has breached any duty which it owed or owes to Safety Light. Allendale is, after reasonable investigation, unable to form a belief as to the truth of the remaining averments of paragraph 21 of Safety Light's Counterclaim. Said averments are therefore denied and proof thereof is demanded at trial.

WHEREFORE, plaintiff Allendale Mutual Insurance Company requests that the Court declare that there is no coverage under any of the Allendale policies for Safety Light's claim, that it dismiss Safety Light's Counterclaim and that it be awarded such other and further relief as may be just and appropriate.

FIRST AFFIRMATIVE DEFENSE

Safety Light's Counterclaim fails to state a claim upon which relief can be granted against Allendale.

SECOND AFFIRMATIVE DEFENSE

The relief sought by Safety Light in the Second Count of its Counterclaim is beyond that permitted by law for breach of contract.

THIRD AFFIRMATIVE DEFENSE

Safety Light is not entitled, under applicable law, to the costs incurred by it in bringing its Counterclaim, including attorneys' fees and costs.

FOURTH AFFIRMATIVE DEFENSE

Safety Light's Counterclaim is barred by the suit limitation provisions in each of the Allendale policies.

FIFTH AFFIRMATIVE DEFENSE

Safety Light's claimed loss was not fortuitous, i.e., it did not result from a risk of loss, and it is therefore not subject to coverage under any of the Allendale policies.

SIXTH AFFIRMATIVE DEFENSE

Safety Light failed to comply with the Allendale policies' notice requirements, resulting in prejudice to Allendale, and there is therefore no coverage for Safety Light's claims under the Allendale policies.

SEVENTH AFFIRMATIVE DEFENSE

There was no direct loss or damage to insured property from any peril insured against by the Allendale policies, including, but not limited to, "sudden and accidental radioactive contamination," and there is therefore no coverage under the policies for Safety Light's claimed loss.

EIGHTH AFFIRMATIVE DEFENSE

Because the Allendale policies' coverage for debris removal is limited to "debris remaining after any loss . . . insured against" under the Allendale policies, and because Safety Light has not identified any loss for which the Allendale policies provide coverage, there is no

coverage under the Allendale policies' debris removal provisions for any aspect of Safety Light's claimed loss.

NINTH AFFIRMATIVE DEFENSE

Because Safety Light's loss arose out of a law or ordinance which regulates use of property on the premises, and not out of any peril for which coverage is provided under any of the Allendale policies, and because loss which arises out of any law or ordinance which regulates use of property on the premises is excluded under the Allendale policies for the periods from 1973-1981, Safety Light's claimed loss is not covered under any of the Allendale policies.

TENTH AFFIRMATIVE DEFENSE

Because there was no direct damage to covered property by reason of any peril insured against by any of the Allendale policies, there is no coverage under any of the Allendale policies for consequential damage arising out of any aspect of Safety Light's claimed loss.

ELEVENTH AFFIRMATIVE DEFENSE

None of the Allendale policies provides coverage for costs of defending Safety Light in connection with any claim of any kind, including, but not limited to, the Nuclear Regulatory Commission's Order of March 16, 1989, or any prior directive or order which, *inter alia*, required Safety Light to decontaminate the Almedia site.

WHEREFORE, plaintiff Allendale Mutual Insurance Company requests that the Court declare that there is no coverage under any of the Allendale policies for Safety Light's claim, that it dismiss Safety Light's Counterclaim and that it be awarded such other and further relief as may be just and appropriate.

HECKER BROWN SHERRY AND JOHNSON

DATED: 9/28/99

BY: William H. Black, Jr.

William H. Black, Jr.
Atty. I.D. No. 32126
1700 Two Logan Square
18th & Arch Streets
Philadelphia, PA 19103
(215) 665-0400

Attorneys for Plaintiff
Allendale Mutual Insurance Company

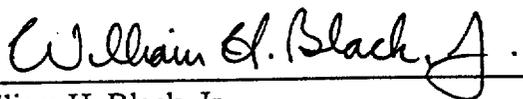
23629-1

CERTIFICATE OF SERVICE

William H. Black, Jr., attorney for plaintiff Allendale Mutual Insurance Company, certifies that on this 28th day of September, 1999, he caused a true and correct copy of the Reply of Plaintiff Allendale Mutual Insurance Company to Defendant Safety Light Corporation's Counterclaim to be served upon the following via First Class, U.S. mail:

Carleton O. Strouss, Esquire
KIRKPATRICK & LOCKHART LLP
Payne Shoemaker Building
240 N. Third Street
Harrisburg, PA 17101

Kevin J. Bruno, Esquire
ROBERTSON, FREILICH, BRUNO
& COHEN L.L.C.
One Riverfront Plaza
4th Floor
Newark, NJ 07102



William H. Black, Jr.

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA

ALLENDALE MUTUAL INSURANCE COMPANY, Plaintiff	:	CIVIL ACTION
	:	
	:	
	:	
	:	
v.	:	
	:	NO. 3:99-CV-01147
SAFETY LIGHT CORPORATION, Defendant	:	

PLAINTIFF ALLENDALE MUTUAL INSURANCE COMPANY'S
REQUEST FOR ADMISSIONS

Plaintiff Allendale Mutual Insurance Company, by its attorneys, Hecker Brown Sherry and Johnson, requests, in accordance with Rule 36 of the Federal Rules of Civil Procedure, that defendant Safety Light Corporation admit the truth of the following statements.

DEFINITIONS

1. "U.S. Radium" and "United States Radium" refer to defendant United States Radium Corporation.
2. "Safety Light" refers to defendant Safety Light Corporation.
3. "The site" and "the Almedia site" refer to the site of Safety Light's plant at 4150-A Old Berwick Road, Almedia, Pennsylvania, which is the subject of the instant litigation.

Safety Light is requested to admit the truth of the following:

1. Throughout its occupancy of the site, from approximately 1948 through at least 1968, United States Radium routinely disposed of radioactively-contaminated materials at the site in the ordinary course of its business operations there.
2. Throughout its occupancy of the site, from approximately 1948 through at least 1968, United States Radium repeatedly disposed of radioactively-contaminated materials at the site in the ordinary course of its business operations there.
3. During the period 1948 through at least 1968, United States Radium disposed of radioactively-contaminated materials in various structures at the site, including sheds, above-ground and underground silos and other buildings.
4. United States Radium was aware, prior to February 9, 1970, that disposal of radioactively-contaminated materials in various structures at the site, including sheds, above-ground and underground silos and other buildings, would result in radioactive contamination of those structures.
5. United States Radium was aware, prior to February 9, 1970, that use of radioactive materials in its manufacturing processes would result in radioactive contamination of structures and other property at the site.
6. United States Radium was aware, throughout the period during which it disposed of radioactively-contaminated materials at the site, of the hazardous nature of the radioactively-contaminated materials.
7. United States Radium was aware, throughout the period during which it disposed of radioactively-contaminated materials at the site, of the hazards associated with disposal of the radioactively-contaminated materials at the site.

8. United States Radium was aware, prior to February 9, 1970, that it would be required to clean up contamination at the site which was caused by United States Radium's previous disposal of radioactively-contaminated materials there.

9. United States Radium was aware, prior to February 9, 1970, that it would be necessary to clean up contamination at the site which was caused by United States Radium's previous disposal of radioactively-contaminated materials there.

10. United States Radium was aware, prior to February 9, 1970, that, as a condition of renewal of one or more Atomic Energy Commission licenses, it would be required to present to the Atomic Energy Commission a plan for removing the radioactively-contaminated materials which United States Radium had disposed of at the site.

11. On August 5, 1969, the Atomic Energy Commission issued Amendment No. 36 to License No. 37-00030-02 which provided for decontamination of the site.

12. The document attached as Exhibit "A" hereto is a true and correct copy of a letter dated June 7, 1977, from J. David McGraw of United States Radium Corporation to the Nuclear Regulatory Commission, including an Application for Byproduct Material License dated June 7, 1977, which was enclosed with the aforementioned letter.

13. The document attached as Exhibit "B" hereto is a true and correct copy of a letter dated June 9, 1978, from Frederick Combs of the Nuclear Regulatory Commission to J. David McGraw of United States Radium Corporation and is a response to United States Radium's letter dated June 7, 1977, which is attached as Exhibit "A" to this Request for Admissions, and United States Radium received this document on or about June 9, 1978..

14. The document attached as Exhibit "C" hereto is a true and correct copy of a letter dated October 6, 1978, from Frederick Combs of the Nuclear Regulatory Commission to J.

David McGraw of United States Radium Corporation, which letter United States Radium Corporation received on or about that date.

15. The document attached as Exhibit "D" hereto is a true and correct copy of a letter dated October 23, 1978, from Terry Brown of United States Radium Corporation to Frederick Combs of the Nuclear Regulatory Commission, with enclosure entitled "Decontamination Program, U.S. Radium Corporation, Bloomsburg Facility", and United States Radium received this document on or about October 23, 1978.

16. The enclosure to the document attached as Exhibit "D" hereto entitled "Decontamination Program, U.S. Radium Corporation, Bloomsburg Facility" describes, in Part I, the radioactive contamination which is the subject of Safety Light's claim against Allendale.

17. On January 25, 1979, the Nuclear Regulatory Commission issued Amendment No. 40 to License No. 37-00030-02 which provided for decontamination of the site.

18. United States Radium was aware, no later than at the time of its receipt of a letter dated April 20, 1988, from the Nuclear Regulatory Commission, that it would be required to remove the radioactively-contaminated materials and structures from the site.

19. United States Radium was aware, no later than at the time of its receipt of an Order dated March 16, 1989, from the Nuclear Regulatory Commission, that it would be required to remove the radioactively-contaminated materials and structures from the site.

20. United States Radium received the letter, a copy of which is attached as Exhibit "E" hereto, on or about April 20, 1988.

21. United States Radium received the Order, a copy of which is attached as Exhibit "F" hereto, on or about March 16, 1989.

22. The radioactive contamination which the Nuclear Regulatory Commission directed be remediated in its Order dated March 16, 1989, includes contamination which was the subject of the 1969 amendment of License No. 37-00030-02.

23. The radioactive contamination which the Nuclear Regulatory Commission directed be remediated in its Order dated March 16, 1989, includes contamination which was the subject of the January, 1979, amendment of License No. 37-00030-02.

24. The radioactive contamination which the Nuclear Regulatory Commission directed be remediated in its Order dated March 16, 1989, is essentially the same contamination which was the subject of the Nuclear Regulatory Commission's letter dated April 20, 1988 to Safety Light.

25. Safety Light's claim against Allendale does not include the cost of remediating any alleged damage to land or groundwater.

26. In 1969, the Atomic Energy Commission directed United States Radium to remove the radioactive contamination which is the subject of the instant claim from the site.

27. In February, 1979, the Nuclear Regulatory Commission directed United States Radium to remove the radioactive contamination which is the subject of the instant claim from the site.

28. In March, 1989, the Nuclear Regulatory Commission ordered Safety Light to remove the radioactive contamination which is the subject of the instant claim from the site.

29. United States Radium knew, prior to February 9, 1970, of the existence of the radioactive contamination of the property for which Safety Light now makes claim.

30. United States Radium knew, prior to February 9, 1970, that the radioactively-contaminated property at the site was hazardous.

31. United States Radium knew, prior to February 9, 1970, that it had been required by the Atomic Energy Commission to remove the radioactively-contaminated property from the site.

32. United States Radium knew, prior to February 9, 1970, that it would be required to take action to remove the radioactively-contaminated property from the site.

33. United States Radium knew, at all times during which it disposed of radioactively-contaminated material at the site, that its disposal practices were causing contamination of its property.

34. To the extent that Safety Light or its predecessor, United States Radium, suffered loss, such loss took place at the time it disposed of radioactively-contaminated material at the site.

35. There was no loss or damage to insured property at the site during the periods 1970-1973 and 1973-1976 from any peril insured against by the Allendale policies which were in effect during those periods.

36. The radioactive substances to which reference is made in paragraph 10 of Safety Light's Counterclaim were placed in or on the site by United States Radium.

37. The following statements in the Nuclear Regulatory Commission's Order Modifying Licenses (Effective Immediately) and Demand for Information dated March 16, 1989, a copy of which is attached as Exhibit "F" hereto, were true and correct as of the date of that Order:

(a) "... the soil and groundwater at the Bloomsburg facility have become radioactively contaminated as a result of past operations at the facility."
(Order, pp. 5-6)

(b) "... on January 25, 1979, the NRC amended License No. 37-00030-02 to include License Condition 14 to require a nine-month plan for

implementing specified decontamination activities submitted earlier in a U.S. Radium letter dated October 23, 1978.”

(c) “Condition 13 of License No. 37-00030-02 required U.S. Radium to provide the NRC with a report on the status of decontamination efforts and a schedule of work for twelve-month periods beginning July 1, 1979.” (Order, p. 6)

(d) “. . . by letter dated April 20, 1988, Safety Light, [USR] Industries, and all other apparent successor corporations to U.S. Radium were requested to provide a decommissioning plan for the site which would permit the release of the site for unrestricted use. . . . The decontamination of the site . . . was to commence within twelve months.” (Order, p. 7)

(e) “Under the terms of Conditions 13 and 14 of License No. 37-00030-02, as well as the NRC’s April 20, 1988 letter, [Safety Light was] put on clear notice that decontamination was necessary and required, and [was] given ample opportunity to submit proposed milestones and plans for decontamination.” (Order, p. 7)

(f) “Despite repeated efforts by the NRC to get U.S. Radium and its successors, including but not limited to Safety Light, to take steps to initiate meaningful decontamination efforts at the Bloomsburg facility, the steps have not been taken.” (Order, p. 8)

HECKER BROWN SHERRY AND JOHNSON

DATED: 7/6/00

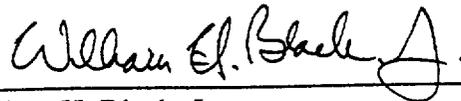
BY: William H. Black, Jr.
William H. Black, Jr.
Attorneys for Plaintiff
Allendale Mutual Insurance Company

42303-1

CERTIFICATE OF SERVICE

William H. Black, Jr., attorney for plaintiff Allendale Mutual Insurance Company, certifies that on this 6th day of July, 2000, he caused a true and correct copy of Plaintiff Allendale Mutual Insurance Company's Request for Admissions to be served upon the following via U.P.S. overnight delivery:

Kevin J. Bruno, Esquire
ROBERTSON, FREILICH, BRUNO
& COHEN L.L.C.
One Riverfront Plaza
4th Floor
Newark, NJ 07102



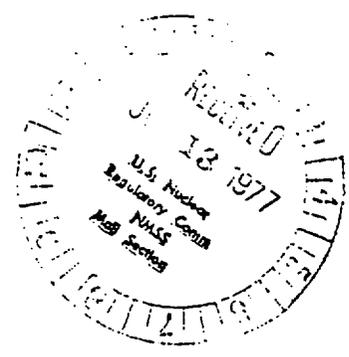
William H. Black, Jr.

30978-1



UNITED STATES RADIUM CORPORATION
4150 OLD BERWICK ROAD / BLOOMSBURG, PENNSYLVANIA 17815 / (717) 784-3510

June 7, 1977



Radioisotope Licensing Branch
Division of Fuel Cycle and
Material Safety
U. S. NUCLEAR REGULATORY COMMISSION
Washington, D. C. 20555

Ref.: License No. 37-00030-02

Gentlemen:

Enclosed are the required duplicate copies of Form
AEC-313 requesting renewal of the above-referenced license.

If further information is required, please contact the
undersigned.

Respectfully yours,

UNITED STATES RADIUM CORPORATION

J. David McGraw
Radiation Safety Officer

JDMcG
jrn

Encs.

CERT. MAIL ret.rec.req.

XIX-044i

COPIES SENT TO OFF. OF
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87910

NRC 10071

Exhibit A

UNITED STATES ATOMIC ENERGY COMMISSION
APPLICATION FOR BYPRODUCT MATERIAL LICENSE

INSTRUCTIONS.—Complete Items 1 through 16 if this is an initial application or an application for renewal of a license. Information contained in previous applications filed with the Commission with respect to Items 8 through 15 may be incorporated by reference provided references are clear and specific. Use supplemental sheets where necessary. Item 16 must be completed on all applications. Mail two copies to: U.S. Atomic Energy Commission, Washington, D.C., 20545, Attention: Materials Branch, Directorate of Licensing. Upon approval of this application, the applicant will receive an AEC Byproduct Material License. An AEC Byproduct Material License is issued in accordance with the general requirements contained in Title 10, Code of Federal Regulations, Part 30, and the licensee is subject to Title 10, Code of Federal Regulations, Part 20, and the license fee provisions of Title 10, Code of Federal Regulations, Part 170. The license fee category should be stated in Item 16 and the appropriate fee enclosed. (See Note in Instruction Sheet).

1. (a) NAME AND STREET ADDRESS OF APPLICANT. (Institution, firm, hospital person, etc. Include ZIP Code and telephone number.)
U. S. Radium Corporation
4150 Old Berwick Road
Bloomsburg, Pa. 17815

(b) STREET ADDRESS(ES) AT WHICH BYPRODUCT MATERIAL WILL BE USED. (If different from 1(a). Include ZIP Code.)

2. DEPARTMENT TO USE BYPRODUCT MATERIAL
Health Physics

3. PREVIOUS LICENSE NUMBER(S). (If this is an application for renewal of a license, please indicate and give number.)
37-00030-02 (renewal)

4. INDIVIDUAL USER(S). (Name and title of individual(s) who will use or directly supervise use of byproduct material. Give training and experience in Items 8 and 9.)
R. E. Bickert
J. D. McGraw

5. RADIATION PROTECTION OFFICER. (Name of person designated as radiation protection officer if other than individual user. Attach resume of his training and experience as in Items 8 and 9.)
J. D. McGraw

6. (a) BYPRODUCT MATERIAL. (Elements and mass number of each.)
Any byproduct material

(b) CHEMICAL AND/OR PHYSICAL FORM AND MAXIMUM NUMBER OF MILLICURIES OF EACH CHEMICAL AND/OR PHYSICAL FORM THAT YOU WILL POSSESS AT ANY ONE TIME. (If sealed source(s), also state name of manufacturer, model number, number of sources and maximum activity per source.)
Contaminated facilities and equipment

7. DESCRIBE PURPOSE FOR WHICH BYPRODUCT MATERIAL WILL BE USED. (If byproduct material is for "human use," supplement A (Form AEC-313a) must be completed in lieu of this item. If byproduct material is in the form of a sealed source, include the make and model number of the storage container and/or device in which the source will be stored and/or used.)
Decontamination, cleanup and disposal of equipment and facilities previously used for research, development, and processing under this license.

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INSPECTION AND ENFORCEMENT

87910

TRAINING

EXPERIENCE OF EACH INDIVIDUAL NAMED IN ITEM 4 (Use supplemental sheets if necessary)

8. TYPE OF TRAINING	WHERE TRAINED	DURATION OF TRAINING	ON THE JOB (Circle answer)		FORMAL COURSE (Circle answer)	
			Yes	No	Yes	No
a. Principles and practices of radiation protection	Items 8 thru 15		Yes	No	Yes	No
b. Radioactivity measurement standardization and monitoring techniques and instruments	see application dated Oct. 18, 1974, signed by J. David McGraw		Yes	No	Yes	No
c. Mathematics and calculations basic to the use and measurement of radioactivity	supporting renewal of license 37-00030-08.		Yes	No	Yes	No
d. Biological effects of radiation			Yes	No	Yes	No

9. EXPERIENCE WITH RADIATION. (Actual use of radioisotopes or equivalent experience.)

ISOTOPE	MAXIMUM AMOUNT	WHERE EXPERIENCE WAS GAINED	DURATION OF EXPERIENCE	TYPE OF USE

10. RADIATION DETECTION INSTRUMENTS. (Use supplemental sheets if necessary.)

TYPE OF INSTRUMENTS (Include make and model number of each)	NUMBER AVAILABLE	RADIATION DETECTED	SENSITIVITY RANGE (mr/hr)	WINDOW THICKNESS (mg/cm ²)	USE (Monitoring, surveying, measuring)

11. METHOD, FREQUENCY, AND STANDARDS USED IN CALIBRATING INSTRUMENTS LISTED ABOVE.

12. FILM BADGES, DOSIMETERS, AND BIO-ASSAY PROCEDURES USED. (For film badges, specify method of calibrating and processing, or name of supplier.)

INFORMATION TO BE SUBMITTED ON ADDITIONAL SHEETS IN DUPLICATE

13. FACILITIES AND EQUIPMENT. Describe laboratory facilities and remote handling equipment, storage containers, shielding, fume hoods, etc. Explanatory sketch of facility is attached. (Circle answer) Yes No

14. RADIATION PROTECTION PROGRAM. Describe the radiation protection program including control measures. If application covers sealed sources, submit leak testing procedures where applicable, name, training, and experience of person to perform leak tests, and arrangements for performing initial radiation survey, servicing, maintenance and repair of the source.

15. WASTE DISPOSAL. If a commercial waste disposal service is employed, specify name of company. Otherwise, submit detailed description of methods which will be used for disposing of radioactive wastes and estimates of the type and amount of activity involved.

CERTIFICATE (This item must be completed by applicant)

16. THE APPLICANT AND ANY OFFICIAL EXECUTING THIS CERTIFICATE ON BEHALF OF THE APPLICANT NAMED IN ITEM 1, CERTIFY THAT THIS APPLICATION IS PREPARED IN CONFORMITY WITH TITLE 10, CODE OF FEDERAL REGULATIONS, PART 30, AND THAT ALL INFORMATION CONTAINED HEREIN, INCLUDING ANY SUPPLEMENTS ATTACHED HERETO, IS TRUE AND CORRECT TO THE BEST OF OUR KNOWLEDGE AND BELIEF.

LO E

License Fee Category \$ _____

Fee Enclosed \$ _____

Date June 7, 1977

UNITED STATES RADIUM CORPORATION
Applicant named in item 1

By: J. David McGraw
Radiation Safety Officer
Title of certifying official

WARNING.—18 U. S. C., Section 1001; Act of June 25, 1948; 62 Stat. 749; makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

JUN 9 1978

FCRL:FC
(87910)

United States Radium Corporation
ATTN: Mr. J. David McGraw
4150 Old Berwick Road
Bloomsburg, PA 17815

Gentlemen:

This refers to your application dated June 7, 1977, for renewal of License No. 37-00030-02, authorizing decontamination of your former research development and processing facilities. We request that you supplement your application with a detailed report concerning the status of your decontamination efforts. This report should identify those areas which are still contaminated and the types and quantities of contamination in those areas, provide a description of your current program for surveying these areas and surrounding environs, and outline your plan for completing decontamination of this facility.

We shall continue review of your application upon receipt of the above information, in duplicate.

Sincerely,

Frederick Combs
Radioisotopes Licensing Branch
Division of Fuel Cycle and
Material Safety

XIX-044h

CRESS:WILL OFFICE ▶	FCRL				
MC#137426 SURNAME ▶	FCCombs:cb				
6/8/78 DATE ▶	6/9/78				

Exhibit B
NRC 10070

OCT 6 1978

United States Radium Corporation
ATTN: Mr. J. David McGraw
4150 Old Berwick Road
Bloomsburg, Pa. 17015

Gentlemen:

This refers to your request for renewal of License No. 37-00030-02 and our request for additional information dated June 9, 1978, a copy of which is enclosed. A check of our files indicates that we have not received a response from you to date. If we do not receive a reply within 30 days, it may be necessary to deny your application and terminate your license. Such action would require that you divest yourself of all licensed material.

Sincerely,

Frederick Combs
Radioisotopes Licensing Branch
Division of Fuel Cycle and
Material Safety

Enclosure:
As stated

CA 10/6/78

ehib7C

NRC 10068



UNITED STATES RADIUM CORPORATION

4150 OLD BERWICK ROAD / BLOOMSBURG, PENNSYLVANIA 17815 / (717) 784-3510

3584

October 23, 1978

Radioisotopes Licensing Branch
 Division of Fuel Cycle and Material Safety
 U. S. Nuclear Regulatory Commission
 396SS Washington, D. C. 20555

Attention: Mr. Frederick Combs
 Reference: USNRC License 37-00030-02
 Docket No. 87910

Dear Mr. Combs:

Enclosed is the information you requested in your letter of June 9, 1978. Specific operations are scheduled only through June of 1979. At this time, a complete evaluation of survey results collected will be carried out to determine further operations.

Very truly yours,

UNITED STATES RADIUM CORPORATION

Terry D. Brown
 Nuclear Operations Manager

TDB
 jrn

Enc.

CERT. MAIL -rrr
 CC: USNRC

**COPIES SENT TO OFF. OF
 INSPECTION AND ENFORCEMENT**

NRC 10052

XIX-044f
 exhibit D

DECONTAMINATION PROGRAM
U. S. RADIUM CORPORATION
BLOOMSBURG FACILITY

NRC 10054

PART I

PRESENT STATUS

NRC 10055

PREFACE

With the conclusion of the decontamination of the primary facilities utilized in activities licensed under USAEC License 37-00030-02, a survey of the entire plant was begun. This survey, carried out over a period of three years, included every building on the site regardless of whether radioactive materials had been processed in them or not. The purpose of the plant survey was to identify, to the best of our ability, the status of the entire plant site. The survey was not designed to determine the full extent of any contamination found in a specific area, but rather to determine what areas or buildings did have any significant levels of contamination, and a rough estimate of the work and equipment needed to carry out such decontamination. This type of survey was sorely needed because records of the early history of radioactives operations on the site (1948 - 1956) were incomplete. The following pages show the results of that survey and represent the present status of our site. DPM values are per a nominal 50-100 cm².

AREA #1 - MAIN BUILDING

The former Hand Painting department occupied the second floor front of this building. The area itself has been completely decontaminated. However, the attic above this area still contains the contaminated exhaust ducts for the old radium painting operations. In addition, there is widespread alpha contamination on rafters, ceiling joists, and underside of the roof. Levels of contamination range up to 20,000 DPM. Between the floor of the former Hand Painting department and the ceiling below there is lower level alpha contamination, on the order of 200-600 DPM.

The only other known contamination remaining in this building is a drain line from a Strontium-90 production operation which was removed in the early 1950's. There is no measurable radiation coming up through the floor. However, there is no way to determine the extent of the contamination (if any) within the drain line. The drain is not in use, and hasn't been used for some twenty years.

AREA #2 - ETCHING BUILDING

The former shipping room in this building once housed radium screening machines. There is low level fixed alpha contamination on the floor (200-600 DPM). There are higher levels in certain cracks around the cement pads on which the radium screening machines once stood (200-2000 DPM). The entire floor has been covered with plywood and is used only for storage of little used materials. Removable alpha contamination has not been found in the area since the plywood was laid down. It is suspected that the soil beneath the wooden floor may also have low level contamination in it; however, radiation levels show no gamma radiation above background in this area.

The former Watch Dial screen rooms and drain line in this building were used for applying Tritium to watch dials in large sheets.

Although the operation was moved to the Nuclear Building in 1969, the area has only been partially decontaminated. Levels of Tritium removable contamination range from 5000-50000 DPM. The exhaust ducts, absolute filter bank, blower and discharge stack for the former Watch Dial screen rooms are still intact. Contamination levels in these areas are unknown.

The attic of the building has scattered spots of low level alpha contamination (200-1000 DPM).

The maintenance wire enclosure has a 12" thick concrete floor poured over an old radium drain. Radiation levels in the enclosure are background.

AREA #3 - TRITIUM BUILDING

The Tritium building originally housed the equipment used for making Tritium foil. This equipment was moved to the Nuclear building in 1969. Surveys of this building over the past nine years have shown a steady decrease in removable Tritium contamination from 50,000 - 80,000 DPM in 1969, to its present 8,000-10,000 DPM.

AREA #4 - PIPE SHOP

Radon samples taken in 1973 showed excessive levels of radon (in excess of 3 X mpc). Surveys showed 200-400 DPM removable alpha uniformly distributed over every interior surface of the building. Although no radioactive operations have ever been performed in this building, it extends over an area that was used as a plant dump in the late forties.

AREA #5 - RADIUM VAULT

This building was formerly used for storage and handling of radium bromide, radium foil and radium radiation sources. When closed off in 1970, contamination levels were 1,000-50,000 DPM fixed alpha and 50-200 DPM removable alpha. Radiation levels at some places in the building were 0.1-0.3 mR/hr beta-gamma.

AREA #6 - SOLUTIONS VAULT

This building was used for handling certain radioactive solutions and for storage of certain high-level radiation sources. Recent surveys have shown that there is no detectable removable alpha or beta-gamma. The building is presently being used for storage.

AREA #7 - SEALED SOURCES VAULT

This small building was used only for the storage of certain sealed sources; however, some contamination has been found in and around the floor and door of the building. The last surveys showed less than 0.25 mR/hr beta-gamma.

AREA #8 - OLD GARAGE

Originally used as the waste disposal building, this structure has been vacant since the late 1950's. The dirt is contaminated (200-2,000 DPM alpha and 0-0.4 mR/hr beta-gamma).

AREA #9 - SILO

The silo was used solely for the remote storage of certain types of high-level sources. Contamination is basically background; however, a thorough survey has not been conducted.

NRC 10060

AREA #10 - OLD HOUSE

This structure has been used for the storage of many low-level contaminated items over the years. Low-level alpha contamination (200-1,000 DPM) is widespread in certain areas of the building.

AREA #11 - PERSONNEL OFFICE

In the basement of the former personnel office is an old well of some sort that was apparently used for waste disposal purposes. No records are available as to what was disposed of in this well - by whom, why or when. It apparently has a concrete cap. Radiation levels over the cap are 0-0.25 mR/hr beta-gamma.

AREA #12 - BURIAL PITS

Originally licensed for the disposal of low-level wastes in 1956, there are no records in existence of how these burial sites are constructed, nor of what is buried in them. Radiation levels at soil level range from background to 0.6 mR/hr beta-gamma. These pits were under water during the flood of 1972; however, there has been no significant change in radiation levels during or after the flood.

AREA #13 - PLANT DUMP at Southwest Corner of Property

Originally found in 1970, some decontamination has been carried out in this area. Present radiation levels are less than 0.6 mR/hr beta-gamma.

AREA #14 - PLANT DUMP between Lagoons

This area was found during the installation of a new storm sewer in 1972. Radiation levels are approximately several thousand CPM beta only. There appears to be little or no associated gamma.

AREA #15 - CEMENT TROUGH, SEWER AND GRATE

Source of contamination of these items is unknown. Contamination levels are 200-2,000 DPM alpha.

AREA #16 - EAST LAGOON

The full extent of contamination in this pond is difficult to ascertain due to the water and mud in the pond. Underwater surveys with a waterproof probe show radiation levels range from background to 4 mR/hr gamma.

AREA #17 - CONTAMINATED SOIL UNDER OLD LOADING DOCK

This area was formerly the main access to the alpha laboratory for the removal of radioactive waste and other large items. The soil beneath it is relatively inaccessible; however, the limited surveys possible indicate contamination levels ranging from background to 2 mR/hr beta-gamma.

AREA #18 - CONTAMINATED SOIL BY SILO FENCE

This contaminated area adjoins the old garage formerly used for waste disposal. Radiation levels range from background to 0.6 mR/hr beta-gamma.

AREA #19 - CONTAMINATED SOIL BY TRITIUM BUILDING

A small area of soil near the front of Area #3 has a radiation level of approximately 0.6 mR/hr beta-gamma.

AREA #20 - CONTAMINATED SOIL EAST OF LAGOONS

This is a large area of soil completely covered with heavy undergrowth. Radiation levels range from background to 0.6 mR/hr beta-gamma.

AREA #21 - CARPENTER SHOP

This building was used for storage of radium in the late forties and early fifties. One wall is known to be contaminated with 10,000 to 50,000 DPM alpha and 1-2 mR/hr beta-gamma.

AREA #22 - SIDEWALKS

At various times in the past, contamination has been found at isolated points on the exterior walkways on the site. This has generally been 200-2,000 DPM alpha with no detectable beta-gamma.

AREA #23 - FORMER CANAL BANK

At one time, there were additional lagoons on the site. These were decontaminated in the early sixties. However, no records of residual levels of contamination exist.

AREA #24 - CONTAMINATED DRAINS

A number of contaminated drains left from old radioactive operations remain on the site. The extent of contamination in these lines is unknown.

AREA #25 - FORMER EXIT SIGN ASSEMBLY AREA

This area in the Etching building was used for the assembly and storage of exit signs containing Tritium. Brief surveys showed no detectable contamination; however, a thorough survey remains to be done.

AREA #26 - FORMER CESIUM ION-EXCHANGE HUT

This building formerly housed the ion-exchange columns used to treat waste water from the Cesium laboratory. While gross contamination has been removed, survey records are incomplete.

PART II

PROPOSED SCHEDULE FOR

FURTHER SURVEY AND DECONTAMINATION

OPERATIONS

NRC 10066

PREFACE

Based upon the site contamination status contained in Part I of this program, a tentative schedule for the decontamination program has been developed covering the next nine months. It will be modified by considerations such as weather conditions and survey results.

In June of 1979, a schedule for the next twelve months will be developed, based upon new survey results and any other new information available.

OCTOBER THROUGH DECEMBER, 1978

- Area 9 - Survey silo to determine nature of decontamination efforts necessary.
- Area 12 - Take three core samples in vicinity of old burial pits and establish permanent wells for continuing samples of ground water and sub-surface radiation levels.
- Area 14 - Excavate contaminated soil between lagoons.
- Area 15 - Decontaminate cement trough and storm sewer. Replace if necessary.
- Area 18 - Survey to determine extent of area involved. Take core samples by hand.
- Area 19 - Remove contaminated soil by Tritium building.
- Area 21 - Remove contaminated wall in carpenter shop.
- Area 22 - Survey all external plant walkways.

JANUARY THROUGH JUNE, 1979

- Area 2 -
 - (a) Decontaminate former shipping room.
 - (b) Survey former Watch Dial screen rooms, exhaust ducts, filter bank and plenum chamber.
 - (c) Survey attic to determine exact location of contaminated areas.
- Area 5 - Reopen and survey old radium vault.
- Area 7 - Decontaminate sealed sources vault.
- Area 8 - Decontaminate old garage.
- Area 23 - Survey canal bank.

--- REVIEW PROGRAM ---

20 APR 1988

Docket Nos. 030-05980
030-05982

License Nos. 37-00030-02 ✓
37-00030-08

Safety Light Corporation
ATTN: Mr. Jack Miller
President
4150-A Old Berwick Road
Bloomsburg, Pennsylvania 17815

Gentlemen:

Subject: Ownership and organizational changes at United States Radium Corporation, its Successors, and Safety Light Corporation (SLC), Inspection No. 86-001, and how they relate to decontamination responsibilities at the Bloomsburg, PA site.

On January 21, 1981, the Nuclear Regulatory Commission (NRC) received notification that the NRC licensee known as United States Radium Corporation had changed its name to Safety Light Corporation (SLC). There was no indication that the change involved any ownership or organizational changes. The NRC more recently was informed that the entity previously known as United States Radium Corporation is now doing business as USR Industries, Inc.

During an inspection on March 8, 1983, at the SLC facilities in Bloomsburg, Pennsylvania the NRC learned that SLC had been sold to three employees of the successor corporation that continued to conduct business as SLC. In a letter from the new company dated November 11, 1983, NRC Region I was informed that USR Industries, Inc. had completed the sale of SLC on May 24, 1982. The NRC did not receive prior notice of the transfer of rights under the referenced licenses and did not grant prior written approval of the resulting transfer of the licenses as required by 10 CFR 30.34(b). Prior to approving such a transfer, among the issues NRC would review would be the issue of whether SLC, as a result of the transfer, had reduced financial resources available to decontaminate the site.

Based upon the above, it appears that the licenses were transferred in violation of Section 184 of the Atomic Energy Act of 1954, as amended, 42 U.S. 2231 ("The Act") without the appropriate notification and approval required by 10 CFR 30.34(b). As a result of the above, you are hereby directed, pursuant to Section 182a. of the Act to provide answers, in writing, signed under oath or affirmation by a responsible officer of Safety Light Corporation, to the questions set forth in Appendix B to this letter, to enable the Commission to determine whether the licenses should be modified, suspended or revoked. In addition, each of the companies listed in Appendix A may also respond to the questions in Appendix B either jointly or separately to the extent that they maintain an interest in the site at Bloomsburg, Pennsylvania.

NRC 04133

Exhibit E

OFFICIAL RECORD COPY

IR SAFETY LIGHT - 0004.0.0
04/14/88

RETURN ORIGINAL TO

8805020292 880420

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20 APR 1988

Safety Light Corporation

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Further, a safety inspection was conducted at the Bloomsburg facilities on June 19-20 and November 12, 1986. The results of this inspection and subsequent related correspondence relative to the Bloomsburg site are documented in Combined Inspection Report Nos. 030-5980/86-001 and 030-05982/86-001, a copy of which is enclosed with this letter. During the course of the inspection, two other apparent violations of NRC requirements were identified. Enforcement action relative to these findings, in addition to the apparent violation of 10 CFR 30.34(b) described above, is still under consideration and will be decided, in part, on the basis of your response to Appendix B to this letter.

In accordance with Section 2.790 of the NRC's "Rules of Practice," Part 2, Title 10, Code of Federal Regulations, a copy of this letter and the enclosures will be placed in the Public Document Room. A response to this letter is required within thirty calendar days from the date of this letter.

Sincerely,

Original Signed By
WILLIAM T. RUSSELL

William T. Russell
Regional Administrator

Enclosures:

1. Appendix A
2. Appendix B
3. NRC Region I Combined Inspection Report Nos. 030-05980/86-001 and 030-05982/86-001

cc w/encls:

Public Document Room (PDR)
Nuclear Safety Information Center (NSIC)
Commonwealth of Pennsylvania
Mr. John MacHutchin, RSO
USR Lighting, Inc.
USR Chemicals, Inc.
USR Metals, Inc.
U.S. Natural Resources, Inc.
Metreal, Inc.

NRC 04134

20 APR 1988

Safety Light Corporation

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bcc w/encls:
 Region I Docket Room (w/concurrences)
 Management Assistant, DRMA (w/o encls)
 R. Cunningham, NMSS
 J. Allan, RI
 J. Gutierrez, RI
 J. Piccone, RI
 T. Thompson, RI
 J. Joyner, RI
 J. Lieberman, OE
 J. Goldberg, OGC
 D. Holody, RI

JG RI:DRSS
 Piccone/ca
 04/14/88
for RI:DRSS
 Congel
 04/14/88

JG RI:DRSS
 Glenn
 04/14/88
By phone
 4/13/88
for P. Piccone NMSS
 Cunningham
 04/ /88

RI:RC
gus Gutierrez
 04/18/88
 RI:DRMA
 Allan
 04/16/88

JJ RI:DRSS
 Joyner
 04/14/88
 RI:RA
 Russell
WR
 04/17/88
 IR SAFETY LIGHT - 0006.0.0
 04/14/88

OGC *By phone*
 Goldberg *4/14/88*
for Goldberg
 04/ /88

OFFICIAL RECORD COPY

NRC 04135

APPENDIX A

1. USR Industries, Inc.
2. USR Metals, Inc.
3. USR Lighting, Inc.
4. USR Chemicals, Inc.
5. U.S. Natural Resources, Inc.
6. Safety Light Corporation
7. Metreal, Inc.

NRC 04136

APPENDIX B

Information needed to continue the review of the applications for renewal of License Nos. 37-00030-02 and 37-00030-08 or to approve transfer of licensed activities to a new licensee:

1. Describe all relationships and transactions between USR Industries, Inc., United States Radium Corporation, and their successors and subsidiaries affecting the Bloomsburg, Pennsylvania site.
2. Describe the relationship of USR Industries, Inc. and its subsidiaries to United States Radium Corporation prior to November 24, 1980.
3. Identify all successors to United States Radium Corporation.
4. Provide a decommissioning plan for the site which will permit the release of the site for unrestricted use. This decommissioning plan should provide for a final radiological survey that will include all areas where licensed material has been used, stored or buried. The decontamination of the site may be gradual, extending over a period of ten years, but should be scheduled to begin within twelve months. Please include a proposed schedule for completion of the decontamination along with the decommissioning plan.
5. Provide an estimate of the cost of the decommissioning, including the cost of the disposition of the radioactive waste generated during the decommissioning effort.
6. Propose a method to ensure that sufficient funds will be available to implement the decommissioning plan. Include a discussion of any change in financial resources available as a result of the change in ownership. Specifically, you should submit a decommissioning funding plan or a certification of financial assurance for decommissioning in an amount to cover the estimated costs.

NRC 04137

U.S. NUCLEAR REGULATORY COMMISSION
REGION I

Report Nos. 030-05982/86-01
030-05980/86-01

Docket Nos. 030-05982
030-05980

License Nos. 37-00030-08 Priority 1 Category B
37-00030-02 3 E

Licensee: Safety Light Corporation
4150-A Old Berwick Road
Bloomsburg, Pennsylvania 17815

Facility Name: Safety Light Corporation

Inspection At: Bloomsburg, Pennsylvania

Inspection Conducted: June 19-20, 1986 and November 12, 1986

Inspectors: Thomas K. Thompson 3/22/88
Thomas K. Thompson, Health Physicist date
for Josephine M. Piccone 3/22/88
Josephine M. Piccone date
Senior Health Physicist
for John E. Glenn 3/22/88
Frank Costello, Senior Health Physicist date
Approved by: John E. Glenn 3/22/88
John E. Glenn, Chief date
Nuclear Materials Safety Section B

Inspection Summary: Inspection conducted June 19-20, 1986 and November 12, 1986 (Combined Report Nos. 030-05980/86-01, 030-05982/86-01)

Areas Inspected: Routine unannounced inspection (June 19-20, 1986), including review of scope of current operations, contamination control, training, bio-assay, stack releases, restricted area air concentrations, liquid waste disposal, environmental sampling, package surveys, solid waste disposal, material inventory, and quality assurance; and announced inspection (November 12, 1986) including review of the organization, environmental sampling, site contamination and decontamination activities.

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Results: Three apparent violations were identified: (1) Failure to obtain NRC review and approval prior to the sale of Safety Light Corporation on May 24, 1982 by USR Industries, Inc. (Paragraph 3); (2) Failure to meet the intent of Condition 13. of License No. 37-00030-02 to provide a report of the decontamination status and schedule of work for each 12 month period commencing July 1, 1979 (Paragraph 4); (3) Failure to complete the decontamination of specified sites (Paragraph 4).

DETAILS

1. Persons Contacted

- *Mr. J. Miller, President
- *Mr. J. MacHutchin, Radiation Safety Officer
- *Mr. C. Berlin, Lead Radiation Safety Technician

*Denotes those present at the exit interviews.

2. Scope of Licensed Activities

Safety Light Corporation is authorized to possess and use any form of hydrogen-3 for the purposes of research and development, manufacturing, distribution and any byproduct material as sealed sources for use as reference standards (License No. 37-00030-08)

The Corporation is also authorized to possess any byproduct material as contaminated equipment and facilities for the decontamination, cleanup, and disposal of such material (License No. 37-00030-02).

3. Organization

The licensee changed the name of the Corporation from U.S. Radium Corporation to Safety Light Corporation effective November 24, 1980. The licensee notified NRC licensing staff by letter dated January 21, 1981 that this name change should be incorporated into all the existing licenses.

On May 24, 1982, Safety Light Corporation, a wholly-owned subsidiary of USR Industries, Inc., was sold to a group of executive officers of Safety Light Corporation. A copy of the current Safety Light Corporation organization chart was provided to the NRC in a letter dated December 3, 1986. (Attachment 1). 10 CFR Section 30.34(b) requires that no license issued pursuant to the regulations in Parts 30 through 35 be transferred, assigned or in any manner disposed of through transfer of control of any license to any person, unless the Commission has reviewed the transaction and given its consent in writing.

The failure of USR Industries, Inc./Safety Light Corporation to apprise the NRC of the sale of Safety Light Corporation, and to obtain prior approval of this transaction, with the resulting transfer of the license, constitutes an apparent violation of 10 CFR 30.34(b).

4. Review of Decontamination Operations

The inspectors toured the grounds of the facilities with licensee representatives and requested a site plan which would indicate property ownership, onsite companies and location of each, and locations and levels of

all contamination and radiation found by the licensee's surveys. This information was provided in a letter dated February 6, 1987. (Attachment 2).

Condition 14 of License No. 37-00030-02 requires that licensed material be possessed and used in accordance with statements, representations and procedures contained in application dated April 25, 1969, letter dated July 23, 1969, application dated June 7, 1977, letter dated October 23, 1978 and application dated November 6, 1978.

In a letter dated October 23, 1978, the licensee submitted a plant survey to identify the contamination status of the entire plant site and provided a decontamination plan of scheduled decontamination activities through June, 1979 as part of their June 7, 1977 renewal application. In the October 23, 1978 letter, the licensee provided a 9 month decontamination program that included: excavating contaminated soil between the lagoons; decontaminating the cement trough and storm sewer, the former shipping room and the old garage; removing contaminated soil by the tritium building and the contaminated wall in the carpenter shop. The site contamination survey provided in letter dated February 6, 1987 indicates that these areas have not been decontaminated.

The failure to complete the decontamination of specified sites is an apparent violation of Condition 14. of License No. 37-00030-02.

The October 23, 1978 letter stated that "in June of 1979, a schedule for the next twelve months will be developed...". This requirement was formalized in Amendment 40 of License No. 37-00030-02 with Condition 13, which requires that a report of the status and schedule of work for each 12 month period commencing July 1 be submitted no later than July 1 of each year.

The failure to provide a report of the status of decontamination efforts and a schedule of work for 12 month periods beginning July 1, 1979 to the present is an apparent violation of Condition 13. of License No. 37-00030-02.

5. Contamination Control

The inspectors toured the foil manufacturing, tube manufacturing, liquid waste storage, and solid waste storage facilities. Contamination surveys are performed on a daily basis as required. Records indicated that magenta controlled zones were maintained below the licensee's 50,000 dpm/100cm² limit. When contamination in excess of the level is detected, the licensee decontaminates the area.

The inspectors took 50 wipes from the active processing areas. NRC independent analysis of these wipes indicates that the licensee's results were consistent with the Regional analyses, considering differences in counting geometry and equipment (Attachment 3). Two wipes on the hood in the pumping station room exceeded the licensee's 50,000 dpm/100 cm² action limit. The licensee was notified of these results.

6. Training

No new employees who work with byproduct material have been hired since the last inspection.

The inspector also reviewed the records of annual retraining.

No violation of regulatory requirements was identified.

7. Bioassay

A licensee representative stated that weekly urinalyses are performed on all individuals working with tritium. The inspector reviewed the licensee's records for 1985 and 1986, up to June 20, 1986, and determined that no urine specimen had shown more than 7.25 microcuries per liter.

No violations of regulatory requirements were identified.

8. Stack Releases

All building exhausts are combined for discharge through a single stack, 0.6m in diameter and 18m high. Continuous monitoring of this stack for particulate, aqueous and gaseous forms of tritium is performed using filters and ethylene glycol bubblers in conjunction with an oxidizer furnace. Filters and ethylene glycol solutions are changed and analyzed daily. The licensee has determined diffusion factors for the exhaust stream under predominant meteorological conditions (wind toward the southeast) and utilizes these factors to calculate the concentration released to unrestricted areas.

Operations involving possible airborne releases are performed under exhaust ventilation. Silica gel (indicating-type) columns and molecular sieve back-up columns are used for treatment of gas streams with potentially high concentrations of tritium. These are replaced when needed as determined by observation of the silica gel. The old columns are disposed of as solid waste.

The licensee's exhaust ventilation system radiation monitor alarm is received at a local police department during off hours. The police maintain a phone contact list should high radiation levels be detected.

Licensee records indicate that, during 1985, 0.8 curie of tritium was released as particulates, 120 curies as tritiated water vapor, and 1796.5 curies as gaseous tritium. During the first three quarters of 1986, 0.1 curie of tritium as particulates, 69 curies as tritiated water vapor, and 2768 curies as gaseous tritium have been released to the environment. (Attachment 1)

The concentrations of tritium from the stack monitor in particulate and gaseous forms were less than 50 percent of the maximum permissible concentrations (MPC) found in Appendix B, Table II of 10 CFR Part 20 in 1985.

The concentration of tritium from the stack monitor in the form of tritiated water averaged 6.8 times MPC in 1985. Licensee calculations of the dilution factors for stack releases indicate ground level concentrations at the site boundary are well below the MPC for release.

Two significant stack releases, resulting from accidental releases from the gas fill system, were reviewed by the inspectors. On June 18, 1986, 6.02 MPC's for 24 hours of tritium oxide and 5.82 MPC's for 24 hours of tritium gas were released.

-- Licensee calculations indicated that the average ground level concentration of tritium at approximately 125 meters downwind from the stack was well below the MPC for unrestricted areas. Licensee calculations indicate that approximately 16 curies of tritium oxide or 3500 curies of tritium gas would have to be released to exceed the MPC for unrestricted areas.

-- The second incident occurred on August 29, 1986 and resulted in the release of 815 curies of tritium gas, the largest gaseous release which had occurred to that date. The licensee's investigation of the incident and calculations are contained in the licensee's memos dated August 30, 1986, and September 4, 1986 (2 memos) and are included in Attachment 1 of this report.

Calculations made by the inspectors confirm the licensee's analysis for tritiated water vapor and tritium gas released in effluents.

The licensee samples airborne soluble tritium at three locations along the property boundary. The three samples are located along the east property line based on the prevailing westerly winds.

Licensee records show that airborne concentrations at these points are less than one percent of the applicable MPC (Attachment 5).

No violations of NRC requirements were identified.

9. Restricted Area Air Concentrations

The inspectors noted that air monitors were in operation which would alarm when the restricted area MPC is exceeded. Employees told the inspectors that they would immediately leave the area should an alarm sound.

On June 19, 1986, the scrubber system alarm setting was 1000 uCi/m³, the fill hood system alarm setting was 100 uCi/m³, and the general air alarm in the room was reading 4-5 uCi/m³ with the alarm set at 10 uCi/m³.

No violations of NRC requirements were identified.

10. Liquid Waste Disposal

The inspectors sampled one of the liquid waste tanks (2310 gallons) awaiting discharge to the Susquehanna River. NRC's independent analysis was in agreement with the licensee's (Attachment 6).

No violations of NRC requirements were identified.

11. Package Surveys

The inspectors reviewed the records of surveys of incoming and outgoing packages. All packages are surveyed prior to leaving the gas-fill room and results are recorded prior to shipment. Incoming packages of tritium are taken to the liquid waste building for wipe surveying. On February 10, 1986 and March 11, 1986 the licensee received 9000 curies of tritium from a supplier with removable package contamination of 20,000 DPM/100cm². The licensee informed the supplier and NRC.

No violations of NRC requirements were identified.

12. Solid Waste Disposal

The licensee has not made a shipment of radioactive waste to an authorized burial site since December of 1982. Presently, the licensee is storing approximately 20,000 curies of tritium waste (Attachment 7). The licensee stated that it found the cost of waste burial at a commercial site prohibitive, but are reinvestigating the burial site requirements and charges.

No violations of NRC requirements were identified.

13. Environmental Sampling

The inspectors reviewed bore hole and well water sampling results. Some variability was noted in the data with higher than normal concentrations obtained on February 19, 1986. Monitoring results indicated 113,000 picocuries/liter of tritium in bore hole #14 sample and 30,000 picocuries/liter of tritium in an offsite drinking water well. The inspectors requested historical tritium monitoring data for the Walton/Vance well (Attachment 8) and onsite bores #14 and #16 (Attachment 1). In an analysis made by the inspectors, there does not appear to be a trend between the offsite well results and either airborne tritium or bore #14, which is closest to the offsite well (Attachment 9). The inspectors obtained an offsite well water sample and a bore #1 sample for analysis. Results (Attachment 10) were consistent with the licensee's analyses.

A licensee representative stated that the monitoring procedure now required a repeat analysis be made on any well water samples equal to or exceeding 20,000 picocuries/liter of tritium (EPA standard).

No violations of NRC requirements were identified.

14. Quality Assurance

The inspector reviewed the procedures used to test gas-filled products to assure adequacy of the tritium seals. The procedure includes visual inspection and wipe tests of all individual tubes of gas. The completed units are placed in a chamber whose air is monitored for tritium to detect any leakage.

No violations of NRC requirements were identified.

15. Exit Interview

The inspectors met with the licensee representatives denoted in paragraph 1 at the conclusion of the inspection. The scope and findings of the inspection were summarized.



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

MAR 16 1989

Docket Nos. 030-05980, 030-05982, 030-05981
030-08335, and 030-08444
License Nos. 37-00030-02, 37-00030-07E, 37-00030-08,
37-00030-09G, and 37-00030-10G
EA 89-29

Safety Light Corporation
ATTN: Jack Miller, President
4150-A Old Berwick Road
Bloomsburg, Pennsylvania 17815

Gentlemen:

Subject: ORDER MODIFYING LICENSES (EFFECTIVE IMMEDIATELY) AND
DEMAND FOR INFORMATION

Enclosed is an Order Modifying Licenses (Effective Immediately) requiring certain activities, including the preparation and implementation of a plan for both site characterization and decontamination of the Bloomsburg facility. In addition, enclosed is a Demand for Information requiring corporate officials from the successor corporations of U.S. Radium Corp. to submit certain information. We recognize that this information may have proprietary value. Therefore, should any corporation submitting information pursuant to this Order desire that such information not be made public, it should follow the procedures set forth in 10 CFR 2.790. In accordance with that regulation, a copy of this letter and the enclosed Order will be placed in the NRC's Public Document Room.

The responses directed by the accompanying Order are not subject to the clearance of the Office of Management and Budget, as required by the Paperwork Reduction Act of 1980, PL 96-511.

Sincerely,

Hugh L. Thompson, Jr.
Deputy Executive Director for
Nuclear Materials Safety, Safeguards
and Operations Support

Enclosures:

1. Order Modifying License
and Demand for Information
2. Environmental Evaluation of the
Safety Light Corporation Site,
Bloomsburg, PA

NRC 05678

cc: Geoffrey L. Beauchamp, Esq.

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

89-3240152 2pp

IX-164b

ENV 1 (21)

MAR 16 1989

Safety Light Corporation

DISTRIBUTION:

PDR

SECY

CA

H. Thompson, DECS

J. Taylor, DEDR

W. Russell, RI

J. Lieberman, OE

G. Cant, OE

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R. Cunningham, NMSS

Enforcement Coordinators

RI, RII, RIII, RIV, RV

F. Ingram, PA

B. Hayes, OI

F. Herr, OIA

E. Jordan, AEOD

V. Miller, SPA/SP

DCS

EA file

Commonwealth of Pennsylvania

NRC 05679

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555



MAR 16 1989

Docket Nos. 030-05980, 030-05982, 030-05981
030-08335, and 030-08444
License Nos. 37-00030-02, 37-00030-07E, 37-00030-08,
37-00030-09G, and 37-00030-10G
EA 89-29

United States Radium Corporation
USR Industries, Inc.
USR Lighting, Inc.
USR Chemical, Inc.
USR Metals, Inc.
USR Natural Resources, Inc.
Lime Ridge Industries, Inc.
Metreal, Inc.
Pinnacle Petroleum, Inc.
ATTN: Ralph T. McElvenny, Chairman
550 Post Oak Blvd, Suite 550
Houston, Texas 77027

Gentlemen:

Subject: ORDER MODIFYING LICENSES (EFFECTIVE IMMEDIATELY) AND
DEMAND FOR INFORMATION

Enclosed is an Order Modifying Licenses (Effective Immediately) requiring certain activities, including the preparation and implementation of a plan for both site characterization and decontamination of the Bloomsburg facility. In addition, enclosed is a Demand for Information requiring corporate officials from the successor corporations of U.S. Radium Corp. to submit certain information. We recognize that this information may have proprietary value. Therefore, should any corporation submitting information pursuant to this Order desire that such information not be made public, it should follow the procedures set forth in 10 CFR 2.790. In accordance with that regulation, a copy of this letter and the enclosed Order will be placed in the NRC's Public Document Room.

The responses directed by the accompanying Order are not subject to the clearance of the Office of Management and Budget, as required by the Paperwork Reduction Act of 1980, PL 96-511.

Sincerely,

A handwritten signature in dark ink, appearing to read "Hugh L. Thompson, Jr.", written in a cursive style.

Hugh L. Thompson, Jr.
Deputy Executive Director for
Nuclear Materials Safety, Safeguards
and Operations Support

See next page for encls.
CERTIFIED MAIL
RETURN RECEIPT REQUESTED

NRC 05680

89d3070494 (300)

IX-164C exhibit F

United States Radium Corp, et al

Enclosures:

1. Order Modifying License
and Demand for Information
2. Environmental Evaluation of the
Safety Light Corporation Site,
Bloomsburg, PA

cc: Geoffrey L. Beauchamp, Esq.

MAR 16 1989

United States Radium Corporation, et al

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5009-89-65
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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of:

Safety Light Corporation
United States Radium Corporation
USR Industries, Inc.
USR Lighting, Inc.
USR Chemical, Inc.
USR Metals, Inc.
USR Natural Resources, Inc.
Lime Ridge Industries, Inc.
Metreal, Inc.;
Pinnacle Petroleum, Inc.
and all other successor
corporations to either USR
Industries or U.S. Radium Corp.
(herein referred to as the
Corporations)

Docket Nos. 030-05980
030-05982
030-05981
030-08335
030-08444

License Nos. 37-00030-02
37-00030-08
37-00030-07E
37-00030-09G
37-00030-10G

EA 89-29

ORDER MODIFYING LICENSES (EFFECTIVE IMMEDIATELY)
AND DEMAND FOR INFORMATION

I

Safety Light Corporation (Safety Light) is the named licensee on Byproduct Material License Nos. 37-00030-02, 37-00030-08, 37-00030-07E, 37-00030-09G, and 37-00030-10G, issued by the Nuclear Regulatory Commission (NRC).

License No. 37-00030-02 authorizes the possession, storage, and use of any byproduct material for purposes of decontamination, cleanup, and disposal of equipment and facilities previously used for manufacturing, research and development in operations performed at the facility located at 4150-A Old Berwick Rd., Bloomsburg, PA (the Bloomsburg facility). License No. 37-00030-02 was originally issued on June 20, 1956 and was last renewed on January 25, 1979. This license has been under timely renewal since February 29, 1984.

NRC 05683

License No. 37-00030-08 authorizes the licensee to conduct research and development and to manufacture various devices containing tritium. License No. 37-00030-08 was originally issued on August 5, 1969, and was last renewed on

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IX-164d

January 6, 1983. This license has been under timely renewal since December 31, 1987. The above licenses permit use of material only at facilities at 4150-A Old Berwick Road, Bloomsburg, Pennsylvania (the Bloomsburg facility).

License No. 37-00030-07E authorizes the distribution of timepieces, hands and dials to which luminous paint containing tritium is applied, to persons exempt from NRC licensing pursuant to 10 CFR 30.15. License No. 37-00030-07E was originally issued on April 16, 1965 and was last renewed on May 27, 1986. This license expires on April 30, 1991.

License No. 37-00030-09G authorizes the distribution of luminous devices containing tritium to persons generally licensed pursuant to 10 CFR 31.5. License No. 37-00030-09G was originally issued on January 13, 1966 and was last renewed on October 24, 1983. This license has been under timely renewal since October 31, 1988.

License No. 37-00030-10G authorizes the distribution of sealed self-luminous sources to persons generally licensed pursuant to 10 CFR 31.7. License No. 37-00030-10G was originally issued on December 13, 1971 and was last renewed on April 22, 1985. This license expires on April 30, 1990.

II

On January 21, 1981, the NRC received notification that the NRC licensee known as United States Radium Corporation (U.S. Radium), the prior licensee on all of the above licenses, had changed its name to Safety Light Corporation.

There was no indication at that time that the change involved any ownership or organizational changes. Consequently, routine administrative license amendments changing the corporate name from U.S. Radium Corporation to Safety Light Corporation were issued on March 31, 1982 to modify License No. 37-00030-08; and on January 20, 1983 to modify License Nos. 37-00030-02, 37-00030-07E, 37-00030-09G, and 37-00030-10G.

III

As early as 1983, the NRC sought clarification from Safety Light concerning corporate transactions that potentially could affect cleanup responsibility. Specifically, the letter that transmitted NRC Inspection Report 83-01, dated September 22, 1983, sought clarification, based upon inspections at the Bloomsburg facility, of the effects of an apparent corporate transfer of licensed activity. Safety Light's November 11, 1983 response to the request in the September 22, 1983 letter appears both incomplete and misleading in that it is silent on the details of the May 16, 1980 Agreement and Plan of Merger between U.S. Radium Corporation and USR Industries, Inc. and a July 11, 1980 U.S. Radium letter to its stockholders ("the 1980 Plan"). In its response, Safety Light refers back to the administrative name change processed in response to its January 21, 1981 submittal and affirmatively states that there were no organizational changes made due to the name change.

Since that time, the NRC has obtained and reviewed the 1980 plan. Based upon a review of the 1980 Plan, it now appears U.S. Radium merged with USR Industries, Inc. (Industries). It specifically appears that the former NRC

licensee known as U.S. Radium Corporation, through its officers and directors, had also created the new corporation, known as USR Industries, Inc. After merging with Industries, the former U.S. Radium became a wholly-owned subsidiary of Industries, and then changed the name of the segregated NRC activities to Safety Light Corporation. Industries also transferred all its non-licensed assets and business to five other newly created corporations (USR Lighting, Inc.; USR Chemicals, Inc.; USR Metals, Inc.; Metreal, Inc.; and USR Natural Resources, Inc.), then wholly owned subsidiaries of USR Industries. Pinnacle Petroleum, Inc. is apparently another subsidiary of Industries. Thereafter, Safety Light Corporation, which had the activities authorized by NRC, was sold to Lime Ridge Industries, Incorporated, a corporation created by former employees of Industries and U.S. Radium.

IV

Neither prior notice to the NRC was given, nor NRC approval obtained, regarding the 1980 restructuring and subsequent sale or the full circumstances of the transfer of the NRC license, in violation of Section 184 of the Atomic Energy Act and 10 CFR 30.34(b), which prohibit the transfer of a license, either directly or indirectly, unless the NRC, after securing full information, gives its consent in writing. It further appears from the 1980 Plan that these corporate transactions were a deliberate attempt to isolate the liability and responsibility for cleanup of the Bloomsburg facility (discussed below) from other, presumably more profitable, aspects of U.S. Radium's, and later Industries', business ventures.

Neither U.S. Radium, USR Industries, nor any of their successor corporations or subsidiaries can avoid responsibility and liability for the cleanup of the Bloomsburg facility through the unlawful transfer of an NRC license, i.e., a transfer without the consent of the NRC, after full disclosure. Therefore, each of the corporations referred to in the caption of this Order ("Corporations") is, and remains, jointly and severally liable and responsible for the cleanup of the Bloomsburg facility and for the conduct of all other activities on that site that require an NRC license.

On April 20, 1988, following renewed concerns with cleanup issues at the site, the NRC again sought clarification of the relationships among the various corporations with apparent interests in the Bloomsburg facility and the role that each would play in the cleanup of that site. In stark contrast to the January 21, 1981 and November 11, 1983 submittals, Industries' June 24, 1988 response concedes that the name change was made concurrently with a corporate reorganization, although even the June 24, 1988 response fails to state that one purpose of the reorganization apparently was to limit liability, as stated in the July 11, 1980 U.S. Radium letter to its stockholders. Consequently, Safety Light's January 21, 1981, November 11, 1981, and June 24, 1988 submissions to the NRC were incomplete and inaccurate in material respects.

V

In addition to the foregoing, the soil and groundwater at the Bloomsburg facility have become radioactively contaminated as a result of past operations at the

facility. The principal radionuclides are tritium, strontium-90 and radium-226. The levels exceed NRC limits that would permit unrestricted access to the site. Tritium has also been detected in groundwater off-site in the well of a nearby house. Although the tritium in that well is not yet above drinking water limits set by the U.S. Environmental Protection Agency, further off-site contamination is likely to occur over time due to the movement of groundwater and soil erosion. Pits on the site contain unknown types and quantities of radioactive material that pose a potential threat to the health and safety of employees and any others on the site. Access to the site by the public is not restricted and members of the public have been and may be present. Therefore, access needs to be restricted and decontamination of the facility and real estate is required and must commence immediately.

VI

Prior to the numerous transactions set forth above, on January 25, 1979, the NRC amended License No. 37-00030-02 to include License Condition 14 to require a nine-month plan for implementing specified decontamination activities submitted earlier in a U.S. Radium letter dated October 23, 1978. This letter also stated that a schedule would be developed for decontamination activities beyond the activities specified in the decontamination plan. Condition 13 of License No. 37-00030-02 required U.S. Radium to provide the NRC with a report on the status of decontamination efforts and a schedule of work for 12 month periods beginning July 1, 1979. The NRC's inspection of the Bloomsburg facilities on November 12, 1986 and the site contamination survey provided in a letter to the NRC dated February 6, 1987 indicate that the specified decontamination activities were not performed. Furthermore, while Safety Light has provided a report of

environmental monitoring each year since 1983, Safety Light has not provided the NRC with the required report on the status of decontamination efforts and schedule of work since License Condition 13 was added to the license.

As a result, by letter dated April 20, 1988, Safety Light, Industries, and all other apparent successor corporations to U.S. Radium were requested to provide a decommissioning plan for the site which would permit the release of the site for unrestricted use. This decommissioning plan was to provide for a final radiological survey that would include all areas where licensed material has been used, stored, or buried. The decontamination of the site was permitted to be gradual, extending over a period of ten years, but was to commence within twelve months.

No substantive responses were made to these requests for a plan. By now, the NRC would have expected to have observed action to satisfy the foregoing license conditions. On July 8, 1988, the NRC inspected the Bloomsburg facility and confirmed that there was no current effort underway to decontaminate the facility. This failure to commence the required decontamination constitutes a willful violation of an NRC requirement. As stated above, the NRC considers all corporate successors of U.S. Radium jointly and severally liable for site cleanup and all other activities requiring a license.

Under the terms of Conditions 13 and 14 of License No. 37-00030-02, as well as the NRC's April 20, 1988 letter, these corporations were put on clear notice that decontamination was necessary and required, and were given ample opportunity to submit proposed milestones and plans for decontamination. Rather

than formulate and implement a decommissioning plan in response to the 1979 license conditions, it now appears U. S. Radium reorganized in a deliberate attempt to limit liability and responsibility for cleanup. Despite repeated efforts by the NRC to get U. S. Radium and its successors, including but not limited to Safety Light, to take steps to initiate meaningful decontamination efforts at the Bloomsburg facility, these steps have not been taken. The presence of considerable known contamination, coupled with the uncertain extent of that and other, as yet unknown, contamination requires that action be taken immediately to survey, stabilize, and clean up the site.

In order to ensure that the Corporations provide adequate resources to evaluate, plan, and implement decontamination efforts with proper radiological safety procedures, I have determined that specific decontamination requirements and milestones are necessary and that decontamination needs to begin expeditiously so as to minimize any threat to public health and safety. As a result of the failure of U.S. Radium and its successors to comply with Section 184 of the Atomic Energy Act and 10 CFR 30.34(b), the successor corporations remain subject to the jurisdiction of the NRC. In view of the corporations' apparently willful failure to fully meet the terms of Section 184 of the Atomic Energy Act and 10 CFR 30.34(b), as well as other conditions in the license, though given opportunity to do so, and their incomplete and inaccurate statements to the NRC, and in view of the need to expeditiously begin decontamination to minimize any threat to public health and safety, I have determined that the NRC lacks reasonable assurance that site characterization and decontamination of the Bloomsburg facility will be initiated and completed in an orderly and timely fashion to ensure that the health and safety of the public, including current

employees and adjoining landowners, will be protected. This is particularly so in light of the apparent financial inability of any one successor corporation to U. S. Radium to clean up the Bloomsburg facility. Accordingly, the public health, safety and interest require that the actions specified by Section VII of this Order commence immediately. For these reasons and pursuant to 10 CFR 2.204, no prior notice is required, and this Order is immediately effective.

VII

In view of the foregoing, and pursuant to Sections 81, 161b, 161c, 161i, 161o, 182, 184 and 186 of the Atomic Energy Act of 1954, as amended, and the Commission's regulations in 10 CFR 2.204 and 10 CFR Parts 30 and 32, IT IS HEREBY ORDERED, EFFECTIVE IMMEDIATELY, THAT LICENSE NOS. 37-00030-02, -08, -07E, -09G and -10G ARE MODIFIED AS FOLLOWS:

- A. Within 90 days from the date of this Order, Safety Light Corporation shall post the premises as required by 10 CFR Part 20 and shall control access to all contaminated areas at the Bloomsburg facility by a fence or other suitable means so as to create a restricted area, as defined in 10 CFR Part 20.

- B. Within 45 days from the date of this Order, all Corporations shall jointly submit, to the Regional Administrator, NRC, Region I, for his review and approval, a joint plan to characterize the radioactivity at the Bloomsburg site. The plan shall describe in detail how a complete radiological and geohydrological survey of all facilities and of the surrounding surface

and subsurface soil and groundwater will be conducted in order to fully determine the radionuclide concentrations and their lateral and depth profiles, as well as their movement in the groundwater and soil. The surveys shall be sufficient to develop a complete plan for decontamination/removal operations necessary to permit unrestricted access to the site. The plan shall include, but not be limited to, provisions to address the issues contained in the 1988 NRC Environmental Evaluation of the Safety Light Corporation Site, Bloomsburg, Pennsylvania. Particular attention shall be given to identifying areas of the site that should be given priority in the site decontamination activities. The joint plan shall provide a schedule, with milestones, for completion of the site characterization within 180 days. The plan shall specify the amount of funds that each of the Corporations is to provide for implementation of the plan. Any corporation that does not agree with the joint plan may submit an individual plan, with a statement explaining the reasons for disagreement with the joint plan. A corporate officer, not lower than the President, from each of the Corporations shall certify, under oath or affirmation, to the accuracy of the information contained in the site characterization plan and to the intent on behalf of the corporation to implement the plan.

- C. Within 180 days from the date the Regional Administrator approves the site characterization plan required by Section VII.B. of this Order, all Corporations shall jointly submit, to the Regional Administrator, NRC, Region I, for his review and approval, a single report that contains a complete radiological characterization of the site, with a description of the location and level of all sources of radiation and contamination, including non-

radiological hazards. A corporate officer, not lower than the President, for each of the Corporations shall certify, under oath or affirmation, to the accuracy of the information contained in the site characterization report.

D. Within 30 days from the date the Regional Administrator approves the site characterization report required by Section VII.C. of this Order, all Corporations shall jointly submit to the Regional Administrator, NRC, Region I, for his review and approval, a single decontamination plan with a timetable for specific decontamination activities (milestones) and transfer of contaminated waste. The plan shall include the rationale for the priorities established and specify the amount of funds that each of the Corporations is to provide for implementation of the plan. Any Corporation that does not agree with the joint plan may submit an individual plan, with a statement explaining the reasons for disagreement with the joint plan. A corporate official, not lower than the President, from each of the Corporations shall certify, under oath or affirmation, to the accuracy of the decontamination plan, and to the intent on behalf of the Corporation to implement the plan.

E. Following the Regional Administrator's approval of the decontamination plan required by Section VII.D. of this Order, a corporate officer, not lower than the President, from each of the Corporations shall submit, within 15 days of the end of each calendar quarter, a status report, under oath or affirmation, to the Regional Administrator of NRC, Region I, stating:

1. The progress that has been made toward carrying out the decontamination plan during the previous calendar quarter. In the event that a milestone set forth in the decontamination plan submitted in response to Section VII.D. is not met during the period covered by the report, the report shall indicate: (1) the date by which the milestone is expected to be accomplished; (2) the reason for the failure to meet the milestone; and (3) the impact that the failure to meet the milestone will have on the decontamination plan and schedule;
 2. The actions under the decontamination plan that are expected to be accomplished within the next calendar quarter; and,
 3. The financial resources available during the period covered by the report, including but not limited to revenue, costs and expenses, net losses or profits, and sums expended on decontamination of the Bloomsburg facility.
- F. No Corporation named herein shall either abandon or transfer the Bloomsburg facility, until the NRC has confirmed that a successful decontamination of the Bloomsburg facility has been completed.

VIII

The licensee, the Corporations, or any person adversely affected by this Order may request a hearing within 30 days of the date of its issuance. Any answer to this Order or request for a hearing shall be addressed to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, ATTN: Document

Control Desk, Washington, DC 20555, with a copy to the Assistant General Counsel for Enforcement, Office of the General Counsel, at the same address, and to the Regional Administrator, NRC Region I, 475 Allendale Road, King of Prussia, Pennsylvania 19406. If a hearing is requested by the licensee or the Corporations, the Commission will issue an Order designating the time and place of hearing. If a hearing is held, the issue to be considered at the hearing shall be whether this Order should be sustained. If a person other than the licensee or the Corporations requests a hearing, that person shall set forth with particularity the manner in which the petitioner's interest is adversely affected by this Order and should address the criteria set forth in 10 CFR 2.714(d). An answer to this Order or request for hearing shall not stay the immediate effectiveness of this Order. Upon the failure of the licensee or other Corporations herein named to answer or request a hearing within the time specified, this Order shall be final without further proceedings.

IX

Further information is needed to determine whether the Commission can have reasonable assurance that future activities at the Bloomsburg facility can be conducted in accordance with the Commission's requirements and the terms of this Order.

Accordingly, to determine whether the licenses should be further modified, suspended or revoked, or other enforcement action taken to ensure compliance with NRC regulatory requirements, within 30 days from the date of this Order, a corporate official, not lower than the President, for each of the Corporations shall state in writing, under oath or affirmation, or where appropriate submit,

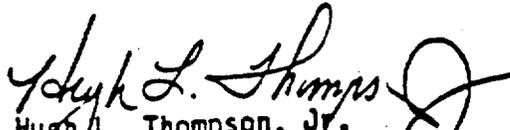
pursuant to Sections 161c and 182 of the Atomic Energy Act of 1954, as amended, and 10 CFR Parts 30 and 32, answers to the following DEMAND FOR INFORMATION:

- A. Describe the extent to which the decontamination of the Bloomsburg facility was considered, if at all, and by whom, in determining the nature of the reorganizations and transfers discussed in this Order.
- B. Copies of all contracts, agreements, deeds, or other instruments of conveyance, between any of the Corporations or individuals concerning responsibility for cleanup of the Bloomsburg site.
- C. For each Corporation, copies of all annual financial statements, including but not limited to, balance sheets showing all assets and liabilities and profit and loss statements, for the three years prior to this Order.
- D. For each Corporation, copies of all quarterly financial statements, including but not limited to, balance sheets showing all assets and liabilities and profit and loss statements, for the four quarters prior to this Order.
- E. For each Corporation, copies of all annual Federal tax returns for the three tax years prior to this Order.
- F. A listing of the names of all individuals or corporations owning at least 10% of the stock in any Corporation, indicating each owner's address, the number of shares owned, and the total number of shares outstanding.

X

The Regional Administrator of NRC Region I may, in writing, relax or rescind any provision of this Order or Demand for Information upon the showing, in writing, of good cause.

FOR THE NUCLEAR REGULATORY COMMISSION


Hugh L. Thompson, Jr.
Deputy Executive Director for
Nuclear Materials Safety, Safeguards,
and Operations Support

Dated at Rockville, Maryland
this 16th day of March 1989