



Policy Number:

Renewal of:

1.	NAMED INSURED AND MAILING ADDRESS:	AGENCY AND ADDRESS:																
<input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation or LLC <input type="checkbox"/> Other _____ (specify)																		
2.	Policy Period From:	To: At 12:01 A.M. standard time at the insured's mailing address.																
3.	COVERAGE A – Contractual Liability COVERAGE B – Employers Liability																	
LIMITS OF LIABILITY Combined Single Limit Each Employee \$ <u>1,000,000</u> Each Occurrence \$ <u>5,000,000</u> Policy Aggregate: \$ <u>25,000,000</u>																		
4.	Indemnity Period 156 weeks	Weekly Indemnity (maximum) \$700																
5.	Self-Insured Retention: \$2,500																	
6.	Endorsements and forms made part of this policy:																	
7.	The premium for this policy is based on an estimate of payrolls and description of operations given on or with the application for coverage. All information is subject to verification and change by audit.																	
7a.	PREMIUM BASIS	<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:70%;"></th> <th style="width:15%;">Class Codes</th> <th style="width:15%;">Estimated Payroll</th> </tr> </thead> <tbody> <tr> <td>Description</td> <td style="text-align:center;">9999</td> <td style="text-align:right;">0.00</td> </tr> <tr> <td>Description</td> <td style="text-align:center;">9999</td> <td style="text-align:right;">0.00</td> </tr> <tr> <td>Description</td> <td style="text-align:center;">9999</td> <td style="text-align:right;">0.00</td> </tr> <tr> <td>Description</td> <td style="text-align:center;">9999</td> <td style="text-align:right;">0.00</td> </tr> </tbody> </table>		Class Codes	Estimated Payroll	Description	9999	0.00	Description	9999	0.00	Description	9999	0.00	Description	9999	0.00	
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7c.	MONTHLY FEES	<table border="1" style="width:100%; border-collapse: collapse;"> <tbody> <tr> <td style="width:70%;"></td> <td style="width:15%; text-align:right;">TPA Monthly Fee</td> <td style="width:15%; text-align:right;">\$ 0.00</td> </tr> <tr> <td></td> <td style="text-align:right;">Loss Control Monthly Fee</td> <td style="text-align:right;">\$ 0.00</td> </tr> <tr> <td></td> <td style="text-align:right;">ERISA Plan Inception Fee</td> <td style="text-align:right;">\$ 250.00</td> </tr> </tbody> </table>		TPA Monthly Fee	\$ 0.00		Loss Control Monthly Fee	\$ 0.00		ERISA Plan Inception Fee	\$ 250.00							
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8.	CLAIMS ADMINISTRATOR																	
ProcessOne TPA LLC PO Box 450728 Garland, TX 75045-0728 Phone: 800.880.9191 Fax: 972.265.4198																		

**6907 Capital of Texas Highway
Austin TX 78731**

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THIS POLICY CONTAINS BOTH A SUNSET CLAUSE FOR REPORTING CLAIMS AND A COMMUTATION CLAUSE FOR SETTLING CLAIMS. PLEASE READ IT CAREFULLY.

THIS IS NOT A WORKERS' COMPENSATION INSURANCE POLICY. YOU DO NOT BECOME A SUBSCRIBER TO THE WORKERS' COMPENSATION SYSTEM BY PURCHASING THIS POLICY. IF YOU ARE A NONSUBSCRIBER, YOU LOSE CERTAIN COMMON LAW DEFENSES TO SUIT AS WELL AS CERTAIN LIMITATIONS ON LIABILITY THAT WOULD OTHERWISE BE AVAILABLE UNDER THE WORKERS' COMPENSATION LAWS. **YOU MUST COMPLY WITH THE WORKERS' COMPENSATION LAW AS IT PERTAINS TO NONSUBSCRIBERS AND THE REQUIRED NOTIFICATIONS THAT MUST BE FILED AND POSTED.**

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine your rights, duties and what is and is not covered.

THE POLICY

This policy is issued and delivered in the State of Texas and is governed by the laws thereof. This policy includes the policy **Application**, the **Declarations Page** and the **Schedule of Benefits**. It is a contract of insurance between you and us. The only agreements relating to this insurance are stated in the policy. The terms of this policy may not be changed or waived except by endorsements issued by us to be a part of this policy.

POLICY PERIOD

The policy period is shown in **Item 2** of the **Declarations Page**. If this policy is cancelled, the policy period will end at 12:01 a.m. on the cancellation date.

TEXAS EMPLOYERS CONTRACTUAL LIABILITY POLICY AGREEMENT

In return for the payment of the premium, in reliance on the statements in the policy **Application** and on the **Declarations Page** which are made a part of this policy, and subject to all the terms, conditions and exclusions of this policy, we agree with you as follows:

Throughout this policy the words "you" and "your" refer to the Named Insured shown on the **Declarations Page**, and any other person or organization qualifying as a Named Insured under this policy. The words "we," "us," and "our" refer to the company providing this insurance.

Other words and phrases that appear in this policy have special meaning. Refer to **SECTION I Definitions**.

The word "insured" means any person or organization qualifying as such under **WHO IS INSURED (SECTION V)**. You are insured if you are an employer named in **Item 1** of the **Declarations Page**. If that employer is a partnership, and if you are one of its partners, you are insured, but only in your capacity as an employer of the partnership's **Employees**.

SECTION I. DEFINITIONS

- A. **Accidental Death or Dismemberment** means the amount specified in your written **ERISA Plan** for any **Employee** who is participating in your **ERISA Plan** as a result of any one **Occurrence** resulting in **Accidental Death or Dismemberment** during the policy period.
- B. **Accidental Injury** means an injury to a covered **Employee** which: (1) was unforeseen and unexpected; (2) occurred at a specifically identifiable time and place; (3) occurred by chance, unexpectedly, and/or not in the usual course of events; (4) resulted directly in bodily injury to the covered **Employee**; (5) occurred in the course and scope of the covered **Employee's** assigned duties and employment with you and not during travel to or from work with you; (6) occurred during the policy period; and (7) for which medical treatment was initiated within 90 days of the injury producing event. **Accidental Injury** does not include **Occupational Disease** or **Cumulative Trauma**. **Accidental Injury** does not include ordinary diseases of life to which the general public is exposed outside the **Employee's** assigned duties in his scope of employment.
- C. **Application** means the form you completed to request to bind coverage under this policy.
- D. **Bodily Injury Damages** means all reasonable amounts paid to obtain a release of liability, to settle a **Claim**, or to pay a judgment based on an action for **Accidental Injury, Occupational Disease, or Cumulative Trauma** brought by an **Employee** or by the spouse, children, parents, estate, successors and assigns as beneficiaries of a deceased **Employee**. **Bodily Injury Damages** includes amounts awarded by a court for pain and suffering. **Bodily Injury Damages** does not include your office expenses or the regular or overtime wages, salaries, fees or benefits of your directors, officers, or **Employees**. **Bodily Injury Damages** does not include any amounts incurred or paid by you or your designated agent for services relating to claim handling or administration. We have the sole discretion to determine whether amounts sought to be indemnified under this coverage are reasonable. **Bodily Injury Damages** include resulting death, if death is covered by your **ERISA Plan**. **Bodily Injury Damages** does not include mental or emotional injury, mental anguish or mental or emotional stress, regardless of whether such injury, anguish or stress is covered by your **ERISA Plan**.
- E. **Claim** means any claim for benefits, demand against the insured, or an obligation of the insured for payment covered by this policy.

- F. **Cumulative Trauma** means damage to the physical structure of the **Employee's** body occurring as a result of repetitious, physically traumatic activities that occur in the scope of employment with you and independent of all other causes. To qualify as **Cumulative Trauma**, the **Employee's** last day of last injurious exposure to the conditions causing or aggravating such **Cumulative Trauma** must take place during the policy period. **Cumulative Trauma** does not include **Accidental Injury or Occupational Disease**.
- G. **Disability Income** means the maximum amount that we will indemnify you for any single **Employee** who is participating in your **ERISA Plan** for disability arising out of a single **Occurrence** during the policy period subject to the maximum amount specified in the **Declarations Page**. Only the gross amounts actually paid to the **Employee** under this benefit will be indemnified under this policy.
- H. **Employee** means a person who is employed in your regular business and receives pay by means of a salary, wage or commission directly from you and for whom you file a W2 with the Internal Revenue Service. **Employee** does not include an independent contractor or third-party agent. An **Employee** must be employed to work in Texas in your regular business; however, it includes those **Employees** working temporarily outside the State of Texas but only under your direction and control and in your regular business.
- I. **ERISA Plan** means a written welfare benefit plan submitted to us and approved by us as an attachment to your **Application** that complies with the Federal Employee Retirement Income Security Act of 1974, as amended, and providing occupational injury benefits to your **Employees**. Any inconsistency between the wording of this policy and your **ERISA Plan** shall be resolved in favor of the wording of this policy form.
- J. **Hospital** means a lawful institution that: (1) is licensed as a hospital; if required in its location; (2) is open at all times; (3) functions chiefly for the care and treatment of sick and injured persons as admitted inpatients; (4) has a staff of one or more licensed physicians present at all times; (5) provides 24 hour services of nurses; and (6) has on its premises or available on a prearranged basis, organized facilities for diagnosis and major surgery.
- An institution which provides for the care and treatment of mentally ill, emotionally ill or retarded persons, or persons confined for alcoholism or substances abuse may be considered a hospital, whether or not it has an organized facilities on the premises for major surgery, so long as it meets the rest of the requirements listed above.
- K. **Hourly Wage**, for purposes of calculating a disability loss, means the average gross hourly compensation paid to an employee as reported by the Insured for the most recent six week period, or shorter period if employed less than six weeks, prior to the occurrence giving rise to the disability. For salaried employees, the hourly wage shall be the stated salary for the employee divided by the number of work hours applicable to that salary.

- L. **Legally Intoxicated** means intoxicated or under the influence of any chemical substance as defined by the penal statutes in effect at the time and location of the occurrence regardless of the cause of the occurrence.
- M. **Loss** means the amount actually paid by you, as defined and/or limited herein, for covered **Claims** and expenses arising out of a covered **Occurrence** during the policy period.
- N. **Medical Expense** means the **Usual and Customary** amounts paid by you in excess of your **Self-Insured Retention** for **Medically Necessary** services as a result of **Accidental Injury, Occupational Disease, or Cumulative Trauma** to your covered **Employee**.
- O. **Medically Necessary** means medical services, procedures or supplies which are: (1) required, recognized and professionally accepted nationally by physicians as the usual, customary and effective means of diagnosing or treating the condition; (2) the most economical supplies or levels of service that are appropriate and available for the safe and effective treatment of the **Employee**; and (3) not primarily for the convenience of the **Employee**, the **Employee's** family or the **Employee's** physician or other provider of medical services, supplies or procedures.
- P. **Occupational Disease** means a disease arising solely out of an **Employee's** assigned duties in the scope of your employment that causes damage or harm to the physical structure of the body. **Occupational Disease** includes other diseases or infections that naturally result from the work-related disease. **Occupational Disease** does not include ordinary diseases of life to which the general public is exposed outside the **Employee's** assigned duties in his scope of employment. To be payable, the **Occupational Disease** must manifest itself and be diagnosed as an **Occupational Disease** during the policy period and the **Claim** is reported to us in accordance with the terms of this policy. **Occupational Disease** does not include **Accidental Injury or Cumulative Trauma**.
- Q. **Occurrence** means an **Accidental Injury** or series of **Accidental Injuries** arising out of one event or incident. As respects **Occupational Disease** or **Cumulative Trauma**, **Occurrence** means the **Employee's** last day of last injurious exposure to the conditions causing or aggravating such **Occupational Disease**.
- R. **Physician** means a duly qualified physician who is legally licensed to practice medicine in the state where the service is performed.
- S. **Plan Benefits** means those benefits actually paid by you to or on behalf of an employee under the terms and conditions of your **ERISA Plan** for claims and expenses that arise out of an occurrence during the policy period

Plan benefits covered under this policy only include your payments under your **ERISA Plan** for medical expenses, total disability losses and **Accidental Death or Dismemberment** losses arising out of **Accidental Injury, Occupational Disease, or Cumulative Trauma**. This policy is an indemnification policy between you and us and it does not provide for any benefits directly to your employees.

Plan benefits do not include voluntary payments made by you to a Participant that are either outside the Plan or on a claim not covered by the Plan or your office expenses; the regular or overtime wages, salaries, fees or benefits of your directors, officers or employees; or any adjustment expenses incurred or paid by you or your designated agent for claim handling. Plan benefits do not include any amounts incurred or paid by you or your designated agent arising out of claim handling or the failure to pay or the delay in payment of plan benefits under your **ERISA Plan** or any other benefits under any voluntary occupational injury benefit plan, whether or not filed in conformance with **ERISA**. Plan benefits do not include defense costs or employers liability bodily injury damages.

- T. **Rehabilitation** means only those **Medically Necessary** services which are performed for the purpose of restoring the functions of motion, speech or vision lost as a result of an **Accidental Injury, Occupational Disease, or Cumulative Trauma**.
- U. **Self-Insured Retention** means the dollar amount stated in the **Declarations Page** that must be paid directly by you with respect to each **Occurrence** resulting in a **Claim** or **Loss** to one or more of your covered **Employees** before our indemnity under this policy shall be paid. Naming more than one insured in the **Declarations** or by endorsement does not increase your retention.
- V. **Usual and Customary** means the expense is: (1) usual when it is the fee regularly charged and which the patient is responsible to pay in the absence of insurance or other third party reimbursement, by a health care provider or physician for a given treatment, service or supply; and (2) customary in relation to what other physicians and health care providers in the same geographic area are reimbursed for the same and similar treatment, service or supply.

SECTION II. COVERAGE

COVERAGE A. CONTRACTUAL LIABILITY INSURANCE

We will indemnify you for **Loss** in excess of the **Self-Insured Retention** for the benefits that are specified in your written **ERISA Plan** that has been submitted to us and approved by us and results in an **Accidental Injury, Occupational Disease, or Cumulative Trauma, and Accidental Death or Dismemberment** to one of your **Employees**, provided the benefits are covered by this **CONTRACTUAL LIABILITY INSURANCE**, subject to this policy's limits of liability, and that the **Loss** is reported to us in accordance with **SECTION IV - CLAIMS**, and also provided that:

1. The benefits for **Medical Expense, Disability Income, Rehabilitation, and Accidental Death or Dismemberment**, must be payable to your **Employees** because of **Accidental Injury, Occupational Disease, or Cumulative Trauma** that arises out of and in the course of their employment by you, and must be covered under your **ERISA Plan**. **Accidental Injury** does not include mental or emotional injury, mental anguish or mental or emotional stress, regardless of whether such injury, anguish or stress is covered by your **ERISA Plan**.
2. This **CONTRACTUAL LIABILITY INSURANCE** does not cover any payments for benefits which are excluded under your **ERISA Plan**. If you voluntarily pay any benefits in excess of those provided by your **ERISA Plan**, we will not indemnify you for those payments.
3. You must give us a complete copy of your **ERISA Plan**. If any changes are made in your **ERISA Plan** during the term of this policy, you must notify us of those changes and, at our request, give us a copy of the new or revised plan. At our option, we may agree to change this **CONTRACTUAL LIABILITY INSURANCE** to cover benefits provided under the new or revised plan. Without our written agreement to any change, this **CONTRACTUAL LIABILITY INSURANCE** will apply as though the plan you gave us as part of your **Application**, and that we approved at policy inception remains in effect.
4. We will not indemnify you or any of your **Employees** for payments of **Employees'** deductibles or co-payments.

COVERAGE B. EMPLOYERS LIABILITY INSURANCE

We will indemnify you for **Loss** in excess of your **Self-Insured Retention** which you legally must pay as **Bodily Injury Damages** to your **Employee** provided the **Loss** is covered by this Employers Liability Insurance, and subject to this policy's limits of liability and that the **Loss** is reported to us in accordance with **SECTION IV - CLAIMS**, and also provided that:

1. This **EMPLOYERS LIABILITY INSURANCE** Policy applies to **Bodily Injury Damages** to your **Employee** and your liability to that **Employee** or a third party by reason of a **Claim** or suit against you to recover **Bodily Injury Damages** to your **Employees** that arises out of and in the course of the injured **Employee's** employment by you: and
 - (a) if by **Accidental Injury**, it must occur during the policy period; or
 - (b) if by **Occupational Disease** or **Cumulative Trauma**, it must be caused or aggravated by the conditions of your employment, and arising out of the Employee's assigned duties, and which manifests itself and is diagnosed as an **Occupational Disease** or **Cumulative Trauma** during the policy period.

2. If you are sued, the original suit and any related legal actions for **Bodily Injury Damages** must be brought in the United States of America, its territories or possessions, or Canada.
3. The damages which we will pay, where recovery is permitted by law, include damages:
 - (a) because of **Accidental Injury, Occupational Disease, or Cumulative Trauma** to your **Employee** claimed against you in your capacity as an employer;
 - (b) for which you are liable to a third party by reason of a **Claim** or suit against you by that third party to recover the damages claimed against such third party as a result of **Accidental Injury, Occupational Disease, or Cumulative Trauma** to your **Employee**;
 - (c) for medical care and **Loss** of services; and provided that these damages are the direct consequence of **Accidental Injury, Occupational Disease, or Cumulative Trauma** to your **Employee** that arises out of and in the course of the injured **Employee's** employment by you;

SECTION III. EXCLUSIONS

1. **Coverage A – CONTRACTUAL LIABILITY INSURANCE** and **Coverage B – EMPLOYERS LIABILITY INSURANCE** does not apply to **Loss, Claims, or Damages** arising out of:
 - (a) payment for any benefits which are not covered under your **ERISA Plan** or benefits you voluntarily extend, authorize, or reinstate beyond the express provisions of your written **ERISA Plan**.
 - (b) Liability assumed under a contract or agreement whether written, oral or implied and including representations, warranties or indemnities of any kind. This exclusion does not apply to benefits under your written **ERISA Plan**.
 - (c) **Accidental Injury, Occupational Disease, or Cumulative Trauma** to an **Employee** while employed in violation of law with your actual knowledge or the actual knowledge of any of your executive officers.

- (d) Any obligation imposed by a workers' compensation, **Occupational Disease**, unemployment compensation, Fair Labor Standards Act, or disability benefits law, or any similar law, including, but not limited to the Federal Employers Liability Act, the United States Longshoremen & Harbor Workers Compensation Act, the Jones Act, the Migrant and Seasonal Agricultural Worker Protection Act, the Employee Retirement Income Security Act of 1974 or any other state or federal workers compensation law, OSHA or **Occupational Disease** law or amendments to those laws.
- (e) An intentionally self-inflicted injury while either sane or insane by the **Employee**, or injury intentionally caused or aggravated by you.
- (f) **Accidental Injury or Occupational Disease or Cumulative Trauma** occurring outside the United States of America, its territories or possessions, and Canada. This exclusion does not apply to **Accidental Injury or Occupational Disease or Cumulative Trauma** to a citizen or resident of the United States of America or Canada who is temporarily outside these countries.
- (g) Damages arising out of coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of any **Employee**, or any personnel practices, policies, acts or omissions, or violation of any federal or state law regulating employment practices.
- (h) Damages to any person in work subject to the Longshore and Harbor Workers' Compensation Act (33 USC Sections 901-950), the Nonappropriated Fund Instrumentalities Act (5 USC Sections 8171-8173), the Outer Continental Shelf Lands Act (43 USC Sections 1331-1356), the Defense Base Act (42 USC Sections 1651-1654), the Federal Coal Mine Health and Safety Act of 1969 (30 USC Sections 901-942), the Federal Employers Liability Act, the United States Longshoremen & Harbor Workers Compensation Act, the Jones Act, the Migrant and Seasonal Agricultural Worker Protection Act, the Employee Retirement Income Security Act of 1974 and any other federal workers' or workmen's compensation law or other federal **Occupational Disease** law obligating an employer to pay damages to an **Employee** due to bodily injury arising out of or in the course of employment, or any amendments to these laws.
- (i) Any statutory cause of action (except those brought under the Texas Wrongful Death statute), including but not limited to: Title VII of the Civil Rights Act of 1964; Civil Rights Act of 1991; Civil Rights Act of 1866; Age Discrimination in Employment Act; Americans with Disability Act; Employee Retirement Income Security Act; Fair Labor Standards Act; Bankruptcy Code; Texas Commission on Human Rights Act; Texas Workers' Compensation Act; Railway Labor Act; or the National Labor Relations Act.

- (j) **Accidental Bodily Injury, Occupational Disease, or Cumulative Trauma** to a master or member of the crew of any vessel, or to any member of the flying crew of any aircraft.
- (k) Fines, assessments or penalties arising under any state or federal law, statute, regulation or procedural rule.
- (l) **Accidental Bodily Injury, Occupational Disease, or Cumulative Trauma** occurring while the Employee was legally intoxicated, or under the influence of any alcoholic substance.
- (m) **Accidental Bodily Injury, Occupational Disease or Cumulative Trauma** occurring while the employee was under the influence of any chemical substance in violation of the U.S. Controlled Substances Act in force at the time and location of the occurrence.
- (n) An employee's participation in: (1) an assault or a felony, except an assault committed in defense of your business or property; (2) any act of terrorism; (3) any illegal act; or (4) service in the military of any country or any civilian non-combatant unit serving with such forces.
- (o) Liability due to the following **Claims** or causes of action brought by your **Employee** against you for:
 - (1) a breach of duty of good faith and fair dealing; or
 - (2) **Claims** based on misrepresentation and fraud, false imprisonment, false arrest, or malicious prosecution, unreasonable search or retaliatory discharge;
 - (3) **Claims** under any contract of employment, whether written, oral or implied;
 - (4) any breach of a non-competition agreement;
 - (5) **Claims** for tortious interference with contractual relations;
 - (6) any **Claim** for negligent infliction of emotional distress;
 - (7) **Claims** for negligent hiring (unless such negligent hiring results in **Accidental Injury**);
 - (8) **Claims** against you based on assault and battery by you or at your direction;
 - (9) **Claims** of defamation, invasion of privacy, false public publicity;

- (10) **Claims** for professional medical liability or malpractice resulting from an act or omission of a healthcare provider.
- (p) **Accidental Injury, Occupational Disease, or Cumulative Trauma** resulting from the operation, storage, hauling, or handling of nuclear or atomic material, including waste. "Waste" is defined as any by-product, used or unused, that is a source material of nuclear or atomic energy. Also includes any waste from the extraction of thorium or from uranium.
- (q) The exposure to, use, or handling of:
- (1) silica, silica dust, or sand blasting equipment;
 - (2) asbestos, asbestos fibers, or asbestos products, or
 - (3) lead or lead based products, or
 - (4) mercury.
- (r) **Claim** handling or the failure to pay or the delay in payment of benefits under your **ERISA Plan** or any other compensation or benefit plan or program, whether or not subject to the Employee Retirement Income Security Act of 1974.
- (s) Any diagnostic procedure, treatment, service or supply which is not **Medically Necessary** or a charge for any medical service or equipment that it is in excess of the **Usual and Customary** charge for the service.
- (t) That part of any medical expense which is in excess of the **Usual and Customary** fee reimbursement for the services of a physician or for the purchase or rental of supplies and durable medical equipment.
- (u) Charges or **Claims** for:
- (1) Chiropractic treatment or services and any expense related to chiropractic therapy;
 - (2) Biofeedback, hypnosis, or acupuncture.
- (v) an **Employee's** voluntary participation in any recreational, social, or athletic activity not constituting part of the **Employee's** scope of employment at the time of the **Occurrence**.
- (w) a heart attack (myocardial infarction) or stroke (cerebral vascular accident) unless the heart attack or stroke was proximately caused by and arose out of an **Accidental Injury**.

- (x) **Accidental Injury, Occupational Disease, or Cumulative Trauma** resulting from an **Occurrence** while the eligible **Employee** is not acting within the scope of employment with you.
- (y) Ptomaine poisoning or bacterial infections unless caused by an accidental cut or wound during the **Employee's** course and scope of employment independent and in the absence of any underlying sickness, disease or condition including but not limited to diabetes.
- (z) Directly or indirectly, contributed by, caused by, resulting from, or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence of the loss:
 - (1) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, mutiny, revolution, rebellion, insurrection, uprising, military or usurped power, confiscation by order of any public authority or government de jure or de facto, martial law;
 - (2) riots, strikes, or civil commotion; or
 - (3) this section also excludes from coverage all actual or alleged losses, liabilities, damages, injuries, defense costs, costs or expenses directly or indirectly arising out of, contributed by, caused by, resulting from, or in connection with any action taken in controlling, preventing, suppressing, retaliating against or responding (1) and/or (2) above.

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

SECTION IV. CLAIMS

A. CLAIMS HANDLING

1. With regard to Coverage A – CONTRACTUAL LIABILITY INSURANCE.

You are responsible for investigation, settlement, defense, and appeal of any **Claim**, proceeding or suit against you for payments or damages payable by this insurance. You must not make any payments or offers of payment without our prior written consent.

We have no duty to defend, but have the right to associate ourselves in the defense of any **Claim** proceeding or suit likely to involve the limits of this insurance. If we avail ourselves of that right, you must cooperate with us.

If we assert our right to associate ourselves in the defense of a claim, we will assume the responsibility for investigation, settlement, and defense of any claim, proceeding, or suit against you for payments or damages payable by this insurance. Failure to cooperate with us to the extent it prejudices our rights may result in the disclaimer of coverage for the legal action and withdrawal of our defense.

Payment by us or by you of defense costs does not reduce the Limits of Liability of this insurance.

Final adjustment of any **Claim** will be made at the administrative office of our designated representative only upon receipt of a Proof of Loss providing full documentation of all amounts for which you are seeking indemnification.

2. **With regard to Coverage B — Employer Liability Insurance:**

At our expense, we will defend you, against any covered **Claim** or lawsuit alleging **Bodily Injury Damages** arising from **Accidental Injury, Occupational Disease, or Cumulative Trauma**. We will also defend your Managers and Supervisors but only for **Claims** involving workplace injuries arising under their duties with respect to the conduct of your business, and only for acts within the scope of employment.

You must not employ any investigator; adjuster or counsel to represent us without our prior written consent. We have the right to obtain other professional services as we deem necessary, at our expense.

You must cooperate with us fully in the defense or settlement of any claim, proceeding, or suit against you. Failure to cooperate with us to the extent it prejudices our rights may result in the disclaimer of coverage for the legal action and withdrawal of our defense.

We will also pay these costs in addition to other amounts payable under this insurance, as part of any defense costs you incur:

- (a) reasonable expenses, including, upon receipt of written proof of the amount, earnings of your salaried **Employees** who have been diverted from their normal duties to assist in the defense;
- (b) premiums for bonds to release attachments and for appeal bonds in bond amounts up to the limit of our liability under this insurance.
- (c) litigation costs taxed against you; and
- (d) interest on a judgment as required by law,

We have no obligation to pay the costs of defense of any **Claim**, proceeding or suit that is not covered by this insurance; or once our applicable limit of liability has been exhausted by the payment of judgments or settlements.

3. **CLAIM ADMINISTRATOR**

The Claim Administrator shown on the **Declarations Page** is appointed by us to investigate, settle, defend, and appeal any **Claim** or suit or other proceeding on our behalf, unless we otherwise agree in writing. You must cooperate fully with us and the Claim Administrator and supply such information as may be required to process a **Claim**. Cooperation includes, but is not limited to, timely reporting of **Claims** and providing all required paperwork or other information or documents to timely and completely process a **Claim** as required in Sub-section **4 – CLAIMS REPORTING**. Failure to cooperate with us and the Claim Administrator may result in non-payment of the **Claim**.

4. **CLAIMS REPORTING**

You must give us written notice within seven (7) calendar days, regardless of the amount of your **Self Insured Retention**, as soon as you learn of:

- (1) any **Claim** involving payment under this policy;
- (2) any **Claim** involving disability of eight (8) weeks or more;
- (3) any **Claim** involving:
 - (a) **Bodily Injury Damages**;
 - (b) a fatality;
 - (c) paraplegia or quadriplegia;
 - (d) multiple fractures;
 - (e) nerve damage causing paralysis or loss of sensation;
 - (f) massive internal injuries affecting body organs;
 - (g) an amputation of a major extremity;
 - (h) serious head injury;
 - (i) injury to the spinal cord;
 - (j) second or third degree burns to twenty five percent (25%) or more of the body.
- (4) Any suit or other proceedings as result of **Accidental Injury, Occupational Disease, or Cumulative Trauma**.

5. **CLAIM INFORMATION**

For any **Claim** outlined in **SECTION IV, 4**, you agree to promptly send to our Claims Administrator designated in the **Declarations Page** of the policy:

- (a) a fully completed **Claim** notification form;
- (b) copies of all notices and legal papers related to the **Claim**, proceeding or suit;
- (c) copies of investigative reports made by you or any other person or organization working on your behalf;
- (d) copies of all bills and invoices relating to the **Claim**, proceeding or suit;
- (e) a fully executed authorization for release of medical information signed by the covered **Employee**; and
- (f) any other information we may request.

6. **SETTLEMENT**

We have the right to settle any **Claim** we value in an amount which exceeds your **Self-Insured Retention**. If such a **Claim** is settled, you shall immediately pay the remainder, if any, of the **Self-Insured Retention**, and shall cooperate with us in the execution of the appropriate settlement.

You have an obligation to act in good faith and to take reasonable measures to settle any and all covered **Claims** or **Losses** that may be resolved at or within your **Self-Insured Retention** and would otherwise be covered by this policy if such **Loss** or **Claim** exceeded the **Self-Insured Retention**. You agree that we have the right to review and evaluate **Claims** or **Losses** and make recommendations to you regarding settlement for a **Loss** that is wholly or partially within your **Self-Insured Retention**. If you refuse to fund or consummate a settlement recommended by us, our liability for such a **Loss** shall not exceed the amount we recommended or for which the **Loss** could have settled, whichever is less. In addition, refusal will also end our obligation to pay legal expense incurred after the date of the refusal. Our failure to review or evaluate any **Loss** shall not relieve you of your obligation to take all reasonable steps to settle **Losses** for amounts at or within your **Self-Insured Retention**.

You shall not admit liability for or settle any **Claim** in excess of the applicable **Self-Insured Retention** without our prior written consent.

SECTION V. WHO IS INSURED

You are insured if you are the employer named in **Item 1** of the **Declarations Page**. If that employer is a partnership or joint venture, and if you are one of its partners or members, you are insured, but only in your capacity as an employer of the partnership's or joint venture's **Employees**. If that employer is an organization other than a partnership or joint venture, your executive officers and directors are insured's, but only with respect to their duties as officers or directors of the employer.

SECTION VI. LIMITS OF LIABILITY

Our duty to pay for damages is limited. Our limits of liability are shown on the **Declarations Page**. They apply as explained below.

Under Coverage A and Coverage B

- (a) Each Employee. The limit shown for "Each Employee" is the total amount for which we will indemnify you for all payments under your **ERISA Plan** and for **Bodily Injury Damages** to any one **Employee** for any **Occurrence**.
- (b) Each Occurrence. The limit shown for "Each Occurrence" is the total amount for which we will indemnify you for all payments under your **ERISA Plan** and for **Bodily Injury Damages** to all **Employees** for any **Occurrence**.

A. Maximum Benefit for Coverage A and B Combined

All payments made by us under **Coverage A** reduce our limit of liability "Per Employee" and/or "Per Occurrence" by the amount of such payments arising out of the same **Occurrence** under Coverage B.

All payments made by us under **Coverage B** reduce our limit of liability "Per Employee" and/or "Per Occurrence" by the amount of such payments arising out of the same **Occurrence** under Coverage A.

Costs associated with your defense as set out in **SECTION IV, A, 2**, do not apply to or reduce our limit of liability.

B. Policy Aggregate:

The Policy Aggregate is the total amount we will pay under this policy regardless of the number of covered **Claims, Losses, Accidents, or Occurrences** during the policy period.

We will not pay for any payments of benefits or of damages after we have paid the applicable limit of our liability under this insurance.

C. **Limits of Liability**

The Limits of Liability of this policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown on the **Declarations Page**, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Liability.

D. **Reduction for Employees not covered by your ERISA Plan**

Indemnification by us to you or payment by us shall be reduced by 25% for **Bodily Injury Damages** actually paid or due to be paid as a result of an **Occurrence** to an **Employee** who, prior to the date of the **Occurrence**, has not received notice of your mandatory arbitration program or otherwise voluntarily agreed to your arbitration program applicable to **Claims** and/or **Losses** under this policy.

SECTION VII. **PREMIUM**

A. **Premium Calculation and Payment**

1. All premiums for this policy will be determined by our rules and rates.
2. The first premium is due on or before the effective date. All premiums must be paid on or before the premium due date. The premium may change to reflect changes in coverage, payroll, and the number of **Employees**.

Premiums shown on the **Declarations Page** are an estimate. Your monthly reports must reflect the actual, not the estimated payrolls for the prior months payroll. You will pay premium when due.

3. Policy Fees are fully earned at inception and are non-refundable in the event of policy cancellation.
4. If this policy is cancelled, you may be entitled to a premium refund. If so, we will send you the refund. However, making or offering to make the refund is not a condition of cancellation.

B. **Audit**

You will keep records of information needed to compute premium. You will provide us with copies of those records when we ask for them.

We have the right to inspect, audit, or review all of your records relating to this insurance at any reasonable time while this policy is in force and within three years after it is terminated. We have the right to audit your payroll records at any time. The final premium will be determined after the policy ends by using the actual premium developed based on proper payrolls, classifications, and rates that apply to the business and work covered by this policy. If the final premium is more than the premium you paid to us, you must pay us the balance. If it is

less, we will refund the balance to you. If the final settlement of all premium and **Claims** under this policy takes more than three years, the right to inspect, audit, or review extends to the date of such settlement.

C. **Incorrect Premium Payment**

Premiums paid in error will be refunded. Such refunds are without interest and must be requested by you in writing. Except for fraud, misrepresentation by omission or otherwise, premium adjustments or refunds, changes will be made only for:

1. **the current Policy year; and**
2. **the previous Policy year.**

We may require that you pay a minimum premium to keep the policy in force. A minimum premium is subject to refund unless the earned premium exceeds the minimum premium.

SECTION VIII. CONDITIONS

A. **Changes**

This policy is the complete contract between you and us. The only agreements relating to this insurance are stated in this policy. The terms of this policy may not be changed or waived except by endorsement issued by us to be part of this policy.

The insured first named in **Item 1** of the **Declarations Page** will act on behalf of all insured's to change this policy, receive return premium, and give or receive notice of cancellation.

B. **Transfer of Your Rights and Duties**

Your rights or duties under this policy may not be transferred without our written consent. If you are the sole owner of the Named Insured and you die, coverage will be provided for your surviving spouse or your legal representative. This applies only with respect to their acting in the capacity as an employer and only for the work places listed on the **Declarations Page** or by endorsement.

C. **Inspection**

We have the right, but not the duty, to inspect your operations and work places. Such inspections relate to the insurability of the work places and the premium to be charged. We may give reports to you on the conditions found upon inspection. By making an inspection, we do not undertake to provide for the health or safety of your **Employees** or the public nor do we warrant that your work places are safe or healthful or that they comply with any law, regulation, code or standard.

D. Duties in the Event of a **Loss**

1. **Definitions applicable to SECTION VIII. D Only.**

- "**Business day**" means a day other than a Saturday, Sunday, or holiday recognized by the state of Texas.
- "**Claim**" means a first-party **Claim** that is made by an insured or policyholder under this policy or by a beneficiary named in the policy; and must be paid by us directly to the insured or beneficiary.
- "**Claimant**" means a person making a **Claim**.
- "**Notice of Claim**" means any written notification provided by a Claimant to an insurer that reasonably apprises the insurer of the facts relating to the **Claim**.

2. **Receipt of Notice of Claim.**

- (a) No later than the 30th business day after the date we receive notice of a **Claim**, we shall:
- Acknowledge receipt of the **Claim**;
 - Commence any investigation of the **Claim**; and
 - Request from you all items, statements, and forms that we believe, at that time, will be required from you.
- (b) We may make any additional requests for information if during the investigation of the **Claim** the additional requests are necessary.
- (c) If the acknowledgment of receipt of a **Claim** is not made in writing, we shall make a record of the date, manner, and content of the acknowledgment.

3. **Notice of Acceptance or Rejection of Claim.**

- (a) Except as provided by Sub-section (b) or (c), we shall notify you in writing of the acceptance or rejection of a **Claim** not later than the 15th business day after the date we receive all items, and forms required by us to secure final Proof of **Loss**.
- (b) If we have a reasonable basis to believe that a **Loss** resulted from arson, we shall notify you in writing of the acceptance or rejection of the **Claim** not later than the 30th day after the date we receive all items, statements, and forms required by us.

- (c) If we reject the **Claim**, the notice required by Sub-section (a) or (b) will state the reasons for rejection.
- (d) If we are unable to accept or reject the **Claim** within the period specified by Sub-section (a) or (b), we will, within that same period, notify you of the reasons that we need additional time. We shall accept or reject the **Claim** not later than the 45th day after the date we notify you under this Sub-section.

4. **Payment of Claim.**

We shall not delay payment of the **Claim** for more than 60 days, except:

- (a) as otherwise prescribed by statute;
- (b) by a court granting a request by a guaranty association for an extension of the periods by showing good cause and after reasonable notice to you;
- (c) in the event of weather-related catastrophe or major natural disaster, as defined by the Commissioner, the claim-handling deadlines indicated are extended for an additional 15 days.

5. **Settlement of a Claim.**

- (a) We shall notify you in writing not later than the 10th day after the date of an initial offer to settle a **Claim** against you.
- (b) We shall notify you in writing not later than the 30th day after the date a **Claim** against you is settled.

You agree you will not make any voluntary settlements involving payment or payments to be made by us without our prior written approval.

Payments for any **Loss** other than a periodic payment of **Loss** are due and payable within 30 days of the date on which we receive proper proof of **Loss**. All payments payable as a result of a **Loss** that requires periodic payment shall be paid on a timely basis.

If an **Employee** incurs a **Loss** on or before the policy terminates coverage for that **Loss**, it will be paid on the same basis as it would have been paid had the policy not been terminated.

E. **Recovery From Others**

If we make any payment under this policy, we have your rights to recover our payment from anyone liable for an injury covered by this insurance. You will do everything necessary to protect those rights for us and to help us enforce them.

F. **Action Against Us**

There will be no right of action against us under this insurance unless:

- (a) You have complied with all the terms of this policy; and
- (b) The amount you owe has been determined with our consent or by actual trial and final judgment.

This insurance does not give anyone the right to add us as a defendant in an action against you to determine your liability. The bankruptcy or insolvency of you or your estate will not relieve us of our obligations under this policy.

All disputes or controversies between you and us about the insurance coverage provided under this policy will be settled by binding arbitration. Either party may make a written demand for arbitration setting forth the nature of the dispute and naming an arbitrator from within the insurance industry to represent the party.

When this demand is made, the remaining party shall have 30 days to select an arbitrator from within the insurance industry. If the remaining party does not name the arbitrator within such 30 days, the demanding party may name an arbitrator to represent the party. The two arbitrators will select a third arbitrator from within the insurance industry. If the two arbitrators cannot agree upon a third arbitrator within 30 days, either may request that the selection of their arbitrator be made by a judge of a court having competent jurisdiction. Each party will pay the expenses it incurs and bear the expenses of the third arbitrator equally.

Unless both parties agree otherwise, arbitration will take place in Austin, Travis County, Texas. Local rules of law as to procedure and evidence will apply. A decision agreed to by two arbitrators will be binding.

G. Other Insurance

This insurance is primary. If other valid and collectible insurance is available to you which is stated to apply to a **Loss** we cover on an excess or contingent basis, our obligations under this policy are not reduced. When both this policy and other valid and collectible insurance apply to a **Loss** on the same basis, whether primary, excess, contingent or on any other basis, we will share with that other insurance by the method described below.

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

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

H. Cancellation and Nonrenewal

- 1. You may cancel this policy by mailing or delivering written notice to us at any time stating when the cancellation is to take effect.

2. We may cancel this policy by mailing or delivering to you written notice of cancellation stating the reason for cancellation, at least 10 days before the effective date of cancellation. The cancellation notice will be mailed or delivered to the first-named insured under the policy at the address shown on the policy.
 - (a) If this policy has been in effect for 60 days or less, we may cancel for any reason except that, under the provisions of the Texas Insurance code, we may not cancel this policy solely because the policyholder is an elected official.
 - (b) If this policy has been in effect for more than 60 days, or if it is a renewal or continuation of a policy issued by us, we may cancel only for one or more of the following reasons:
 - (1) Fraud in obtaining coverage;
 - (2) Failure to pay premiums when due;
 - (3) An increase in hazard within the control of the insured which would produce an increase in rate;
 - (4) Loss of our reinsurance covering all or part of the risk covered by the policy; or
 - (5) If we have been placed in supervision, conservatorship or receivership and the cancellation is approved or directed by the supervisor, conservator or receiver.
3. We may elect not to renew this policy except that, under the provisions of the Texas Insurance Code, we may not refuse to renew this policy solely because the policyholder is an elected official.
 - (a) If we elect not to renew this policy, we may do so by mailing or delivering to you, at your last known mailing address, written notice of nonrenewal, stating the reason for nonrenewal, at least 60 days before the expiration date.
 - (b) If notice is mailed or delivered less than 60 days before the expiration date, this policy will remain in effect until the 61st day after the date on which the notice is mailed or delivered. Earned premium for any period of coverage that extends beyond the expiration date will be computed pro-rata based on the previous year's premium.
4. The policy period will end on the day and hour stated in the cancellation or nonrenewal notice.

5. If notice is mailed, proof of mailing will be sufficient proof of notice.
6. If this policy is cancelled, final premium will be determined in the following way:

If we cancel, final premium will be calculated pro-rata based on the time this policy was in force, subject to final audit inspection of books and records.

If you cancel, final premium will be calculated pro-rata based on the time this policy was in force, subject to final audit inspection of books and records.

Making or offering to make a refund is not a condition of cancellation.

I. **Commutation**

All **Claims** reimbursable under this policy, if any, may be commuted 36 months after the end of the policy period. You will submit a list of all **Claims** under this policy 30 days prior to the commutation date. The **Claim** listing you provide must include all pertinent information necessary to arrive at a valuation of all reimbursable **Claims**. The **Claim** listing you supply will be submitted to an actuary or appraiser mutually acceptable to both you and us to determine the discounted net worth of all reimbursable **Claims**. We will pay you the discounted net worth of each **Claim** that is in excess of the **Self-Insured Retention**, subject to our limit of liability, within 30 days of receipt from the actuary or appraiser.

If the actuary or appraiser cannot be agreed upon by both you and us, each will appoint its own actuary or appraiser who will, in turn, appoint an independent actuary or appraiser who will establish the discounted net worth of each reimbursable **Claim**. We will pay you the discounted net worth of each reimbursable **Claim** that is in excess of the **Self-Insured Retention**, subject to our limit of liability within 30 days of receipt from the independent actuary or appraiser.

J. **Sunset Clause**

We will cover the **Losses** described in the Policy occurring during the Policy Period and only to the extent that such **Losses** are reported to us within 27 months from the date the Policy Period ends. **Losses** reported after such date, even if you only become aware of the **Loss** after such date, are not eligible for indemnification under the Policy.

IMPORTANT NOTICE

To obtain information or make a complaint:

You may call SERVICE LLOYDS INSURANCE COMPANY'S toll-free telephone number for information or to make a complaint at:

1-800-299-6977

You may also write to SERVICE LOYDS INSURANCE COMPANY at:

SERVICE LLOYDS INSURANCE COMPANY
Complaint Department
6907 Capital of Texas Highway
Austin, TX 78731

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights, or complaints at:

1-800-252-3439

You may write the Texas Department of Insurance:

P. O. Box 149104
Austin, TX 78714-9104
FAX# (512) 475-1771

Web: <http://www.tdi.state.tx.us>

E-mail: ConsumerProtection@tdi.state.tx.us

PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a Claim you should contact the agent first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR POLICY: This notice is for information only and does not become part or condition of the attached document.

AVISO IMPORTANTE

Para obtener information o para someter una queja:

Usted puede llamar al numero de telefono gratis de la compania SERVICE LLOYDS INSURANCE COMPANY 'S para informacion o para cometer una queja al:

1-800-299-6977

Usted tambien puede escribir a SERVICE LLOYDS INSURANCE COMPANY:

SERVICE LLOYDS INSURANCE COMPANY
Departamento de Quedas
6907 Capital of Texas Highway
Austin, TX 78731

Puede comunicarse con. el Departamento de Seguros de Texas para obtener information a cerca de companias, coberturas, derechos o quejas al:

1-800-252-3439

Puede escribir at Departamento de Seguros de Texas: P. O. Box 149104
Austin, TX 78714-9104
FAX#: (512) 475-1771

Web: <http://www.tdi.state.tx.us>

E-mail: ConsumerProtection@tdi.state.tx.us

DISPUTAS SOBRE PRIMAS O RECLAMOS: Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con la compania primero. Si no se resuelve la disputa, puede entonces comunicarse con el departamento (TDI).

UNA ESTE AVISO A SU POLIZA:

Este aviso es solo para proposito de information y no se convierte en parte o condicion del documento actunto.