EXHIBIT 1

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

CONTINENTAL CASUALTY COMPANY, an Illinois corporation, individually and as successor-in-interest to The Niagara Fire Insurance Company (Canadian Branch)	)	Case No. O7C 4228
Plaintiff,	)	Judge Ruben Castillo
vs.	)	
LASALLE RE LIMITED, a Bermuda corporation,	)	
Defendant.	)	

AMENDED COMPLAINT FOR DECLARATORY
<u>JUDGMENT, TO STAY ARBITRATION AND FOR OTHER RELIEF</u>

Now comes Continental Casualty Company, individually and as successor-in-interest to The Niagara Fire Insurance Company (Canadian Branch) ("CCC"), by and through its attorneys, and for its Amended Complaint against LaSalle Re Limited ("LaSalle Re"), states as follows:

I. BACKGROUND

1. This action was originally filed in the Circuit Court of Cook County, Illinois, as Case No. 07 CH 19649 on July 25, 2007. It was removed to this Court by the defendant on July 26, 2007.

2. This Amended Complaint is filed pursuant to F.R.C.P. 15(a). As of the date of filing, CCC has not been served with a responsive pleading herein.

II. NATURE OF THE CASE AND ALLEGATIONS COMMON TO ALL COUNTS

3. In this action, CCC seeks, *inter alia*, a declaration of its rights under the terms and conditions of a certain written agreement between itself and LaSalle Re known as the Commutation and Release Agreement, executed by the parties on April 27, 2004 (the "Commutation and Release Agreement"). A true and correct copy of the Commutation and Release Agreement is attached hereto as Exhibit "A".

4. Under the Commutation and Release Agreement, the parties agreed to fully and finally terminate, release, settle and extinguish all of their past, present and future obligations and liabilities, known and unknown, arising out of and/or pursuant to certain reinsurance agreements which previously had been entered into between them, including a certain reinsurance agreement known as All Classes Excess of Loss Retrocession Agreement No. 8550-98 effective from July 15, 1998 to December 31, 2000 (the "Retrocession Agreement"). A true and correct copy of the Retrocession Agreement is attached hereto as Exhibit "B".

5. The Commutation and Release Agreement was designed and entered into by CCC ("Company") and LaSalle Re ("Reinsurer") for the express purpose of achieving finality with respect to, and preventing either party from re-opening the reinsurance agreements within its scope, including the Retrocession Agreement. The terms of the Release incorporated in Article 2(b) of the Commutation and Release Agreement broadly provide as follows:

> Simultaneously with the effectiveness of the release referred to in Article 2(a), the REINSURER hereby irrevocably and unconditionally releases and forever discharges the COMPANY, its parents, subsidiaries and affiliates, and their respective predecessors, successors, assigns, officers, directors, agents, employees, shareholders, representatives and attorneys from any and all past, present and future actions, causes of action, suits, arbitrations, mediations, debts, liens, contracts, rights, agreements, obligations, promises, liabilities, claims, demands, damages, controversies, losses, costs and expenses (including attorneys' fees and costs actually incurred) of any nature whatsoever, known or unknown,

> suspected or unsuspected, fixed or contingent, which the REINSURER now has, owns, holds or claims to have, own, or hold, or at any time heretofore had, owned, or held or claimed to have had, owned, or held, or may hereafter have, own, or hold or claim to have, own, or hold, arising out of conduct or matters occurring prior to, on or subsequent to the EFFECTIVE DATE, against the COMPANY, arising from, based upon, or in any way related to the Reinsurance Agreements and any other agreements relating to or arising out of the Reinsurance Agreements; provided, however, that the provisions of this Article 2(b) shall not discharge obligations of the COMPANY, which have been undertaken or imposed by the terms of this Agreement.

6. On May 31, 2007, LaSalle Re issued a Notice of Request to Arbitrate (the "Arbitration Request"), in which LaSalle Re purports to refer to a private arbitration panel in Toronto, Ontario, Canada the alleged liability of CCC's predecessor-in-interest, The Niagara Fire Insurance Company ("Niagara"), for certain claims under the Retrocession Agreement. A true and correct copy of the Arbitration Request is attached hereto as Exhibit "C".

7. The Arbitration Request was issued contrary to, and in an obvious effort to circumvent the express provisions of the Commutation and Release Agreement, according to which, for good and valuable consideration, LaSalle Re agreed to release CCC from any and all liability for any and all claims, including known and unknown, reported and unreported, fixed and contingent obligations and liabilities, which it had or might in the future have under the Retrocession Agreement. The claims which LaSalle Re attempts to raise in its Arbitration Request are barred under the Release incorporated in Article 2(a) of the Commutation and Release Agreement, as set forth in paragraph 3 above.

8. Moreover, the Release language quoted in paragraph 3 above expressly discharges the parties from any and all past, present and future arbitration proceedings, thereby relieving CCC of any obligation to arbitrate disputes with LaSalle Re under the Retrocession Agreement.

9. The Commutation and Release Agreement contains its own dispute resolution and choice of law provisions in Article 11 which provides as follows:

* * *

(g) This Agreement shall be governed by and construed in accordance with the laws of Illinois without regard to principles of conflicts of law.

(h) The Parties hereby consent to the jurisdiction of the courts of the State of Illinois, in connection with any legal action arising out of this Agreement.

* * *

To the extent the Arbitration Request seeks to avoid or circumvent the dispute resolution provisions of the Commutation and Release Agreement, it is null and void and without any legal effect whatsoever. Any remaining disputes between the parties must be resolved under the Commutation and Release Agreement through litigation under Illinois law.

10. Accordingly, CCC is entitled to a declaration that it is not liable for any of the claims against LaSalle Re referenced in the Arbitration Request, according to the express terms and conditions of the Commutation and Release Agreement. Further, CCC is entitled to an order indefinitely staying and enjoining the arbitration proceedings commenced by LaSalle Re in the Arbitration Request. Insofar as the commencement of arbitration proceedings by LaSalle Re constituted a breach of the express provisions of the Commutation and Release Agreement, CCC also is entitled to an award of its costs and expenses, including reasonable attorneys fees and disbursements of counsel, under Article 11(i) of the Commutation and Release Agreement, all as more fully set forth below.

III. THE PARTIES

11. Plaintiff, CCC, is a corporation organized and existing under the laws of Illinois, with its principal place of business in Chicago. CCC is a leading underwriter of commercial insurance in the United States. One of CCC's affiliates, Niagara Fire, underwrote reinsurance in Canada through its Canadian Branch, including the Retrocession Agreement referred to in paragraph 2

above. Pursuant to the terms and conditions of an Assumption Reinsurance Agreement dated December 21, 2001, CCC succeeded to all of the liabilities and obligations of Niagara Fire associated with Niagara's business in Canada. Niagara ceased to have any independent legal existence as of December 31, 2006. CCC, therefore, is the real party in interest in this action.

12. LaSalle Re is, on information and belief, a corporation organized and existing under the laws of Bermuda, with its principal place of business in Hamilton, Bermuda. LaSalle Re is, on information and belief, a wholly-owned subsidiary of LaSalle Re Holdings Ltd ("LaSalle Re Holdings"), which also is a Bermuda corporation subject to winding-up (liquidation) proceedings pending in the Supreme Court of Bermuda. LaSalle Re is a Bermuda registered reinsurance company which, on information and belief, transacted business in various jurisdictions worldwide, including Canada.

IV. JURISDICTION AND VENUE

13. This Court has subject matter jurisdiction over this matter pursuant to 28 U.S.C. § 1332 because CCC and LaSalle Re are citizens of different States and/or a foreign state, and the amount in controversy exceeds $75,000, exclusive of interest and costs.

14. Venue is proper in this District under 28 U.S.C. § 1391 (a)(2) or (3) because a substantial part of the events or property giving rise to the claim occurred or are located in this District, and the defendant LaSalle Re has consented and is therefore subject to personal jurisdiction in this District.

V. CLAIMS

COUNT I - DECLARATORY JUDGMENT

15. Plaintiff, CCC, realleges and incorporates by reference paragraphs 1 through 12 of this Complaint as it fully sets forth herein.

16. CCC seeks a declaration under 28 U.S.C. § 2201 for the purpose of determining a question in actual controversy between the parties concerning the scope and meaning of the Commutation and Release Agreement.

17. LaSalle Re refuses to recognize the plain language of the Commutation and Release Agreement and has demanded arbitration with CCC seeking recovery under the Retrocession Agreement, despite the fact that the Commutation and Release Agreement of April, 2004, clearly extinguished the rights and obligations of both parties in all reinsurance agreements previously entered into between them, including but not limited to the Retrocession Agreement.

COUNT II - INDEFINITE STAY OF ARBITRATION PROCEEDINGS

18. Plaintiff, CCC, realleges and incorporates by reference paragraphs 1 through 15 of this Complaint as it fully sets forth herein.

19. This Court has the authority under the Federal Arbitration Act, 9 U.S.C. § 1 *et. seq.* to stay an arbitration proceeding on a showing that there currently is no existing agreement to arbitrate.

20. Since April 27, 2004, the date of the Commutation and Release Agreement, no contract to arbitrate has existed between CCC and LaSalle Re.

21. LaSalle Re's arbitration demand threatens CCC with irreparable harm including the loss of CCC's rights under the Commutation and Release Agreement, to-wit:

(a) its right under Article 2(b) of the Commutation and Release Agreement to be fully and finally released from all claims and liabilities arising out of the Retrocession Agreement including all past, present and future, reported and unreported, known and unknown claims;

(b) its right under Article 2(b) of the Commutation and Release Agreement to be discharged from any and all past, present and future arbitration proceedings arising out of the Retrocession Agreement; and

(c) its right to have all disputes arising out of the Commutation and Release Agreement decided through litigation in Illinois under Illinois law under Article 11(g) and (h) of the Commutation and Release Agreement.

This harm can be avoided only through a stay of the arbitration proceedings.

22. CCC has no adequate remedy at law.

COUNT III - BREACH OF CONTRACT

23. Plaintiff, CCC, realleges and incorporates by reference paragraphs 1 through 22 of this Complaint as it fully sets forth herein.

24. Pursuant to Article 2(b) of the Commutation and Release Agreement, the parties agreed to fully terminate, release, settle and extinguish all of their past, present and future, known and unknown, reported and unreported claims obligations and liabilities.

25. Pursuant to Article 11(g) and (h) of the Commutation and Release Agreement, the parties agreed to resolve any and all disputes through litigation in Illinois under Illinois law.

26. LaSalle Re's May 31, 2007 Arbitration Request, issued in direct contravention of the foregoing provisions set forth in the parties' Commutation and Release Agreement, is an intentional and material breach of the Commutation and Release Agreement.

27. As a result of LaSalle Re's breach, CCC has suffered damages to the extent that it has been necessary to respond to the Arbitration Request, and to seek redress in this Court in order to obtain a determination of and enforce its rights and responsibilities of the parties under the Commutation and Release Agreement, all at great expense and inconvenience to CCC.

28. Article 11(i) of the Commutation and Release Agreement provides as follows:

> In the event of any breach of the terms or conditions of this Agreement, the Party claiming such breach shall be entitled to recover from the breaching Party, all costs and expenses, including, without limitation, reasonable fees and disbursements of counsel retained by claiming Party incurred in connection with the enforcement of this Agreement.

CCC, therefore, is entitled to recover all of its costs and expenses, including reasonable attorneys' fees, arising from LaSalle Re's breach.

WHEREFORE, Plaintiff, CCC, prays for judgment in its favor and against Defendant, LaSalle Re, and that the Court grant the following relief:

a) Entry of an Order declaring that all of Defendant's claims under the Arbitration Request are barred under the express terms and conditions of the Commutation and Release Agreement;

b) Entry of an Order indefinitely staying and enjoining the arbitration proceeding commenced by Defendant on the ground that any liability of Plaintiff to Defendant under the Retrocession Agreement which is the subject of the Arbitration Request has been released and discharged according to the express terms and conditions of the Commutation and Release Agreement;

c) In the alternative, entry of an Order indefinitely staying and enjoining the arbitration commenced by Defendant on the grounds that the Arbitration Request raises issues that arise directly out of the Commutation and Release Agreement, and, as such, must be resolved according to the jurisdiction and choice of law provisions set forth in the Commutation and Release Agreement;

d) Entry of an award of damages to Plaintiff for Defendant's breach of the Commutation and Release Agreement, including reasonable attorneys' fees and disbursements of counsel incurred in connection with the enforcement of the Commutation and Release Agreement; and

e) Such other and further relief as the Court may deem just and equitable.

Dated: August 16, 2007

Respectfully submitted,

By: s/Kimberly M. Hamm
Attorneys for Plaintiff
CONTINENTAL CASUALTY COMPANY

Mark A. Kreger (3127317)
Kimberly M. Hamm (6237245)
LORD, BISSELL & BROOK LLP
111 S. Wacker Drive
Chicago, IL 60606
312-443-0700

CHI1 1378748v.1

CERTIFICATE OF SERVICE

I, Kimberly M. Hamm, an attorney, hereby certify that copies of the following documents were served via e-mail by 5:00 p.m. on August 16, 2007 to Robert J. Bates, Jr., and Maryann C. Hayes, Bates & Carey LLP, 191 N. Wacker Drive, Suite 2400, Chicago, Illinois 60606:

Amended Complaint For Declaratory Judgment, To Stay Arbitration And For Other Relief

s/Kimberly M. Hamm
Kimberly M. Hamm

CHI1 1377411v1

A

COMMUTATION AND RELEASE AGREEMENT

This Commutation and Release Agreement (the "Agreement") is made by and between LaSalle Re Limited (the "REINSURER"), an insurance company domiciled in Bermuda, and Continental Casualty Company (the "COMPANY", as more fully defined below), an Illinois domiciled company, effective as of the EFFECTIVE DATE (as hereinafter defined). The REINSURER and the COMPANY are hereinafter referred to collectively as the "Parties", or individually as "Party".

"COMPANY"- as used throughout this Agreement shall mean the direct or indirect insurance subsidiaries of CNA Financial Corporation, excluding (i) any life insurance companies, (ii) First Insurance Company of Hawaii, (iii) CNA Re Management Company Limited, (iv) RVI Guarantee Company Limited, (v) Continental National Indemnity, (vi) CNA Insurance Company Limited, and (vii) CNA Surety Corporation, and any subsidiary of the foregoing excluded companies listed in (i) through (vii) above (including, but not limited to, Western Surety Company, Surety Bonding Company of America and Universal Surety of America).

RECITALS

WHEREAS, the Parties have entered various reinsurance agreements pursuant to which the REINSURER reinsured certain liabilities of the COMPANY and the COMPANY reinsured certain liabilities of the REINSURER (the "Reinsurance Agreements"); and

WHEREAS, the Parties now wish to fully and finally terminate, release, determine and fully and finally settle, commute and extinguish all their respective past, present, and future obligations and liabilities, known and unknown, fixed and contingent, under, arising out of, and/or pursuant to the Reinsurance Agreements and any other agreements relating to or arising out of the Reinsurance Agreements; and

WHEREAS, the Parties recognize and understand that a final fixed advance payment now by the REINSURER to fully satisfy its future obligations to the COMPANY under the Reinsurance Agreements and any other agreements relating to or arising out of the Reinsurance Agreements as and when they become due will eliminate the uncertainty of contingent liabilities for presently unresolved or unknown losses, and that the Parties will benefit by the COMPANY's acceptance of the COMMUTATION AMOUNT (as defined below) as full, final, fixed advance payment from the REINSURER now and hereinafter crediting the REINSURER with full payment of all future losses and expenses which would otherwise have been payable by the REINSURER as and when the REINSURER's obligation becomes due; and

WHEREAS, the Parties recognize and understand that an agreement between the REINSURER and the COMPANY to fully satisfy the COMPANY's future obligations to the REINSURER under the Reinsurance Agreements and any other agreement relating to or arising out of the Reinsurance Agreements as and when they become due will eliminate the uncertainty of contingent liabilities for presently unresolved or unknown losses, and that the Parties will benefit by the REINSURER's acceptance of a full and final settlement with the COMPANY now

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and hereinafter crediting the COMPANY with full payment of all future losses and expenses which would otherwise have been payable by the COMPANY as and when the COMPANY's obligation becomes due; and

WHEREAS, the REINSURER has agreed to pay and the COMPANY has agreed to accept in full satisfaction of the REINSURER's past, present and future obligations and liabilities under the Reinsurance Agreements and any other agreements relating to or arising out of the Reinsurance Agreements, the sum of US$553,733 (Five Hundred Fifty Three Thousand Seven Hundred Thirty Three Dollars) (the "COMMUTATION AMOUNT");

NOW, THEREFORE, in consideration of the covenants, conditions, promises and releases contained herein, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree to commute all rights and obligations under the Reinsurance Agreements and any other agreements relating to or arising out of the Reinsurance Agreements as follows:

Article 1. **Payment.** Receipt by the COMPANY of the COMMUTATION AMOUNT shall be in full satisfaction of all past, present and future liabilities and obligations owed by the REINSURER to the COMPANY under the Reinsurance Agreements and any other agreements relating to or arising out of the Reinsurance Agreements. Payment of the COMMUTATION AMOUNT shall be made by drawdown by the COMPANY of Citibank Ireland Financial Services PLC letter of credit (No. 0601023) issued to Continental Casualty Company ("LOC") in the outstanding amount of US$553,733. Simultaneously with the drawdown of the LOC, COMPANY agrees to release the LOC, with balance remaining after the draw down of US$122,419 to REINSURER and execute any and all required documents to effectuate such release.

Article 2. **Release.**

(a) In consideration of the payment of the COMMUTATION AMOUNT, the COMPANY shall automatically credit the REINSURER with full payment of all future balances under the Reinsurance Agreements and any other agreements relating to or arising out of the Reinsurance Agreements as and when those balances become due, and the COMPANY hereby irrevocably and unconditionally releases and forever discharges the REINSURER including any predecessor or any affiliated insurance company, its parents, subsidiaries and affiliates, and their respective predecessors, successors, assigns, officers, directors, agents, employees, shareholders, representatives and attorneys from any and all past, present and future actions, causes of action, suits, arbitrations, mediations, debts, liens, contracts, rights, agreements, obligations, promises, liabilities, claims, demands, damages, controversies, losses, costs and expenses (including attorneys' fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, fixed or contingent, which the COMPANY now has, owns or holds or claims to have, own, or hold, or at any time heretofore had, owned, or held or claimed to have had, owned, or held, or may hereafter have, own, or hold or claim to have, own, or hold, arising out of conduct or matters occurring prior to, on or subsequent to the EFFECTIVE DATE, against

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the REINSURER, arising from, based upon, or in any way related to the Reinsurance Agreements and any other agreements relating to or arising out of the Reinsurance Agreements.; provided, however that the provisions of this Article 2(a) shall not discharge obligations of the REINSURER, which have been undertaken or imposed by the terms of this Agreement.

(b) Simultaneously with the effectiveness of the release referred to in Article 2(a), the REINSURER hereby irrevocably and unconditionally releases and forever discharges the COMPANY, its parents, subsidiaries and affiliates, and their respective predecessors, successors, assigns, officers, directors, agents, employees, shareholders, representatives and attorneys from any and all past, present and future actions, causes of action, suits, arbitrations, mediations, debts, liens, contracts, rights, agreements, obligations, promises, liabilities, claims, demands, damages, controversies, losses, costs and expenses (including attorneys' fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, fixed or contingent, which the REINSURER now has, owns, holds or claims to have, own, or hold, or at any time heretofore had, owned, or held or claimed to have had, owned, or held, or may hereafter have, own, or hold or claim to have, own, or hold, arising out of conduct or matters occurring prior to, on or subsequent to the EFFECTIVE DATE, against the COMPANY, arising from, based upon, or in any way related to the Reinsurance Agreements and any other agreements relating to or arising out of the Reinsurance Agreements.; provided, however, that the provisions of this Article 2(b) shall not discharge obligations of the COMPANY, which have been undertaken or imposed by the terms of this Agreement.

(c) It is the intention of the Parties that this release operates as a full and final settlement and discharge of each other Party's past, present and future claims, causes of action, obligations and liabilities to each other Party hereto whether known or unknown, reported or unreported, accrued or yet to accrue, arising directly or indirectly under or in connection with the Reinsurance Agreements and any other agreements relating to or arising out of the Reinsurance Agreements. The Parties acknowledge that full payment of the COMMUTATION AMOUNT will be in complete accord, satisfaction, settlement and commutation of any and all past, current and future liabilities and obligations that each Party owes or may owe to the other arising directly or indirectly under or in connection with the Reinsurance Agreements and any other agreement relating to or arising out of the Reinsurance Agreements.

(d) This Agreement is intended to and does finally resolve the rights, liabilities and obligations of the Parties arising directly or indirectly under or in connection with the Reinsurance Agreements and any other agreements relating to or arising out of the Reinsurance Agreements, and none of the Parties shall seek to reopen or set aside this Agreement on any grounds whatsoever, including (without prejudice to the generality of the foregoing) that the whole or any part of this Agreement or all or any of the Reinsurance Agreements are void or voidable for any mistake of fact or for any error howsoever arising (including any negligent act, error or omission of any other party) or on the basis that any of the Parties in the future becomes aware of any mistake of law (including any such mistake arising out of a subsequent change in the law which shall include, without limitation, a settled understanding of the law which is subsequently departed from by judicial decision), in any way whatsoever connected with or related directly or indirectly to this Agreement or any or all of the Reinsurance Agreements.

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Article 3. **Exclusive Benefit of the Parties and Binding Effect.** The rights, duties and obligations set forth herein shall inure to the benefit of and be binding upon the COMPANY and the REINSURER as they are identified in this Agreement and their respective predecessors, parents, successors, affiliates, officers, directors, employees, agents, subsidiaries, shareholders, representatives, attorneys, liquidators, receivers and assigns of the Parties hereto and is not intended to confer any rights or benefits upon persons or entities other than the foregoing Parties.

Article 4. **Full and Independent Knowledge.** Each of the Parties represents to the other as follows: (a) it has had full opportunity to consult with its respective attorneys in connection with the review of this Agreement; (b) it has carefully read and understands the scope and effect of each provision contained in this Agreement; (c) it has conducted all necessary due diligence, investigation and analysis of the transactions contemplated by this Agreement; and (d) it is not relying upon any representations made by any other party, its attorneys or other representatives.

Article 5. **Compromise.** The Parties agree that this Agreement sets forth a compromise and shall never at any time for any purpose be considered as an admission of liability or responsibility on the part of any Party hereto regarding any aspect of the Reinsurance Agreements.

Article 6. **Other Actions.** The Parties agree that this Agreement and the negotiations and proceedings leading to this Agreement shall not form the basis for any claim by either against the other or against any officer, director, employee, consultant, professional or shareholder of the other, except with respect to an action for enforcement of this Agreement.

Article 7. **Confidentiality.** . It is mutually understood and agreed that the REINSURER and the COMPANY shall keep all terms and provisions of this Agreement confidential and shall not disclose such terms or provisions to any third party, other than their auditors, accountants, actuaries, financial and legal advisors and any officers, directors and employees (on a need-to-know basis) of any of the Parties hereto and/or their affiliates and subsidiaries, without the prior written consent of the other Party, except where otherwise required by operation of law or the requirements of any regulatory authority, or stock exchange or otherwise in connection with a proceeding to enforce the terms of this Agreement or in court proceedings and arbitrations in connection with discovery requirements or any bankruptcy, insolvency, winding-up or similar proceeding in which an affiliate of a Party is a debtor. Notwithstanding the foregoing provisions of this Article, the REINSURER and the COMPANY may disclose this Agreement and its terms to rating agencies, reinsurance intermediaries, current and potential reinsurers and retrocessionaires (and their agents), and potential purchasers of the COMPANY or the REINSURER, respectively, or any portion of the businesses thereof, provided that such parties have been informed of the confidentiality thereof and have agreed to maintain such confidentiality.

In the event a Party hereto learns that a Person (as defined below) to whom disclosure is not permitted under the Agreement is seeking disclosure of the Agreement or any of its terms in any proceeding, or in the event any Party hereto receives notice of subpoena, request or order directing the disclosure of this Agreement, or any portion thereof, such Party shall provide notice to the other Party promptly and

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sufficiently in advance of disclosure, to the extent possible, to permit such other Party to take steps to prevent the disclosure.

If a Party hereto is required by a government agency or by court order or subpoena to disclose this Agreement, it shall notify the other Party promptly and provide a copy of the order or subpoena as soon as reasonably practicable.

For purposes of this Article 7, "Person" shall mean any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, unincorporated organization, association, corporation, institution, entity, party or government (whether national, federal, state, county, city, municipal or otherwise, including, without limitation, any instrumentality, division, agency, body or department thereof).

Article 8. **Further Assurances.** The Parties without further consideration agree to execute and deliver such other documents and take reasonable action as may be necessary to effect this Agreement, including without limitation, providing such information and representations as may be requested by (a) the Bermuda Monetary Authority or the joint provisional liquidator of LaSalle Re Holdings Limited, the direct parent company of the REINSURER in connection with this Agreement, and (b) the REINSURER or COMPANY in connection with any retrocessionaire or other person or entity obligated to indemnify or reimburse it for any payment hereunder or under the Reinsurance Agreements.

Article 9. **Access to Records.** As respects only the REINSURER's billing or collection activities with its retrocessionaires, the COMPANY hereby agrees to: (i) use commercially reasonable efforts to make available to the REINSURER any and all documentation (in both paper and/or computer/electronic formats) relating to the Reinsurance Agreements ceded or retroceded by the COMPANY to the REINSURER (including complete (with the exception of privileged information) claims, underwriting and accounting files), and in the COMPANY's possession or control, requested by the REINSURER from time to time that the REINSURER, acting reasonably and in good faith, deems necessary or advisable; and (ii) provide reasonable access to the REINSURER, from time to time and upon reasonable notice, to inspect and make copies (at the REINSURER's sole expense) of any such documentation requested by the REINSURER from time to time that the REINSURER, acting reasonably and in good faith, deems necessary or advisable.

As respects only the COMPANY's billing or collection activities with its retrocessionaires, the REINSURER hereby agrees to: (i) use commercially reasonable efforts to make available to the COMPANY any and all documentation (in both paper and/or computer/electronic formats) relating to the Reinsurance Agreements ceded or retroceded by the REINSURER to the COMPANY (including complete (with the exception of privileged information) claims, underwriting and accounting files), and in the REINSURER's possession or control, requested by the COMPANY from time to time that the COMPANY, acting reasonably and in good faith, deems necessary or advisable; and (ii) provide reasonable access to the COMPANY, from time to time and upon reasonable notice, to inspect and make copies (at the COMPANY's sole expense) of any such documentation requested by the COMPANY from time to time that the COMPANY, acting reasonably and in good faith, deems necessary or advisable.

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Article 10. Warranties. The Parties warrant and represent to each other that it is a corporation in good standing in its respective jurisdiction of domicile; that the execution of this Agreement is fully authorized by such Party; that the persons executing this Agreement have full authority to execute this Agreement on behalf of such Party, and its respective successors and assigns; that the commutation and release set forth in this Agreement is valid, effective and binding in all aspects; that, upon the EFFECTIVE DATE, all necessary authorizations, consents and approvals of all regulatory or government entities with regulatory jurisdiction over such Party shall have been obtained to make this Agreement valid and binding upon it; and that no claim or loss being paid or settled by this Agreement has been previously assigned, sold or transferred to any other person or entity.

Article 11. Miscellaneous.

(a) Should any provision of this Agreement be declared or determined by any court to be illegal or invalid, the validity of the remaining part, terms or provisions shall not be affected thereby and said illegal or invalid part, term or provision shall be deemed not to be part of this Agreement.

(b) This Agreement sets forth the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements or understanding between them pertaining to the subject matter hereof.

(c) This Agreement may not be amended, altered, supplemented or modified, except by written agreement signed by the Parties.

(d) This Agreement may be executed and delivered in multiple counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute but one and the same instrument and agreement.

(e) The Parties agree that the provisions of this Article 11(e) shall only apply within six months of the Effective Date of this Agreement, in the event that this Agreement is determined to constitute a preferential or voidable transfer by the Bermuda Monetary Authority or any other court appointed receiver acting in his capacity as rehabilitator and/or liquidator, and the COMPANY is compelled to return to the REINSURER any such payments made pursuant to this Agreement, then the REINSURER's original obligations to the COMPANY and the COMPANY's original obligations to the REINSURER shall be reinstated and deemed satisfied solely to the extent of the portion of payments not avoided and otherwise indefeasibly made to the COMPANY. Such reinstated obligations of the Parties may be asserted in any insolvency, liquidation, conservation, receivership, bankruptcy, winding-up, or similar proceeding and shall be subject to any rights, claims and defenses of the Parties.

(f) This Agreement shall be effective (such day being the "EFFECTIVE DATE") immediately upon execution and delivery of signed agreements by and between the Parties. For purposes of this Agreement, a "BUSINESS DAY" is any day other than a Saturday, Sunday or

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day on which banking institutions in the cities of Hamilton, Bermuda; New York, New York or the City of Hartford, Connecticut are authorized by law or other governmental actions to close.

(g) This Agreement shall be governed by and construed in accordance with the laws of Illinois without regard to principles of conflicts of law.

(h) The Parties hereby consent to the jurisdiction of the courts of the State of Illinois, in connection with any legal action arising out of this Agreement.

(i) In the event of any breach of the terms or conditions of this Agreement, the Party claiming such breach shall be entitled to recover from the breaching Party, all costs and expenses, including, without limitation, reasonable fees and disbursements of counsel retained by claiming Party incurred in connection with the enforcement of this Agreement.

(j) All notices under this Agreement shall be in writing and shall be deemed to be duly given and received (i) upon delivery if delivered by certified mail; or (ii) on the next Business Day if sent by overnight courier, if sent to a Party to its Address for Notices on Schedule A hereto or to such other address as any Party may have furnished to the other in writing.

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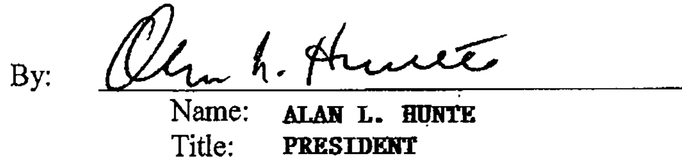
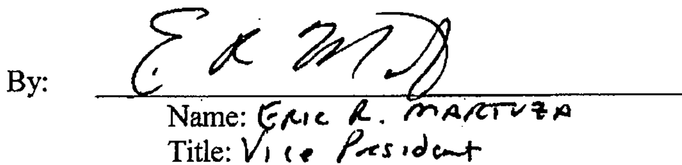
IN WITNESS WHEREOF, the Parties have executed this Agreement by their respective authorized officers as of the day and year first written above.

LASALLE RE LIMITED

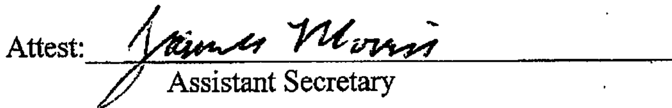
By:  Dated: 4/27/04

Name: **ALAN L. HUNTE**
Title: **PRESIDENT**

CONTINENTAL CASUALTY COMPANY, for itself and on behalf of those entities within the definition of Company

By:  Dated: 4/27/2004

Name: ERIC R. MARTUZA
Title: Vice President

Attest:  Dated: 4/27/2004

Assistant Secretary

Exempt from Discovery or Use at Trial Pursuant to F.R.C.P. 408 and Similar and Analogous State Statutes and Rules

SCHEDULE A

Address for Notice

To the REINSURER:

LaSalle Re Limited
LOM Building
27 Reid Street
Hamilton HM 11
Bermuda

To the COMPANY

Continental Casualty Company
CNA Plaza
Chicago, Illinois 60685
Attention: Senior Vice President
Ceded Reinsurance - 22S

Exempt from Discovery or Use at Trial Pursuant to F.R.C.P. 408 and Similar and Analogous State Statutes and Rules

B

Aon Re Canada

LASALLE RE LTD.
Hamilton, Bermuda

ALL CLASSES EXCESS OF LOSS RETROCESSION
AGREEMENT NO. 8550 - 98

TABLE OF CONTENTS

ARTICLE	SUBJECT	PAGE
I	Period	1
II	Class of Business	2-3
III	Territory	3
IV	Exclusions	3
V	Limits and Deductibles	3-5
VI	Warranty	5
VII	Taxes	5
VIII	Reinstatements	6-7
IX	Premiums and Rates	7-8
X	Net Retained Lines	9
XI	Underlying Reinsurance	9
XII	Ultimate Net Loss	9
XIII	Loss Occurrence	9
XIV	Interlocking	10
XV	Claims Reporting	10
XVI	Loss Settlement	11
XVII	Salvage and Recoveries	11
XVIII	Excess of Policy Limits	11
XIX	Punitive Damages	11
XX	Extra-Contractual Obligations	11
XXI	Self-Insured Obligations	12
XXII	Risks Inadvertently Insured	12
XXIII	Errors and Omissions	12
XXIV	Change in Conditions	12
XXV	Alterations	13
XXVI	Right of Inspection	13
XXVII	Currency	13
XXVIII	Insolvency	13-14
XXIX	Special Termination	14-15
XXX	Arbitration	15-16
XXXI	Loss Reserve Funding	16-17
XXXII	Service of Suit	18
XXXIII	Special Acceptances	18-19
XXXIV	Intermediary	19
ATTACHMENTS:	Schedule of Exclusions	20-26
	Nuclear Incident Exclusion Clause - Liability - Reinsurance - Canada	27-29
	Nuclear Incident Exclusion Clause - Physical Damage - Reinsurance - Canada	30-31
	Nuclear Incident Exclusion Clause - Physical Damage - Reinsurance - U.S.A.	32-33
	Limited Pollution Liability Coverage (IBC 2313)	34-35
	Pollution/Environmental Liability Exclusion Clause - Commercial Automobile - Reinsurance - Canada	36-37
	Pollution Exclusion Clause Applying to Business Classified as Commercial Property	38-39
	Exhibit 1 - Security 360° - Section V - Limited Pollution Liability Insurance Coverage	40-46
	Exhibit 2 - Endorsement No. II-5 - Automobile Dealers' Errors and Omissions Liability	47
	Signing Sheets	

Aon Re Canada

ALL CLASSES EXCESS OF LOSS RETROCESSION

AGREEMENT NO. 8550 - 98

REINSURANCE AGREEMENT between **LASALLE RE LTD.**, Hamilton, Bermuda, (hereinafter called the "Reinsurer") of the one part and the Retrocessionaires subscribing in respect of the shares in each of the Excess Covers which are a part of this Agreement set against their names in the "Signing Sheets" attaching to and forming part of this Agreement each for its own part and not one for the other, (hereinafter called the "Retrocessionaire") of the other part.

ARTICLE I

Period

1. This Agreement shall be effective from July 15, 1998 to expire December 31, 2000, both days inclusive, and applies to all losses occurring during the term of the Underlying Agreement.

2. (a) The term "Underlying Agreement" as used in this Agreement shall be understood to mean All Classes Excess of Loss Cover, Agreement No. 7552 - 98 attached.

   (b) The term policies as used in this Agreement shall be understood to mean the policies and/or contracts of insurance or specific reinsurance, oral or written, or other evidences of liability covered under the Underlying Agreement.

3. This Agreement shall cover losses occurring after the date of cancellation as outlined in the Period Article of the Underlying Agreement.

4. If this Agreement should expire or terminate while a loss occurrence covered hereunder is in progress, it is agreed that, subject to the other conditions of the Underlying Agreement, the Retrocessionaire is liable as if the entire loss or damage had occurred prior to the expiration or termination of this Agreement, provided that no part of that loss occurrence is claimed against any renewal of this Agreement.

5. It is agreed that all times shall refer to local time.

ARTICLE II

Class of Business

1. This Agreement, subject to its terms and conditions, is to indemnify the Reinsurer in respect of the net excess liability, as herein provided and specified, which may accrue to the Reinsurer as a result of any loss which may occur during the period of this Agreement under the Underlying Agreement which are as follows:

(a) **First Excess Cover**

Commercial lines, commercial automobile, marine and inland marine, classified by the Reinsurer as:

Section 1 - property, inland marine, business interruption, fidelity, burglary, automobile physical damage, and surety;

Section 2 - marine, including hull, protection and indemnity, and cargo;

Section 3 - comprehensive general liability, automobile liability, accident benefits, automobile endorsements, non-owned automobile, umbrella liability, and workers' compensation.

(b) **Second, Third, Fourth and Fifth Excess Covers**

Commercial lines, commercial automobile, marine and inland marine, classified by the Reinsurer as:

Section 1 - property, inland marine, business interruption, and automobile physical damage;

Section 2 - marine, including hull, protection and indemnity, and cargo;

Section 3 - comprehensive general liability, automobile liability, accident benefits, automobile endorsements, non-owned automobile, umbrella liability, and workers' compensation.

(c) **Sixth Excess Cover**

Commercial lines, commercial automobile, marine and inland marine, classified by the Reinsurer as:

Section 1 - property, inland marine, business interruption, and automobile physical damage;

Section 2 - marine, including hull, protection and indemnity, and cargo.

2. It is understood that the lower Excess Covers provide broader coverage than the higher layers. Losses falling within terms of the lower Excess Covers shall be included in the ultimate net loss, each and every loss occurrence, up to the higher Excess Covers deductibles. However, only those losses falling within the terms of the higher Excess Covers shall be included in the ultimate net loss of the higher Excess Covers.

ARTICLE III

Territory

This Agreement shall apply to territories outlined in the Underlying Agreement.

ARTICLE IV

Exclusions

This Agreement is subject to the exclusions outlined in the Underlying Agreement.

ARTICLE V

Limits and Deductibles

1. In respect of business classified in the Class of Business Article under Section 1, for each Excess Cover which is part of this Agreement, the Retrocessionaire shall be liable for the ultimate net loss sustained by the Reinsurer in excess of the deductible in respect of each and every loss occurrence and subject to the limit of liability stated below for each and every risk. The Reinsurer shall not make any claim upon the Retrocessionaire unless and until the Reinsurer shall have first sustained by any loss occurrence an ultimate net loss in excess of the deductible stated below, in respect of any one risk.

Reference Number	Excess Cover	Limit of Liability	Deductible
8544	First Excess	$ 2,000,000	$ 500,000
8545	Second Excess	$ 2,500,000	$ 2,500,000
8546	Third Excess	$ 5,000,000	$ 5,000,000
8547	Fourth Excess	$10,000,000	$10,000,000
8548	Fifth Excess	$20,000,000	$20,000,000
8549	Sixth Excess	$25,000,000	$40,000,000

2. In respect of business classified as property and automobile physical damage, for each Excess Cover which is part of this Agreement, the Retrocessionaire shall be liable for the amount of the ultimate net loss sustained by the Reinsurer in excess of the deductible in respect of each and every loss occurrence but such liability shall be limited to the product of the reinsured percentage multiplied by the limit of liability stated below. The Reinsurer shall not make any claim upon the Retrocessionaire unless and until the Reinsurer shall have first sustained by any one loss occurrence an ultimate net loss in excess of the deductible stated below.

Reference Number	Excess Cover	Limit of Liability	Deductible
8544	First Catastrophe Layer	$ 2,000,000	$ 500,000
8545	Second Catastrophe Layer	$ 2,500,000	$ 2,500,000
8546	Third Catastrophe Layer	$ 5,000,000	$ 5,000,000
8547	Fourth Catastrophe Layer	$10,000,000	$10,000,000
8548	Fifth Catastrophe Layer	$20,000,000	$20,000,000
8549	Sixth Catastrophe Layer	$25,000,000	$40,000,000

3. In respect of business classified in the Class of Business Article under Section 2, for each Excess Cover which is part of this Agreement, the Retrocessionaire shall be liable for the ultimate net loss sustained by the Reinsurer in excess of the deductible in respect of each and every loss occurrence and subject to the limit of liability stated below. The Reinsurer shall not make any claim upon the Retrocessionaire unless and until the Reinsurer shall have first sustained by any loss occurrence an ultimate net loss in excess of the deductible stated below.

Reference Number	Excess Cover	Limit of Liability	Deductible
8544	First Excess	$ 2,000,000	$ 500,000
8545	Second Excess	$ 2,500,000	$ 2,500,000
8546	Third Excess	$ 5,000,000	$ 5,000,000
8547	Fourth Excess	$10,000,000	$10,000,000
8548	Fifth Excess	$20,000,000	$20,000,000
8549	Sixth Excess	$25,000,000	$40,000,000

4. In respect of classified in the Class of Business Article under Section 3, for each Excess Cover which is part of this Agreement, the Retrocessionaire shall be liable for the ultimate net loss sustained by the Reinsurer in excess of the deductible in respect of each and every loss occurrence and subject to the limit of liability stated below. The Reinsurer shall not make any claim upon the Retrocessionaire unless and until the Reinsurer shall have first sustained by any loss occurrence an ultimate net loss in excess of the deductible stated below.

Reference Number	Excess Cover	Limit of Liability	Deductible
8544	First Excess	$ 2,000,000	$ 500,000
8545	Second Excess	$ 2,500,000	$ 2,500,000
8546	Third Excess	$ 5,000,000	$ 5,000,000
8547	Fourth Excess	$10,000,000	$10,000,000
8548	Fifth Excess	$20,000,000	$20,000,000

5. In the event of a loss involving a combination of the classes of business, under the First Excess Cover, further reinsurance is provided under the Agreement when the Reinsurer's combined deductibles under 2 (two) or more classes of business resulting from any one loss occurrence exceeds $500,000 (five hundred thousand dollars), but such liability shall be limited to $500,000 (five hundred thousand dollars) each and every such combined loss occurrence.

6. The Reinsurer shall be the sole judge of what constitutes one risk.

ARTICLE VI

Warranty

With respect to property and automobile physical damage, i.e. catastrophe business, it is warranted by the Reinsurer that no claim shall be made under this Agreement unless 2 (two) or more risks reinsured hereunder are involved in each and every loss occurrence, as defined in the Loss Occurrence Article for property and automobile physical damage business.

ARTICLE VII

Taxes

The Reinsurer shall bear the cost of all taxes and/or fees levied on premiums payable under this Agreement. If in any jurisdiction the Retrocessionaire is required to pay any such taxes and/or fees on premiums payable under this Agreement, the Reinsurer shall reimburse the amounts of such payments to the Retrocessionaire at the end of each period.

ARTICLE VIII

Reinstatements

1. (a) In respect of business classified in the Class of Business Article under Sections 1, 2 and 3 each loss under this Agreement reduces, for each Excess Cover, the amount of liability from the time of the occurrence of the loss (meaning the commencement of the loss occurrence) by the amount paid or payable, but the amount so exhausted shall be automatically reinstated from the time of the occurrence of the loss. Nevertheless, the Retrocessionaire's liability, under each Excess Cover, shall be limited in respect of any one risk and each and every loss occurrence as stated below. Layer 6 applies only in respect of business classified in the Class of Business Article under Sections 1 and 2, and is subject to an aggregate limit of liability during any one calendar year as stated below.

Reference Number	Excess Cover	Limit of Liability	Aggregate Limit of Liability
8544	First Excess	$ 2,000,000	Unlimited
8545	Second Excess	$ 2,500,000	Unlimited
8546	Third Excess	$ 5,000,000	Unlimited
8547	Fourth Excess	$10,000,000	Unlimited
8548	Fifth Excess	$20,000,000	Unlimited
8549	Sixth Excess	$25,000,000	$50,000,000

(b) For each amount reinstated, no additional premium shall be payable.

2. (a) For each Catastrophe Excess Cover, in respect of business classified in the Class of Business Article under Sections 1 and 2, each loss under this Agreement reduces the amount of liability from the time of the occurrence of the loss (meaning the commencement of the loss occurrence) by the amount paid or payable, but the amount so exhausted shall be automatically reinstated from the time of the occurrence of the loss. Nevertheless, the Retrocessionaire's liability, under each Catastrophe Excess Cover, shall be limited in respect of any loss occurrence to the amounts stated in the Limits and Deductibles Article, and an aggregate amount during each annual period to the aggregate limit of liability stated below.

Reference Number	Excess Cover	Aggregate Limit of Liability
8544	First Excess	$ 6,000,000
8545	Second Excess	$ 7,500,000
8546	Third Excess	$15,000,000
8547	Fourth Excess	$30,000,000
8548	Fifth Excess	$60,000,000
8549	Sixth Excess	$75,000,000

(b) For each amount reinstated under each Catastrophe Excess Cover, the Reinsurer will pay an additional premium calculated at 100% (one hundred percent) of the adjusted premium for each layer in the proportion that the amount reinstated bears to the limit of liability. Reinstatement premiums shall be calculated by applying the Reinsurer's gross net written income for each annual period for property business to the rates shown below.

Reference Number	Excess Cover	Rate
8544	First Excess	1.500%
8545	Second Excess	1.733%
8546	Third Excess	1.733%
8547	Fourth Excess	1.410%
8548	Fifth Excess	1.720%
8549	Sixth Excess	1.530%

ARTICLE IX

Premiums and Rates

1. The Reinsurer shall pay to the Retrocessionaire a retrocession premium calculated, for each excess cover, at the rate specified below multiplied by the Reinsurer's gross net written premium income derived from business covered under the underlying Agreement.

Reference Number	Excess Cover	Rate
8544	First Excess	5.38%
8545	Second Excess	1.48%
8546	Third Excess	1.47%
8547	Fourth Excess	1.50%
8548	Fifth Excess	1.00%
8549	Sixth Excess	1.84%

2. For each Excess Cover, a deposit premium, as stated below, shall be paid by the Reinsurer to the Retrocessionaire.

Instalment Date	First Excess	Second Excess	Third Excess	Fourth Excess	Fifth Excess	Sixth Excess
Reference Number	*8544*	*8545*	*8546*	*8547*	*8548*	*8549*
January 1, 1999	$1,503,272	$ 413,540	$ 410,745	$ 419,128	$ 279,419	$227,771
April 1, 1999	$ 233,647	$ 64,275	$ 63,840	$ 65,143	$ 43,429	$ 35,401
July 1, 1999	$ 346,496	$ 95,319	$ 94,675	$ 96,607	$ 64,404	$ 52,500
October 1, 1999	$ 461,994	$ 127,091	$ 126,233	$ 128,809	$ 85,873	$ 70,000
January 1, 2000	$ 577,493	$ 158,864	$ 157,791	$ 161,011	$ 107,341	$ 87,500
April 1, 2000	$ 692,992	$ 190,637	$ 189,349	$ 193,213	$ 128,809	$105,000
July 1, 2000	$ 692,992	$ 190,637	$ 189,349	$ 193,213	$ 128,809	$105,000
October 1, 2000	$ 739,191	$ 203,346	$ 201,972	$ 206,094	$ 137,396	$112,000
December 31, 2000	$ 739,191	$ 203,346	$ 201,972	$ 206,094	$ 137,396	$112,000
TOTAL	$5,987,268	$1,647,055	$1,635,926	$1,669,312	$1,112,876	$907,172

3. Notwithstanding the foregoing, the minimum premium for each Excess Cover shall not be less than the amounts specified below:

Reference Number	Excess Cover	Minimum Premium
8544	First Excess	$4,789,814
8545	Second Excess	$1,317,644
8546	Third Excess	$1,308,741
8547	Fourth Excess	$1,335,450
8548	Fifth Excess	$ 890,300
8549	Sixth Excess	$ 725,738

4. As soon as possible after expiry of this Agreement, the Reinsurer shall provide the Retrocessionaire a statement of its gross net written premium income, including the unearned premium reserve for policies in force at July 15, 1998, and the actual premium due to the Retrocessionaire shall be calculated, for each Excess Cover, at the aforementioned rate. Credit shall be given to the Reinsurer for the deposit premium paid and the balance, if any, due by the debtor party shall be payable forthwith, subject to the minimum premium stated above for each Excess Cover.

ARTICLE X

Net Retained Lines

1. This Agreement applies only to that portion of policies which are outlined in the Underlying Agreement Net Retained Lines Article. In calculating the amount of any loss hereunder and also in computing the amount in excess of which this Agreement attaches, only loss in respect of that portion of policies covered by the Underlying Agreement shall be included.

2. The amount of the Retrocessionaire's liability hereunder in respect of any loss shall not be increased by reason of the inability of the Reinsurer to collect from any other retrocessionaire, whether specific or general, any amount which may have become due from them whether such inability arises from the insolvency of such other retrocessionaire or otherwise.

ARTICLE XI

Underlying Reinsurance

The Reinsurer may have in effect underlying excess of loss reinsurance, recoveries under which shall be disregarded in calculating the ultimate net loss hereunder.

ARTICLE XII

Ultimate Net Loss

1. The term "ultimate net loss" shall mean the sum actually paid or payable under the Underlying Agreement Ultimate Net Loss Article in settlement of any loss after making deductions for all recoveries, all salvages, and all sums claimable under other reinsurances which inure to the benefit of the Retrocessionaire, whether collected or not. The ultimate net loss shall include all litigation and adjustment expenses arising from the settlement or defence of claims, other than office expenses and the salaries and expenses as outlined in the Underlying Agreement.

2. Nothing in this Article shall be construed to mean that losses are not recoverable under this Agreement until the ultimate net loss has been ascertained.

ARTICLE XIII

Loss Occurrence

For Property and Automobile Physical Damage Business

1. The term "loss occurrence" is defined in the Catastrophe Business section of the Loss Occurrence Article in the Underlying Agreement.

For All Other Classes of Business

1. The term "loss occurrence" is defined in the Loss Occurrence Article in the Underlying Agreement.

ARTICLE XIV

Interlocking

1. The parties to this Agreement recognize that a loss occurrence, as defined herein, may involve multiple policies, or multiple losses under one policy. Losses being ascribed as losses occurring, claims made, claims discovered or run-off terminations with other reinsurances assuming liability on a new and renewed basis, or for whatever other reasons which cannot be anticipated, that a portion of the loss occurrence may be ascribed to:

(a) this Agreement, or

(b) to other reinsurances covering substantially on the same basis, or

(c) under this Agreement alone, but under different Agreement years, or underwriting years.

2. The Reinsurer's deductible and the Retrocessionaire's limit of liability for the loss occurrence is defined in the Underlying Agreement.

ARTICLE XV

Claims Reporting

1. The Reinsurer shall report immediately by written notice to the Retrocessionaire any loss occurrence which may give rise to a claim:

(a) where the expected total value of the loss or losses combined, irrespective of any apportionment of negligence, exceeds 50% (fifty percent) of the deductible under this Agreement;

(b) where the applicable policy limit exceeds 50% (fifty percent) of the deductible under this Agreement and the loss occurrence involves serious bodily injury including but not limited to:

(i) fatal injuries with surviving dependants of the deceased, but no notice is required where coverage is afforded only for automobile no-fault benefits,

(ii) brain injuries,

(iii) paraplegia or quadriplegia,

(iv) any other major permanent disability.

These serious injuries shall be reported when incurred by either an insured person, a third party or both regardless of the Reinsurer's assessment of liability.

2. The Reinsurer shall keep the Retrocessionaire advised as to any developments likely to affect the cost of any claim under this Agreement.

ARTICLE XVI

Loss Settlement

1. The Reinsurer shall, at its sole discretion, commence, continue, defend, compromise, settle or withdraw from actions, suits and proceedings and generally do such matters and things relating to claims as in its judgement may be beneficial and expedient.

2. All loss settlements made by the Reinsurer shall, subject to the terms of the Agreement, be binding upon the Retrocessionaire, and the Retrocessionaire will pay its share of loss settlement immediately upon receipt of proof of loss from the Reinsurer.

ARTICLE XVII

Salvage and Recoveries

1. All salvage, recoveries and payments recovered or received subsequent to a loss settlement under this Agreement shall be applied as if recovered or received prior to the said settlement and all necessary adjustments shall be made by the parties thereto.

2. Where loss recoveries are made by the Reinsurer and the amount recovered is greater than the total original payment, by reason of interest or otherwise, then the amounts in excess of the total original payment shall be distributed proportionate to each party's share of the total original payment.

ARTICLE XVIII

Excess of Policy Limits

1. This Agreement shall follow the Underlying Agreement with respect to any loss in excess of the limit of the original policy, but otherwise within the coverage terms of the policy.

ARTICLE XIX

Punitive Damages

1. This Agreement does not cover punitive damages awarded against the Reinsurer except as outlined in the Underlying Agreement.

ARTICLE XX

Extra-Contractual Obligations

1. This Agreement shall follow the Underlying Agreement with respect to claims for extra-contractual obligations.

ARTICLE XXI

Self-Insured Obligations

1. This Agreement shall apply to policies and provisions outlined in the Self-Insured Obligations Article in the Underlying Agreement.

ARTICLE XXII

Risks Inadvertently Insured

1. This Agreement is subject to the Risks Inadvertently Insured Article in the Underlying Agreement.

ARTICLE XXIII

Errors and Omissions

1. Any inadvertent delay, error or omission in fulfilling the contractual obligations of either party to this Agreement shall not relieve either party hereto from any liability which would attach to it hereunder if such delay, error or omission is rectified immediately upon discovery.

2. This Article shall not override the provisions of any of the following Articles if they are contained in this Agreement: Risks Inadvertently Insured or Exclusions; nor shall it increase the liability which the Retrocessionaire would have had under this Agreement if such delay, error or omission had not occurred.

3. This Article shall in no way affect the period of coverage provided by this Agreement, nor shall it apply to any Special Termination Article contained in this Agreement.

ARTICLE XXIV

Change in Conditions

1. If, after the conclusion of negotiations as to the terms of this Agreement, the conditions under which the business reinsured is transacted are changed by the Reinsurer without the approval of the Retrocessionaire, or are altered by law, market practice, or the like, both the Reinsurer and the Retrocessionaire shall be afforded the opportunity to review, revise or confirm the terms of this Agreement.

2. If the parties fail to reach mutual agreement on a suitable revision to the terms and conditions of this Agreement, then this Agreement shall at the option of the Reinsurer:

(a) continue on the basis that was in force prior to any change referred in to Clause 1; or

(b) be terminated as of the date on which the change or alteration took place.

3. If this Agreement is terminated at other than the end of the period of this Agreement, the premium due to the Retrocessionaire shall be calculated by the Reinsurer, on a pro rata basis, and paid by the debtor party within 40 (forty) days of the date of the termination.

ARTICLE XXV

Alterations

1. This Agreement may at any time be altered by mutual consent of the parties, documented either by addendum or correspondence. Such addendum or correspondence shall be deemed to form an integral part of this Agreement and shall become equally binding.

2. The laws of Canada shall apply as the proper law of this Agreement.

ARTICLE XXVI

Right of Inspection

1. The Retrocessionaire or its duly authorized representative shall at all reasonable times have the right to inspect at the head office or branch office of the Reinsurer all books and documents relating to the business transacted under this Agreement. Where Arbitration or legal proceedings are pending between the parties to this Agreement, this right of inspection shall only be exercised through a representative who is not an employee of the Retrocessionaire.

2. The Retrocessionaire shall advise the Reinsurer of its intention to exercise its right of inspection at least 48 (forty-eight) hours in advance.

3. It is agreed that the Retrocessionaire's right of inspection shall continue as long as either party remains under any liability under this Agreement.

4. Upon request, the Reinsurer shall supply the Retrocessionaire, at the Retrocessionaire's expense with copies of the whole or any part of the Reinsurer's records, books, accounts and any documents relating to the business reinsured under this Agreement.

5. Any information concerning the business of the Reinsurer reinsured under this Agreement is the sole and absolute property of the Reinsurer, and the Retrocessionaire agrees not to use any information acquired in exercising their right of inspection for any purpose other than that as contemplated under this Agreement.

ARTICLE XXVII

Currency

All amounts under this Agreement are expressed in Canadian currency. Loss settlements which are of a different currency must first be converted into Canadian dollars at the rate of exchange used in the Reinsurer's books.

ARTICLE XXVIII

Insolvency

1. In the event of the insolvency of any Reinsurer or companies included in the preamble to this Agreement within the description "Reinsurer", this Article shall apply separately to each insolvent Reinsurer or companies.

2. In the event of insolvency of the Reinsurer, the reinsurance under this Agreement shall be payable by the Retrocessionaire to the Reinsurer or to its liquidator, receiver or statutory successor on the basis of liability of the Reinsurer under the policy or policies reinsured without diminution because of the insolvency of the Reinsurer.

3. The liquidator, receiver or statutory successor of the Reinsurer shall give written notice to the Retrocessionaire of the pendency of any claim against the Reinsurer on the policies reinsured, within a reasonable time after such claim is filed in the insolvency proceedings. During the pendency of such claim, the Retrocessionaire may investigate such claim and interpose at its own expense in the proceedings, where such claim is to be adjudicated, any defence or defences which it may deem available to the Reinsurer or to its liquidator, receiver or statutory successor. The expense thus incurred by the Retrocessionaire shall be chargeable, subject to Court approval, against the Reinsurer as part of the expense of liquidation to the extent of a proportionate share of the benefit which may accrue to the Reinsurer solely as a result of the defence undertaken by the Retrocessionaire.

4. Any debits or credits, liquidated or unliquidated in favour of or against either party on the date of entry of the receivership or liquidation order, are deemed mutual debits or credits, as the case may be, and shall be set off and the balance only shall be allowed or paid. Although such claim, if any, on the part of either party against the other may be unliquidated or undetermined in amount on the date of the entry of the receivership or liquidation order, such claim, if any, is hereby deemed to be in existence as of such date and any credits or claims then in existence and held by the other party may be offset against it.

5. In the event of the insolvency of the Retrocessionaire, all amounts due but not paid to the Retrocessionaire by the Reinsurer on such date under this Agreement and any other reinsurance agreement, regardless of the date on which they became due, and all amounts which become due to the Retrocessionaire by the Reinsurer after that date under this Agreement and any other reinsurance agreement may be retained by the Reinsurer and set off against the amounts due by the Retrocessionaire under this Agreement and any other reinsurance agreement, whether they were due before the insolvency or became due after. The balance only, if any, shall be payable by the Reinsurer to the Retrocessionaire at the expiry of all liability under this Agreement and any other reinsurance agreement.

ARTICLE XXIX

Special Termination

1. It is agreed that should either party to this Agreement:

   (a) fail to meet the minimum asset requirement of regulatory authorities; or

   (b) go into liquidation or have a receiver appointed; or

   (c) cease writing new or renewal business under the direction or order of appropriate regulatory authorities; or

   (d) enter any arrangement either by way of shareholding or management or otherwise under which effective legal or presumptive control is assumed by any individual or organization other than that which pertained at the time this Agreement became effective; or

(e) in the case of the Reinsurer only, effect a reduction in the net retained liability of the business reinsured hereunder without the prior written consent of the Retrocessionaire;

the party which is subject to any of the foregoing shall notify the other party.

2. Acting upon such actual or constructive notice, the other party shall have the right to terminate this Agreement by registered letter, facsimile transmission, or telegram, stating therein the date and time of termination, which shall be not less than 30 (thirty) days from receipt of such notice.

3. In the case of the condition in paragraph 1(b) of this Article applying to the Retrocessionaire, termination by the Reinsurer may be effective retroactive to the beginning of the period of this Agreement, in order to effect replacement reinsurance.

4. The premium due to the Retrocessionaire shall be calculated by the Reinsurer and paid by the debtor party within 40 (forty) days of the date of termination, and shall be based upon the gross net written premium income of the Reinsurer up to the date of termination, or pro rata of the minimum premium, whichever is greater.

5. If the performance of the whole or any part of this Agreement is prohibited or rendered impossible de jure or de facto in particular and without prejudice to the generality of the preceding words in consequence of any law or regulation which is or shall be in force in any country or territory or if any law or regulation shall prevent directly or indirectly the remittance of all or any part of the balance of payments due to or from either party, the party concerned shall inform the other party immediately, and termination rights shall apply to both parties.

6. This Article shall survive the normal expiration of this Agreement.

ARTICLE XXX

Arbitration

1. Any irreconcilable difference of opinion arising between the Reinsurer and the Retrocessionaire in respect of this Agreement or its validity shall, as a condition precedent to any right of action, be referred to Arbitration as set out below.

2. Arbitration shall be initiated by delivery of a written notice by one party to the other requesting Arbitration. Within 30 (thirty) days of the written request for Arbitration, each party shall appoint an Arbitrator and the two so named shall, within a further 30 (thirty) days, appoint an Umpire who has agreed to act.

3. The Arbitrators and the Umpire (the Arbitration Panel) shall be disinterested current or past executive officers of insurance or reinsurance companies authorized to transact business in Canada, or Syndicates at Lloyd's.

4. In the event of one party failing to name its Arbitrator within 30 (thirty) days allowed for in clause 2 above, or, in the event of the Arbitrators failing to appoint an Umpire within 30 (thirty) days of the appointment of the second Arbitrator, the President of the Insurance Bureau of Canada, or his or her appointee, shall make the necessary appointment of a person qualified as set out herein.

5. If an Arbitrator or Umpire subsequent to his or her appointment is unwilling or unable to act, a new Arbitrator or Umpire shall be appointed in his or her stead by the procedure set out herein.

6. Within 30 (thirty) days of the appointment of the Umpire, each party shall submit its case in writing to the Arbitration Panel.

7. The Arbitration Panel shall have the power to fix all procedural rules for the holding of the Arbitration including discretionary power to make orders as to any matters which they may consider proper in the circumstances of the case with regard to pleadings, discovery, inspection of the documents, examination of witnesses and any other matter whatsoever relating to the conduct of the Arbitration and may receive and act upon such evidence whether oral or written as, in their discretion, they think fit.

8. The Arbitration Panel shall interpret this Agreement as an honourable engagement and not merely as a legal obligation and shall make its award with regard to current insurance and reinsurance market practice and not necessarily in accordance with a literal interpretation of the language of this Agreement.

9. The Arbitration Panel shall make its decision in writing within 90 (ninety) days of the appointment of the Umpire, failing which, unless an extension is agreed to by both parties, a new Arbitration Panel shall be appointed in accordance with the procedure set out in this Article.

10. A decision shall be rendered by the majority of the Arbitration Panel and shall be final and binding on both parties. Unless otherwise directed by the Arbitration Panel, each party shall bear its own Arbitration costs and shall jointly and equally bear with the other party the cost of the Umpire and the remaining incidental costs of the Arbitration. Judgement may be entered upon the award in any court having jurisdiction.

11. The Arbitration shall be held in the town or city where the Canadian head office of the Reinsurer is located, unless otherwise agreed.

12. If more than one Retrocessionaire is involved in the same irreconcilable difference of opinion, such Retrocessionaires may consolidate and act as one party for the purposes of this Article. Communications by the Reinsurer shall be made individually to each Retrocessionaire, including any acting as one party. Nothing herein shall impair the rights of any Retrocessionaire under the terms of this Agreement to assert separate rather than joint defences or claims nor change the liability of Retrocessionaires from several to joint.

ARTICLE XXXI

Loss Reserve Funding

1. This Article applies only to those Retrocessionaires whose participation in this Agreement is not accepted for loss reserve credit by Canadian authorities having jurisdiction over the Reinsurer.

2. The Reinsurer agrees, in respect of its policies falling within the scope of this Agreement, that when it files with Canadian regulatory authorities or sets up on its books reserves for outstanding losses excluding incurred but not reported losses, it will forward to the Retrocessionaire a statement showing the Retrocessionaire's portion of such reserves. The term "loss reserves" as used herein will also include related or allocated litigation and adjustment expenses. The Retrocessionaire agrees, if requested to do so by the Reinsurer, that it will provide funding for an amount of Canadian dollars equal to 115% (one hundred and fifteen percent) of their portion of such outstanding loss reserves by a cash advance in a manner acceptable to the Canadian regulatory authorities.

3. The Reinsurer agrees to receive in trust such an outstanding cash advance (O.C.A.) for the Retrocessionaire and to either:

(a) deposit such funds in an interest-bearing account opened with a depository acceptable to Canadian regulatory authorities; and/or

(b) to arrange investment of such funds in similarly approved Government of Canada (or Provincial Government) short-term securities.

4. The Reinsurer undertakes to use and apply any amounts realized on such securities on which it may withdraw from such O.C.A. account for the following purposes only:

(a) to pay the Retrocessionaire's share or to reimburse the Reinsurer for the Retrocessionaire's share of any liability for surrenders and benefits of losses paid, reinsured by this Agreement;

(b) to make refund of any sum which is in excess of the actual amount required to pay the Retrocessionaire's share of any liability reinsured by this Agreement;

(c) to credit to its own account, or to the Retrocessionaire, the net interest earned on such funds or securities, as specified in Clause 5 of this Article.

5. The Reinsurer agrees to credit the Retrocessionaire with 80% (eighty percent) of the actual interest earned on O.C.A. funds or securities less non-resident withholding tax, as required by Canadian law, and shall be entitled to deduct the 20% (twenty percent) balance of said interest as a fee for the administration and handling of such funds or securities.

6. The bank chosen as depository of such funds shall have no responsibility whatsoever in connection with the propriety of amounts withdrawn by the Reinsurer, nor as to the disposition of funds withdrawn, except to see that withdrawals made are effected only upon the order of properly authorized representatives of the Reinsurer.

7. This Article shall survive the expiration or termination of this Agreement.

ARTICLE XXXII

Service of Suit

This Article applies only to Retrocessionaires not registered to do business in Canada under the Insurance Companies Act. This Article is not intended to conflict with or override the parties' obligation to arbitrate their disputes in accordance with the Arbitration Article.

1. In the event of failure of the Retrocessionaires hereon or any of them to pay any amount claimed to be due hereunder, the Retrocessionaires hereon, at the request of the Reinsurer, will submit to the jurisdiction of any court of competent jurisdiction within Canada and will comply with all requirements necessary to give such court jurisdiction and all matters arising hereunder shall be determined in accordance with the law and practice of such court.

2. Service of process in such suit may be made upon Borden & Elliot, Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3Y4, and in any suit instituted against any one of them upon this Agreement, the Retrocessionaires will abide by the final decision of such court or of any Appellate Court in the event of an appeal.

3. The Retrocessionaires hereon hereby authorize Borden & Elliot to receive on their behalf service of process in any such suit and instruct them to notify the Retrocessionaires forthwith after service. Upon notice the Retrocessionaires so served shall promptly give instructions enabling Borden & Elliot to cause to be entered on behalf of such Retrocessionaires in Ontario or other Canadian jurisdiction a general appearance or notice of intention to defend or document having similar effect.

4. The Retrocessionaires hereby agree to indemnify Borden & Elliot for all reasonable legal fees incurred in notifying or attempting to notify the Retrocessionaires of service of process and causing to be entered a general appearance or notice of intention to defend on behalf of Retrocessionaires.

5. Pursuant to any statute of any province, territory or district of Canada which makes provision therefor, the Retrocessionaires hereon hereby designate the Superintendent of Financial Institutions or the Superintendent, the Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or the successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Reinsurer or any beneficiary hereunder arising out of this Agreement, and hereby designate the above-named Borden & Elliot as the firm to whom the said officer is authorized to mail such process or a true copy thereof.

ARTICLE XXXIII

Special Acceptances

1. Business which is excluded by this Agreement under the Exclusions Article, may be submitted individually by risk by the Reinsurer to the Retrocessionaire for inclusion hereunder and, if accepted, such risk shall then be covered under the terms of this Agreement or as modified by such special acceptance.

2. Any special acceptances agreed under previous agreements of which this Agreement is considered a renewal or replacement, shall be binding upon the Retrocessionaire under this Agreement.

ARTICLE XXXIV

Intermediary

Aon Re Canada Inc.
150 King Street West
Box 24, Suite 1900
Toronto, Ontario, M5H 1J9
is recognized as the Intermediary negotiating this Agreement, through whom all notices, correspondence and payments in connection with this Agreement and alterations thereto, shall be forwarded. All such notices or correspondence shall be considered as having been properly sent if sent through the aforesaid office.

LASALLE RE LTD.
Willowdale, Ontario, Canada

SCHEDULE OF EXCLUSIONS

attaching to and forming part of

ALL CLASSES EXCESS OF LOSS RETROCESSION
AGREEMENT NO. 8550 - 98

A. **General Exclusions**

This Agreement does not cover:

1. Loss or damage directly or indirectly occasioned by, happening through, or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, or military or usurped power.

2. Treaty reinsurance assumed by the Company except for inter-group business or business fronted for regulatory or other purposes when underwritten by the Company.

3. Excess of loss reinsurance coverage, but this Agreement does not exclude policies, contracts or binders issued to direct insureds on a normal deductible basis.

4. Business derived directly or indirectly from any pool or syndicate.

5. (a) Loss or liability excluded by the Nuclear Incident Exclusion Clause - Liability - Reinsurance - Canada, attached to this Agreement.

   (b) Loss or liability excluded by the attached Nuclear Incident Exclusion Clause - Physical Damage - Reinsurance - Canada (and U.S.A.). The Nuclear Incident Exclusion Clauses do not apply to coverage afforded by the Company under Radioactive Contamination Assumption Endorsement "A" (Limited Coverage).

6. Pollution/Environmental Exclusions as follows:

   (a) Business excluded by the attached Limited Pollution Liability Coverage (IBC 2313).

   (b) Business excluded by the attached Pollution/Environmental Liability Exclusion Clause - Commercial Automobile - Reinsurance - Canada.

(c) Business excluded by the attached Pollution Exclusion Clause Applying to Business Classified as Commercial Property.

(d) With regards to the Security 360° program this Agreement will follow the terms of the original policy wording (Exhibit 1, attached).

B. **Property Exclusions**

This Agreement does not cover any property policies in respect or operations carried on by the original insured as a principal operation:

1. Public armoured car or public messenger service.

2. Aircraft, except as may be insured under a regular inland marine policy and not while in actual use for flight purposes or while in preparation therefore or while self-propelled while grounded.

3. Jewellers' or furriers' block policies.

4. Bullion in transit.

5. Bridges with spans exceeding (100 (one hundred) feet), tunnels, dams, quays, flumes, wharves, or any similar risk.

6. Flood, inundation or earthquake, or subsidence, when written as such.

7. Riot or civil commotion, when written as such.

8. Growing crops in the open.

9. Oil or petrochemical risks.

10. Animal mortality.

11. Railroad rolling stock.

12. Mining equipment while underground.

13. Satellites or any other bodies or vehicles of a similar nature whether in transit to launch sites or in operation.

14. All above ground transmission and distribution lines, including wires, cables, poles, pylons, standards, towers, or other supporting structures and any equipment of any type which may be attendant to such installations of any description, for the purpose of transmission or distribution of electrical power, telephone or telegraph signals, and all communication signals whether audio or visual.

This exclusion applies to all equipment other than those on or within 150 (one hundred and fifty) metres (or 500 (five hundred) feet) from an insured structure.

This exclusion applies both to physical loss or damage to the equipment and all business interruption, consequential loss, and/or other contingent losses related to transmission and distribution lines, other than contingent property damage/business interruption losses (including expenses), arising from loss and/or damage to lines of third parties.

15. Any course of construction business, installation floater, or builders' risk policy that does not exclude either error in design, faulty design, or improper design (except that resultant loss or damage may be covered).

16. Mortgage Impairment insurance.

C. **Automobile Exclusions**

This Agreement does not cover any automobile policies in respect of the vehicles used for the following purposes carried on by the original insured as a principal operation:

However, the exclusions listed below shall not apply to that portion of the insurance retained by the Company in respect of risks ceded to, nor assumed from the risk sharing pool or facility association.

1. Vehicles used for the transportation of liquid propane gas, gasoline, butane, naphtha, or other volatile petroleum products including any hazardous products of a similar nature (other than fuel oil or propane gas in cylinders).

2. Distribution, transportation, storage, or handling of explosives, when written as such.

3. Public passenger transportation, including the transportation by taxis, liveries, jitneys or sightseeing conveyances classed as common carriers, however, the following uses shall not be deemed to be excluded:

   (a) the transportation of school children by school bus (the occasional use of a school bus for trips other than those understood as coming within such usage shall not be deemed to be excluded);

   (b) the transportation of guests of a hotel by or for the hotel;

   (c) the transportation of employees by or for an employer;

   (d) owner driven taxis in towns or villages having a population of less than 10,000 (ten thousand);

   (e) when owned by a municipality.

4. Driving schools.

5. Speed contests, races or exhibitions.

6. Logging trucks.

7. Newspaper delivery.

8. Hauling toxins, chemicals, asbestos products, or waste but this exclusion does not apply to farmers, gardeners, landscapers and lawn fertilizing operators for transporting herbicides, pesticides, gasoline or oil for their own use.

D. General Liability Exclusions

This Agreement does not cover any general liability or employers' liability policies in respect of the following operations carried on by the original insured as a principal operation:

1. Retroactive cover for known incidents.

2. Ownership, existence, maintenance, use or operation of aircraft, airships, missiles, rockets and such, air cushion vehicles, airfields, airports, control towers, airlines, and risks normally insured by a specialized aviation market.

3. Malpractice, professional indemnity, professional errors or omissions risks of any kind, but not to include automobile dealers (see Exhibit 2 for copy of original policy wording), beauty parlours, barber shops, optometrists, opticians, druggists, funeral directors, printers, and employee benefits errors and omissions.

4. Directors' and officers' legal liability except for:

   (a) non-profit organizations;

   (b) condominium corporations.

5. Production, manufacturing, storage, filling, breakdown, refining, supplying, or transporting of:

   (a) fireworks, ammunition, fuses, cartridges, gunpowder, nitroglycerine, celluloid, pyroxylin, or any other form of explosives;

   (b) volatile oils (including gasoline) and their products, other than in respect of retail gasoline stations;

   (c) gases or air under pressure in containers;

   (d) toxins or chemicals.

6. Collieries or any other mining operations including quarries using explosives.

7. Tunnelling, subway construction or sewer construction, when written as such.

8. Construction or maintenance of bridges or dams, other than when owned by an insured municipality.

9. Railroads but not excluding:

(a) railroads on the insured's premises;

(b) sidetrack operations.

10. Production, manufacturing, storage, supply, distribution, or sale of natural gas, coal gas or electricity including the installation or maintenance of gas or electricity distribution systems.

11. Crop, pest or weed spraying, when written as such.

12. Ownership, use or operation of trolley buses, street cars, railways, tramways, cable cars, or chair lifts.

13. Ownership, operation, maintenance or use of:

(a) oil or natural gas well drilling or production facilities;

(b) oil refining operations or gas plants;

(c) oil or natural gas pipelines;

(d) oil or natural gas storage and/or distribution facilities;

(e) offshore platforms or rigs.

14. Waste disposal or waste deposits, other than when owned by an insured municipality.

15. Mining, processing, manufacturing, distribution, storage, or any other use of asbestos, including any products made mainly of asbestos.

16. Production, manufacturing, processing, storage, breakdown, removal, distribution, sale or transporting of ureaformaldehyde.

17. Products liability coverage under products liability only, or under comprehensive policies in respect of the following risks:

(a) products integrity impairment or products tampering;

(b) products recall or sistership liability, when written as such;

(c) products guarantee or performance guarantee;

(d) manufacturing of:

(i) the manufacture and/or supply of products assigned for use in and which affect the flying capabilities of aircraft or aerial devices,

(ii) the manufacture and/or supply of critical automobile parts assigned for use in and which affect drive trains, power trains, steering or braking systems,

(iii) volatile petroleum based products,

(iv) explosives, gases under pressure or pressure cookers,

(v) wood stoves, gasoline stoves, gasoline heaters or gasoline lamps,

(vi) chemicals or crop sprays,

(vii) anti-freeze mixtures and the like,

(viii) drugs, medicines, serums, extracts, or pharmaceuticals including hair, scalp or skin preparations, dyes, hairwaving machines, or other beauty products or preparations (except, this exclusion shall not apply to retail drug stores).

E. <u>Workers' Compensation Exclusions</u>

1. Jones Act, unless incidental.

2. Underground mining.

3. On and offshore oil drilling.

4. Explosive manufacturing.

5. Natural gas mining.

6. Airline crews.

7. Insolvency funds.

8. Business accepted by the Company as reinsurance from other insurers, except for inter-company reinsurance between insurers listed as a company herein.

9. Policies written over self-insured retention that are subject to an aggregate limit.

10. Professional sports teams.

11. Asbestos abatement firms.

12. Tunnel operations.

13. Pest control firms.

E. Surety and Fidelity Exclusions

1. Co-surety or co-indemnity bonds.
2. Financial Institutions.
3. Bonds covering joint venture contracts.
4. The following classes of business:
   - (a) bank depository bonds;
   - (b) mortgage deficiency bonds;
   - (c) mortgage guarantee bonds;
   - (d) guarantees of instalment paper;
   - (e) financial guarantee and insolvency;
   - (f) completion bonds;
   - (g) sub-division bonds;
   - (h) lease bonds involving payments of rentals;
   - (i) bonds relating to the removal of hazardous waste; and
   - (j) construction bonds.

LASALLE RE LTD.
Willowdale, Ontario, Canada

NUCLEAR INCIDENT EXCLUSION CLAUSE
LIABILITY - REINSURANCE - CANADA

attaching to and forming part of

ALL CLASSES EXCESS OF LOSS RETROCESSION
AGREEMENT NO. 8550 - 98

1. This Agreement does not cover any loss or liability accruing to the Company as a member of, or subscriber to, any association of insurers or reinsurers formed for the purpose of covering nuclear energy risks or as a direct or indirect reinsurer of any such member, subscriber or association.

2. Without in any way restricting the operation of paragraph 1 of this clause it is agreed that for all purposes of this Agreement all the original liability contracts of the Company, whether new, renewal or replacement, of the following classes, namely,

Personal Liability
Farmers' Liability
Storekeepers' Liability

which become effective on or after 31st December, 1984, shall be deemed to include, from their inception dates and thereafter, the following provision:

Limited Exclusion Provision

This Policy does not apply to bodily injury or property damage with respect to which the Insured is also insured under a contract of nuclear energy liability insurance (whether the Insured is unnamed in such contract and whether or not it is legally enforceable by the Insured) issued by the Nuclear Insurance Association of Canada or any other group or pool of insurers or would be an Insured under any such policy but for its termination upon exhaustion of its limits of liability.

With respect to property, loss of use of such property shall be deemed to be property damage.

3. Without in any way restricting the operation of paragraph 1 of this clause it is agreed that for all purposes of this Agreement all the original liability contracts of the Company, whether new, renewal or replacement, of any class whatsoever (other than Personal Liability, Farmers' Liability, Storekeepers' Liability or Automobile Liability contracts), which become effective on or after 31st December, 1984, shall be deemed to include, from their inception dates and thereafter, the following provision:

Broad Exclusion Provision

It is agreed that this Policy does not apply:

(a) to liability imposed by or arising from any nuclear liability act, law or statute, or any law amendatory thereof; nor

(b) to bodily injury or property damage with respect to which an Insured under this policy is also insured under a contract of nuclear energy liability insurance (whether the Insured is unnamed in such contract and whether or not it is legally enforceable by the Insured) issued by the Nuclear Insurance Association of Canada or any other insurer or group or pool of insurers or would be an Insured under any such policy but for its termination upon exhaustion of its limit of liability; nor

(c) to bodily injury or property damage resulting directly or indirectly from the nuclear energy hazard arising from:

(i) the ownership, maintenance, operation or use of a nuclear facility by or on behalf of an Insured;

(ii) the furnishing by an Insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility;

(iii) the possession, consumption, use, handling, disposal or transportation of fissionable substances, or of other radioactive material (except radioactive isotopes, away from a nuclear facility, which have reached the final stage of fabrication so as to be useable for any scientific, medical, agricultural, commercial or industrial purpose) used, distributed, handled or sold by an Insured.

As used in this Policy:

1. The term "nuclear energy hazard" means the radioactive, toxic, explosive or other hazardous properties of radioactive material.

2. The term "radioactive material" means uranium, thorium, plutonium, neptunium, their respective derivatives and compounds, radioactive isotopes of any elements and other substances which may be designated by any nuclear liability act, law or statute, or any law amendatory thereof as being prescribed substances capable of releasing atomic energy, or as being requisite for the production, use or application of atomic energy.

3. The term "nuclear facility" means:

(a) any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of plutonium, thorium and uranium or any one or more of them;

(b) any equipment or device designed or used for:

(i) separating the isotopes of plutonium, thorium and uranium or any one or more of them;

(ii) processing or utilizing spent fuel; or

(iii) handling, processing or packaging waste;

(c) any equipment or device used for the processing, fabricating or alloying of plutonium, thorium or uranium enriched in the isotope uranium 233 or in the isotope uranium 235, or any one or more of them if at any time the total amount of such material in the custody of the Insured at the premises where such equipment or device is located consists of or contains more than 25 (twenty-five) grams of plutonium or uranium 233 or any combination thereof, or more than 250 (two hundred and fifty) grams of uranium 235;

(d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste radioactive material;

and includes the site on which any of the foregoing is located, together with all operations conducted thereon and all premises used for such operations.

4. The term "fissionable substance" means any prescribed substance that is, or from which can be obtained, a substance capable of releasing atomic energy by nuclear fission.

5. With respect to property, loss of use of such property shall be deemed to be property damage.

LASALLE RE LTD.
Willowdale, Ontario, Canada

NUCLEAR INCIDENT EXCLUSION CLAUSE
PHYSICAL DAMAGE - REINSURANCE - CANADA

attaching to and forming part of

ALL CLASSES EXCESS OF LOSS RETROCESSION
AGREEMENT NO. 8550 - 98

1. This Agreement does not cover any loss or liability accruing to the Company directly or indirectly, and whether as Insurer or Reinsurer, from any Pool of Insurers or Reinsurers formed for the purpose of covering Atomic or Nuclear Energy risks.

2. Without in any way restricting the operation of paragraph 1 of this clause, this Agreement does not cover any loss or liability accruing to the Company, directly or indirectly, and whether as Insurer or Reinsurer, from any insurance against Physical Damage (including business interruption or consequential loss arising out of such Physical Damage) to:

(a) nuclear reactor power plants including all auxiliary property on the site, or

(b) any other nuclear reactor installation, including laboratories handling radioactive materials in connection with reactor installations, and critical facilities as such, or

(c) installations for fabricating complete fuel elements or for processing substantial quantities of prescribed substances, and for reprocessing, salvaging, chemically separating, storing or disposing of spent nuclear fuel or waste materials, or

(d) installations other than those listed in (c) above using substantial quantities of radioactive isotopes or other products of nuclear fission.

3. Without in any way restricting the operation of paragraphs 1 and 2 of this clause, this Agreement does not cover any loss or liability by radioactive contamination accruing to the Company, directly or indirectly, and whether as Insurer or Reinsurer, from any insurance on property which is on the same site as a nuclear reactor power plant or other nuclear installation and which normally would be insured therewith, except that this paragraph 3 shall not operate:

(a) where the Company does not have knowledge of such nuclear reactor power plant or nuclear installation, or

(b) where the said insurance contains a provision excluding coverage for damage to property caused by or resulting from radioactive contamination, however caused.

4. Without in any way restricting the operation of paragraphs 1, 2 and 3 of this clause, this Agreement does not cover any loss or liability by radioactive contamination accruing to the Company, directly or indirectly, and whether as Insurer or Reinsurer, when such radioactive contamination is a named hazard specifically insured against.

5. This clause shall not extend to risks using radioactive isotopes in any form where the nuclear exposure is not considered by the Company to be the primary hazard.

6. The term "prescribed substances" shall have the meaning given to it by the Atomic Energy Control Act R.S.C. 1985 (c), A-16 or by any law amendatory thereof.

7. Company to be sole judge of what constitutes:

(a) substantial quantities, and

(b) the extent of installation, plant or site.

8. Without in any way restricting the operation of paragraphs 1, 2, 3 and 4 of this clause, this Agreement does not cover any loss or liability accruing to the Company, directly or indirectly, and whether as Insurer or Reinsurer caused:

(1) by any nuclear incident as defined in the Nuclear Liability Act or any other nuclear liability act, law or statute, or any law amendatory thereof or nuclear explosion, except for ensuing loss or damage which results directly from fire, lightning or explosion of natural, coal or manufactured gas;

(2) by contamination by radioactive material.

<u>NOTE</u>: Without in any way restricting the operation of paragraphs 1, 2, 3 and 4 of this clause, paragraph 8 of this clause shall only apply to all original contracts of the Company whether new, renewal or replacement which become effective on or after December 31, 1992.

LASALLE RE LTD.
Willowdale, Ontario, Canada

NUCLEAR INCIDENT EXCLUSION CLAUSE
PHYSICAL DAMAGE - REINSURANCE - U.S.A.

attaching to and forming part of

ALL CLASSES EXCESS OF LOSS RETROCESSION
AGREEMENT NO. 8550 - 98

1. This Agreement does not cover any loss or liability accruing to the Company, directly or indirectly, and whether as Insurer or Reinsurer, from any Pool of Insurers or Reinsurers formed for the purpose of covering Atomic or Nuclear Energy risks.

2. Without in any way restricting the operation of paragraph 1 of this clause, this Agreement does not cover any loss or liability accruing to the Company, directly or indirectly, and whether as Insurer or Reinsurer, from any insurance against Physical Damage (including business interruption or consequential loss arising out of such Physical Damage) to:

(a) nuclear reactor power plants including all auxiliary property on the site, or

(b) any other nuclear reactor installation, including laboratories handling radioactive materials in connection with reactor installations, and "critical facilities" as such, or

(c) installations for fabricating complete fuel elements or for processing substantial quantities of "special nuclear material", and for reprocessing, salvaging, chemically separating, storing or disposing of "spent" nuclear fuel or waste materials, or

(d) installations other than those listed in (c) above using substantial quantities of radioactive isotopes or other products of nuclear fission.

3. Without in any way restricting the operation of paragraphs 1 and 2 hereof, this Agreement does not cover any loss or liability by radioactive contamination accruing to the Company, directly or indirectly, and whether as Insurer or Reinsurer, from any insurance on property which is on the same site as a nuclear reactor power plant or other nuclear installation and which normally would be insured therewith, except that this paragraph 3 shall not operate:

(a) where the Company does not have knowledge of such nuclear reactor power plant or nuclear installation, or

(b) where the said insurance contains a provision excluding coverage for damage to property caused by or resulting from radioactive contamination, however caused. However on and after January 1, 1960 this sub-paragraph (b) shall only apply provided the said radioactive contamination exclusion provision has been approved by the Governmental Authority having jurisdiction thereof.

4. Without in any way restricting the operation of paragraphs 1, 2 and 3 hereof, this Agreement does not cover any loss or liability by radioactive contamination accruing to the Company, directly or indirectly, and whether as Insurer or Reinsurer, when such radioactive contamination is a named hazard specifically insured against.

5. It is understood and agreed that this clause shall not extend to risks using radioactive isotopes in any form where the nuclear exposure is not considered by the Company to be the primary hazard.

6. The term "special nuclear material" shall have the meaning given to it by the Atomic Energy Act of 1954, or by any law amendatory thereof.

7. Company to be sole judge of what constitutes:

(a) substantial quantities, and

(b) the extent of installation, plant or site.

<u>NOTE</u>: Without in any way restricting the operation of paragraph (1) hereof, it is understood and agreed that:

(a) all policies issued by the Company on or before December 31, 1957 shall be free from the application of the other provisions of this Clause until expiry date or December 31, 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

(b) with respect to any risk located in Canada policies issued by the Company on or before December 31, 1958 shall be free from the application of the other provisions of this Clause until expiry date or December 31, 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

LASALLE RE LTD.
Willowdale, Ontario, Canada

This Endorsement Changes the Policy. Please Read It Carefully.

LIMITED POLLUTION LIABILITY COVERAGE (IBC 2313)

attaching to and forming part of

ALL CLASSES EXCESS OF LOSS RETROCESSION
AGREEMENT NO. 8550 - 98

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY POLICY (OCCURRENCE FORM) IBC 2100

Under common exclusions - Coverage A and D:

1. Pollution Liability 1.a and 1.b are deleted and replaced by the following:

This insurance does not apply to:

1. **Pollution Liability**

   a. "Bodily injury" or "property damage" arising out of the actual, alleged, potential or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of pollutants:

      1) At or from any premises, site or location which is or was at any time, owned or occupied by, or rented or loaned to an Insured;

      2) At or from any premises, site or location which is or was at any time, used by or for any Insured or others for the handling, storage, disposal, processing or treatment of waste;

      3) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any Insured or any person or organization for whom the Insured may be legally responsible; or

4) At or from any premises, site or location on which any Insured or any contractors or subcontractors working directly or indirectly on any Insured's behalf are performing operations:

a) if the pollutants are brought on or to the premises, site or location in connection with such operations by such Insured, contractor or subcontractor; or

b) if the operations are to test for, monitor, clean-up, remove, contain, treat, detoxify, decontaminate, stabilize, remediate or neutralize, or in any way respond to, or assess the effect of pollutants.

Sub-paragraphs 1) and 4)a) of paragraph a. of this exclusion do not apply to "bodily injury" or "property damage" caused by:

i) heat, smoke or fumes from a fire which becomes uncontrollable or breaks out from where it was intended to be; or

ii) an unexpected or unintentional spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of pollutants provided such discharge, emission, dispersal, seepage, leakage, migration, release or escape of pollutants:

1) results in the injurious presence of pollutants in or upon land, the atmosphere, drainage, or sewage system, watercourse or body of water; and

2) is detected within 120 (one hundred and twenty) hours after the commencement of the spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape; and

3) is reported to us within 120 (one hundred and twenty) hours of being detected; and

4) does not occur in a quantity or with a quality that is routine or usual to the business of the Insured.

b. Any loss, cost or expense arising out of any request, demand or order that any Insured or others test for, monitor, clean-up, remove, contain, treat, detoxify, decontaminate, stabilize, remediate or neutralize or in any way respond to, or assess the effect of pollutants unless such loss, cost or expense is consequent upon "bodily injury" or "property damage" covered by this policy.

"Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, odour, vapour, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

IBC 2313
02/94

LASALLE RE LTD.
Willowdale, Ontario, Canada

POLLUTION/ENVIRONMENTAL LIABILITY EXCLUSION CLAUSE - COMMERCIAL AUTOMOBILE - REINSURANCE - CANADA

attaching to and forming part of

ALL CLASSES EXCESS OF LOSS RETROCESSION

AGREEMENT NO. 8550 - 98

The following exclusion applies to all new, renewal or replacement Commercial Automobile policies (and not to Personal Automobile policies) which became effective on or after January 1, 1986.

"Renewal Policies" as used above shall also mean the next anniversary date on or after January 1, 1986 in respect of policies issued for a period of more than one year.

This Agreement does not cover any liability arising from vehicles known by the Company to be used for the transportation of:

a) Hazardous chemicals including but not limited to acids, alkalis, gases, oils, pesticides, herbicides and polychlorinated biphenyls (P.C.B.'s).

b) Petroleum products including but not limited to gasoline, oils and liquid petroleum gas (L.P.G.).

c) Industrial or other wastes.

d) Other dangerous substances referred to in the Transportation of Dangerous Goods Act.

The above exclusion does not apply to the following:

(1) Petroleum tankers or trailers owned and/or operated by Contractors for the sole purpose of refuelling their construction machinery.

(2) Tar tankers or trailers owned and/or operated by Contractors.

(3) Vehicles operated by fuel dealers in rural areas (not exceeding 3 (three) tanker vehicles).

(4) Vehicles operated by farmers for transporting herbicides, pesticides, fertilizers, gasoline or oil for their own use.

(5) Wholesale or retail delivery of packaged goods that are harmful through inhalation of their vapours, by skin contact or ingestion.

LASALLE RE LTD.
Willowdale, Ontario, Canada

POLLUTION EXCLUSION CLAUSE
APPLYING TO BUSINESS CLASSIFIED AS COMMERCIAL PROPERTY

attaching to and forming part of

ALL CLASSES EXCESS OF LOSS RETROCESSION
AGREEMENT NO. 8550 - 98

1. The following exclusion applies to all new, renewal or replacement Commercial Property policies (and not to Personal policies) which become effective on or after January 1, 1994. "Renewal policies" as used above shall also mean the next anniversary date on or after January 1, 1994 in respect of policies issued for a period of more than one year.

2. This Agreement does not cover the following:

(a) Direct or indirect loss, damage, cost or expense, arising out of the clean-up, removal, containment, treatment, detoxification, decontamination, stabilization, neutralization, or remediation resulting from any actual, alleged, potential, or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release, or escape of "pollutants", but this exclusion does not apply to physical loss or damage to the property insured caused directly by fire, lightning, explosion, impact by aircraft or spacecraft or land vehicle, riot, vandalism, malicious acts, smoke, leakage from fire protective equipment, windstorm, hail, rupture of pipes or breakage of apparatus (not excluded), theft or attempt thereat or accident to transporting conveyance. Damage to pipes caused by freezing is insured unless otherwise excluded.

(b) Direct or indirect loss, damage, cost or expense for any testing, monitoring, evaluating or assessing of an actual, alleged, potential or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants".

3. With respect to Paragraph 2(a), coverage for debris removal is provided as per the following **Debris Removal Clause**:

Debris Removal: The Company will indemnify the insured for expenses incurred in the removal from the insured's "premises" of debris of the property insured, occasioned by loss or damage to such property for which loss or damage insurance is afforded under this Form.

The Company will indemnify the insured for expenses incurred in the removal of debris or other property which is not insured by this Form but which has been blown by windstorm upon the location specified on the "Coverage Summary".

4. "Pollutants" means any solid, liquid, gaseous or thermal irritant, or contaminants including odour, vapour, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

RRC June 1994

Aon Re Canada

LASALLE RE LTD.
Willowdale, Ontario, Canada

EXHIBIT 1

SECURITY 360°
SECTION V
LIMITED POLLUTION LIABILITY INSURANCE COVERAGE

This is a Claims Made Limited Pollution Liability Rider

attaching to and forming part of

ALL CLASSES EXCESS OF LOSS RETROCESSION
AGREEMENT NO. 8550 - 98

The Insurer agrees subject to the conditions, limitations and other terms of this Rider and the General Conditions:

I. INSURING AGREEMENT

To pay on behalf of the Insured all sums including prejudgement interest which the Insured shall become legally obligated to pay as compensatory damages because of:

Bodily Injury, Property Damage, Environmental Damage or Environmental Damage and Clean-Up Costs; arising out of a Pollution Incident as defined.

Provided that:

(i) such Bodily Injury, Property Damage or Environmental Damage is caused by a Pollution Incident which commences during the policy period and

(ii) such reasonable and necessary clean-up costs are incurred because of environmental damage to which this insurance applies and

(iii) the claim for such compensatory damages is first made against the Insured during the Policy Period, or within one year of its termination, and

(iv) the claim for compensatory damages is reported to the Insurer in accordance with the Claims Made Reporting Provision of this Rider.

CLAIMS MADE REPORTING PROVISION

(a) A claim by a person or organization seeking compensatory damages will be deemed to have been made when notice of such claim is received and recorded by any Insured or by the Insurer whichever comes first.

(b) All claims for compensatory damages because of bodily injury or property damage sustained by any one person or organization as a result of any one pollution incident shall be deemed to have been made at the time the first of those claims is made.

(c) Each pollution incident must be reported to the Insurer in accordance with the terms of Condition D "Notice of Claim or Suit" of Section II General Liability.

II. DEFENCE COSTS

Where coverage is provided by this Rider, the Insurer agrees to pay "Defence Costs". For the purposes of this Rider, "Defence Costs" are defined as:

> The cost to defend in the name and on behalf of the Insured and at the cost of the Insurer any suit which may at any time be brought against the Insured even if such suit is groundless, false or fraudulent, but the Insurer shall have the right to make such investigation, negotiation, and settlement of any claim or suit as may be deemed expedient by the Insurer.

The limit of the Insurer's liability for "Defence Costs" is limited to the Defence Costs Limit indicated in the Declarations of this policy for any one pollution incident and the Aggregate Limit (Defence Costs) indicated in the Declarations of this policy for all pollution incidents in any one policy year terminating o the anniversary date of this policy. The limit of liability for "Defence Costs" is in addition to the Incident Limit shown in the Declarations of this policy.

In the event that "Defence Cost" for a single incident exceed the Defence Costs Limit and the total of an insured loss plus Defence Costs is less than the Incident Limit, then the "Defence Costs" incurred in excess of the Defence Cost limit shall be paid as part of the Incident Limit and shall be subject to the Aggregate Incident Limit.

III. LIMIT OF INSURANCE AND DEDUCTIBLE

Regardless of (1) the number of Insureds under this Rider (2) the number of persons or organizations who sustain bodily injury or property damage (3) the amount of clean-up costs incurred, (4) the number of claims made or suits brought on account of bodily injury or property damage to clean-up costs, the Insurer's liability is limited to the amounts so indicated in the Declarations of this Policy.

The Incident Limit is the total limit of the Insurer's liability in excess of the deductible amount under Insuring Agreement I for all compensatory damages arising out of any one pollution incident.

Subject to the above provision respecting any one pollution incident, the limit stated as Aggregate Limit is the total limit of the Insurer's liability for all compensatory damages incurred in any one period of twelve months terminating on an anniversary date of the policy.

The deductible amount applies to all compensatory damages and all expenses, except the Insurer's internal expenses, as the result of any one Pollution Incident.

The Insurer may pay any part or all of the deductible amount to effect settlement of any claim or suit and expense and, upon notification of the action taken, the Insured shall promptly reimburse the Insurer for such part of the deductible amount as has been paid by the Insurer.

If the Policy period is extended after issuance for an additional period of less than twelve months, the additional period will be deemed part of the last preceding period as respects the "Aggregate Limit" of the Insurer's liability.

Any amounts payable under this Policy shall be applied first to the protection of the Named Insured and the remainder, if any, to the protection of any additional Insured as the Named Insured shall direct.

IV. EXCLUSIONS

This insurance does not apply to:

(a) Bodily Injury, Property Damage, Environmental Damage or Clean-Up Costs which are expected or intended from the standpoint of any insured;

(b) Bodily Injury, Property Damage, Environmental Damage or Clean-Up Costs arising out of a pollution incident which Pollution Incident is expected or intended from the standpoint of any insured;

(c) liability assumed by any insured under any contract or agreement, but this exclusion does not apply to liability that such Insured would have in the absence of such contract or agreement;

(d) Bodily Injury, Property Damage or Clean-Up Costs arising out of any underground storage tank greater than fifteen (15) years old, unless such storage tank has been accepted for coverage in writing by the Insurer;

(e) any obligation of any insured pursuant to any employment standards law, workers' compensation law, unemployment insurance law, disability benefits law, occupational health and safety law or any similar law;

(f) (i) Bodily Injury to an employee of any Insured arising out of or in the course of employment by any Insured or

(ii) any claim for damages by the spouse, child, parent, brother, sister or other dependent of an employee of any Insured as a result of Bodily Injury to an employee arising out of or in the course of employment by any Insured.

This exclusion applies:

(a) whether any insured may be liable as an employer or in any other capacity; or

(b) to any claim for contribution or indemnity by any person, Commission, Board, Corporation or Organization required to pay compensatory damages to an employee of any insured because of Bodily Injury to that employee;

(g) Property Damage to Environmental Damage to or Clean-Up Costs at, in or on

(i) any property owned, rented or occupied by any Insured;

(ii) any property loaned to or used by any Insured;

(iii) any property in the care, custody or control of any Insured;

(iv) any property sold, given away or abandoned by any Insured;

(h) Property Damage to, Environmental Damage to or Clean-Up Costs at, in or on any waste facility;

(i) Bodily Injury, Property Damage, Environmental Damage or Clean-Up Costs caused by a Pollution Incident originated at, in or on any waste facility or caused by a Pollution Incident arising from or incidental to the delivery, Handling, storage, disposal, processing or treatment of waste at, in or on any waste facility;

(j) Bodily Injury, Property Damage, Environmental Damage or Clean-Up Costs that are within the Products-Completed Operations hazard;

(k) Bodily Injury in the form of genetic damage or birth defects;

(l) Bodily Injury, Property Damage, Environmental Damage or Clean-Up Costs arising out of the ownership, use or operation by or on behalf of any insured of any automobile, motorized snow vehicle, self propelled land motor vehicle, trailer, or semi-trailer (including its equipment mounted on or attached thereto) with respect to which any motor vehicle liability policy is required to be in effect;

(m) Bodily Injury, Property Damage, Environmental Damage or Clean-Up Costs arising out of the ownership, maintenance, use, operation or the entrustment to others, by or on behalf of any Insured of:

(i) any railway rolling stock,

(ii) any watercraft;

(n) (i) Bodily Injury, Property Damage, Environmental Damage or Clean-Up Costs arising out of the ownership, maintenance, use, operation, loading or unloading or the entrustment to others, by or on behalf of any Insured of:

(a) any air cushion vehicle,

(b) any aircraft; or

(ii) Bodily Injury, Property Damage, or Clean-Up costs arising out of the ownership, existence, use or operation by or on behalf of any Insured of any premises for the purpose of an airport or aircraft landing area and all operations necessary or incidental thereto;

(o) (i) Bodily Injury, Property Damage, Environmental Damage or Clean-Up Costs arising out of a Pollution Incident which results from or is attributable to a failure to comply with any applicable statute, regulation, ordinance, directive or order relating to the protection of the environment and promulgated by any governmental body, provided that failure to comply is a willful or deliberate act or omission of any Insured;

(ii) Clean-Up Costs caused by a Pollution Incident if any Insured is convicted of an offence under any applicable statute or regulation, relating to the protection of the environment and promulgated by any governmental body, as a result of any Insured's failure to comply with a legal duty to report the Pollution Incident to a governmental body or to take remedial steps after the Pollution Incident;

(p) Bodily Injury, Property Damage, Environmental Damage or Clean-Up Costs outside of Canada;

(q) Bodily Injury, Property Damage, Environmental Damage or Clean-Up Costs which result from or are caused by anything other than a Pollution Incident;

(r) punitive, aggravated or exemplary damages;

(s) fines or penalties imposed by law.

V. DEFINITIONS

When used in this Rider (including Endorsements forming a part hereof)

1. "Clean-up Costs" means expenses for the removal or neutralization of pollutants.

2. "Environmental damage" means the injurious presence of pollutants in or upon land, the atmosphere or any watercourse or body of water.

3. "Pollutants" means any solid, liquid or gaseous contaminant other than odour, heat, sound, vibration or radiation.

4. "Pollution incident" means an unexpected and unintentional discharge of any Pollutants provided:

   (a) such discharge results in Environmental Damage; and

   (b) such discharge does not occur in a quantity or with a quality that is routine or usual to the Insured's operations; and

   (c) such discharge is detected by any person and reported to the Insurer or Marsh Canada Ltd. within 240 hours after commencement of the discharge.

   The entirety of any discharges which arise out of a continuous or repeated exposure to substantially the same conditions shall be deemed to be one Pollution Incident.

5. "Property damage" means:

   (a) Physical Injury to, destruction of, or contamination of tangible property, including all loss of use thereof at any time resulting therefrom, or

   (b) Loss of use of tangible property which has not been physically injured, destroyed or contaminated but which has been evacuated, withdrawn from use, or rendered inaccessible because of a "Pollution Incident".

6. "Waste facility" means any site operated by any person or organization for the storage, disposal, processing or treatment of waste material other than a site operated by any Insured and disclosed in the Application for this Policy.

The following definitions of Section II General Liability Policy shall apply to this Section:

Bodily Injury
Completed Operations Hazard
Products Hazard

VI. CONDITIONS

The terms of the General Conditions of the General Liability Policy, shall apply to this Section. This Section shall not be in force unless specifically endorsed or if limit(s) of liability are indicated in the applicable section of the Declarations of this Policy.

ON PREMISES CLEAN-UP COSTS ENDORSEMENT

Subject to the limits of insurance stated in the Declarations of this Policy, which shall be part of an not in addition to the limits of insurance specified under Agreement III of the Limited Pollution Liability Insurance Coverage Section V, it is understood and agreed that the coverage provided by the terms of the following Clean-Up Costs Insuring Agreement shall apply provided:

1. There is a claim payable under the terms and conditions of the Limited Pollution Liability Insurance Section to which this endorsement attaches, or

2. It is necessary to prevent the escape of Pollutants from any Insured's premises to prevent a loss to others as insured by the terms of the Limited Pollution Liability Insurance Section, or

3. A duly authorized Government Official orders any Insured to clean up a Pollution Incident on the premises of any Insured.

4. No coverage shall apply for any costs incurred for uncovering, removing, installing or recovering any underground storage tank unless authorized by the Insurer in advance in writing, nor in any event unless coverage is determined to apply subject to the above provisions.

CLEAN-UP COSTS INSURING AGREEMENT

Subject to the terms and conditions of the Limited Pollution Liability Insurance Section and this endorsement, this endorsement shall apply to:

"Clean-up costs" arising out of or made necessary by a Pollution Incident at, in or on:

1. any property owned, rented or occupied by any Insured;

2. any property loaned to or used by any Insured;

3. any property in the care, custody or control of any Insured.

B. TANK REMOVAL SUB-LIMIT

To the extent not otherwise excluded by Condition 4 of this endorsement, and subject to the limits of insurance as stated to apply herein, the limit of the Insurer's liability to pay costs associated with the uncovering, removal, installation and recovering of any underground storage tank shall not exceed $100,000.

Except as otherwise provided in this endorsement all terms, provisions and conditions of this policy shall have full force and effect.

LASALLE RE LTD.
Willowdale, Ontario, Canada

EXHIBIT 2

ENDORSEMENT NO. II-6
AUTOMOBILE DEALERS' ERRORS AND OMISSIONS LIABILITY

attaching to and forming part of

ALL CLASSES EXCESS OF LOSS RETROCESSION
AGREEMENT NO. 8550 - 98

To pay on behalf of the Insured all sums which the Insured shall become obligated to pay by reason of liability imposed by law on the insured for damages arising out of any act, error or omission by the Insured or any employee of the Insured resulting from the preparation or completion of any Automobile Registration, Insurance or Automobile Warranty documents, forms, applications or papers on behalf of purchasers, lessees or customers of the Insured and which are prepared in connection with or relative to the sale, lease or service of any vehicle by the Insured.

The Additional Insuring Agreements of this Policy Section apply to this Insuring Clause.

EXCLUSIONS

1. This Insuring Clause shall not provide coverage against liability arising from any act, error or omission committed by the Insured or any employee of the Insured, resulting from the rendering of, or failure to render, consulting or advisory services with respect to any document, product or service of insurance.

2. This Insuring Clause shall not provide coverage against liability arising from any act or omission which constitutes fraud.

This endorsement attaches to Section II General Liability, but only is so indicated to be insured in the Declarations of the Policy.

C

Blaney McMurtry
BARRISTERS & SOLICITORS LLP

EXPECT THE BEST

Barbera Lambert
416-979-1575
x318
Sadra Nibert

May 31, 2007

VIA COURIER

COPY

Aon Re Canada Inc.
150 King Street West
P.O. Box 24, Ste. 1900
Toronto, ON M5H 1J

2 Queen Street East
Suite 1500
Toronto, Canada M5C 3G5
416.593.1221 TEL
416.593.5437 FAX
www.blaney.com

David S. Wilson
416.593.3970
dwilson@blaney.com

Dear Sirs:

Re: All Classes Excess of Loss Retrocession Agreement No. 8550-98
Between LaSalle Re Limited and The Niagara Fire Insurance Company

We act as solicitors for LaSalle Re Limited.

We enclose Notice of Request to Arbitrate which is being forwarded to you as the intermediary for all notices pursuant to the provisions of the above Retrocession Agreement.

The enclosed Notice specifies our nominated arbitrator and attaches his C.V.

We note that Article XXX of the Retrocession Agreement requires that the retrocessionaire appoint an arbitrator within 30 days of the date of delivery of this notice.

We are forwarding a copy of this letter, with enclosures, to the retrocessionaire to help expedite matters.

We trust this is satisfactory.

Yours very truly,

Blaney McMurtry LLP

David S. Wilson

DSW/sp

c.c.: Niagara Fire Insurance Company
c/o CNA International

Post-it® Fax Note 7671	Date 6/6/07	# of pages ▶ 7
To John Walters	From Mike Feldman	
Co./Dept. Lord, Bissell	Co. CNA	
Phone #	Phone # 312-822-6788	
Fax # 896-6215	Fax #	

NOTICE OF REQUEST TO ARBITRATE

TO: **Aon Re Canada Inc.**
150 King Street West
P.O. Box 24, Ste. 1900
Toronto, ON M5H 1J9

AND TO: **The Niagara Fire Insurance Company**
c/o CNA International
CNA Plaza
32 South
Chicago Illinois
60685
USA

Re: All Classes Excess of Loss Retrocession Agreement No. 8550-98 Between LaSalle Re Limited and The Niagara Fire Insurance Company

LaSalle Re Limited hereby refers to arbitration the liability of The Niagara Fire Insurance Company under the Retrocession Agreement referred to above for the claims listed in Schedule "A" hereto (the "Claims").

This notice is sent pursuant to Article XXX of the Retrocession Agreement.

LaSalle Re Limited hereby appoints John Dattner as an arbitrator. His C.V. is attached.

You are required to appoint an Arbitrator within thirty (30) days of the date hereof in accordance with Section 2 of Article XXX of the Retrocession Agreement.

It is proposed that the arbitration be held in Toronto at a location to be determined by the arbitrators.

MATTERS IN DISPUTE:

LaSalle Re Limited (hereinafter "LaSalle") agreed to reinsure Hartford Insurance Company of Canada ("Hartford") for the period from July 15, 1998 to December 31, 2000 pursuant to an All Classes Excess of Loss Cover, Agreement No. 7552-98. This encompassed 6 excess of loss layers. LaSalle assumed 55% of the first two layers and various percentages of the upper layers.

This program was fronted by LaSalle, and was retroceded to several reinsurers including The Niagara Fire Insurance Company (hereinafter "Niagara Fire"). Niagara Fire was retroceded 50% of the 55% share fronted by LaSalle (i.e. approximately 90%). The program was administered by Aon Re Canada Inc. (hereinafter "Aon") as the designated intermediary under the Agreement.

On various dates prior to April 27, 2004, a number of the claims from Hartford set forth on Schedule "A" were reported to Niagara Fire by Aon under the fronting program. None of the these claims were reported to LaSalle by April 27, 2004 nor had Niagara Fire by April 27, 2004 remitted payment to Aon on any of these claims in accordance with the Retrocession Agreement. LaSalle was not aware of these claims as all notices and accounting were being handled between Aon and Niagara Fire.

Contrary to the established course of dealing under the fronting program, Niagara Fire did not pay any of the Hartford claims after April 27, 2004. Instead, Niagara Fire claims that LaSalle is responsible for payment of these claims because, effective April 27, 2004, LaSalle and Niagara Fire entered into a Commutation Agreement which, according to Niagara Fire, makes Niagara Fire no longer liable to pay Hartford claims submitted directly to it by Aon under the fronting program.

At the time that the Commutation Agreement was being negotiated, Niagara Fire did not disclose to LaSalle that any of the claims listed on Schedule "A" were pending and had not been paid by Niagara Fire. Further, LaSalle had no knowledge of these claims because, under the fronting program, Hartford claims were submitted to Aon who in turn reported them directly to Niagara Fire, with no concurrent reporting to LaSalle. Thus, since these Hartford claims under the fronting program were not known to LaSalle nor accounted for in the negotiations that resulted in the Commutation Agreement, there was no intent by LaSalle in the Commutation Agreement to release Niagara Fire from its ongoing liability for Hartford claims under the fronting program.

Niagara Fire is bound by all loss settlements made by LaSalle pursuant to Article XVI of the Retrocession Agreement. LaSalle states that Niagara Fire is responsible for its proportionate share of the Claims listed in Schedule "A" hereto pursuant to the terms of the Retrocession Agreement. The Retrocession Agreement represents an honourable undertaking between the parties. Niagara Fire is not acting in a manner consistent with such honourable undertaking. Further, Niagara Fire has breached fiduciary obligations which it owed to LaSalle in the circumstances.

LaSalle therefore requests that it be awarded judgment against Niagara Fire for its share of the Claims and interest thereon until the date of payment.

DATED at Toronto, Ontario, this 31st day of May, 2007

Blaney McMurtry LLP
1500-2 Queen Street East
Suite 1500
Toronto, ON M5C 3G5
David S. Wilson (LSUC # 20124W)
Tel: (416) 593-3970
Fax: (416) 593-5437

Solicitors for LaSalle Re Limited

JOHN W. DATTNER
374 Cassell Court
Wilmington, DE 19803

(Home) 302-475-2373 **(Cell) 302-507-3238** **FAX: 302-475-8980**
E-Mail: jdattner6163@verizon.net

EMPLOYMENT HISTORY

Effective February 1, 2006 DISPUTES RESOLVED, LLC: Insurance and Reinsurance Arbitration, Mediation and Consultation Services.

July 31, 1978 – January 31, 2006 General Reinsurance Corp., Stamford, CT

Appointed in 1984 to organize the newly created Environmental Claims Unit (ECU), the first such unit in the U.S. reinsurance industry, to handle asbestos, pollution and other mass tort claims. Promoted to Assistant Vice President in 1984, Second Vice President in 1986, and Vice President in 1990. Supervised all assumed reinsurance, direct excess and primary level environmental and mass tort (EMT) claims and operations involving all domestic members of the General Re Group. Duties included: (1) Manager of ECU, technical supervision of all major EMT claims and six professionals in Home Office and four branch offices; (2) Retrocessional reporting and recovery from London and all domestic retrocessionaires on ceded business; (3) Administrative responsibilities, including personnel evaluation and budgeting for EMT Unit; (4) Public speaking on major insurance/reinsurance issues at seminars; (5) Preparation and presentation of training programs for internal and external clients; (6) Designated corporate deponent in all EMT-based adversarial actions—gave deposition testimony 70-80 times. Prior positions at Gen Re include Claim Attorney (1978-1980) and Assistant Secretary (1980-84).

1979-80	**Adjunct Professor, St. Francis College, Brooklyn, New York, Taught "Legal Medicine" course to continuing education and matriculated students for one semester each.**
1977-78	**Claim Consultant, North American Reinsurance Corp., New York, Supervised treaty reinsurance cases in corporate Home Office Claims operation.**
1973-74	**Claims Supervisor, Market Facilities, Inc., New York, supervision of property/casualty excess and surplus lines claims in New York branch office, supervision of two claims representatives.**
1970-73	**Home Office Claim Examiner at Royal Globe Ins. Co., New York City**

EDUCATION

9/74-6/77	St. John's University School of Law, Hillcrest, New York, Juris Doctor Degree. Admitted to practice in New York and Connecticut
9/71-6/74	St. John' University. Hillcrest, New York, Master of Arts---Government
9/1/65-69	Queens College, City University of NY, Bachelor of Arts---Political Science

PROFESSIONAL ORGANIZATION MEMBERSHIPS

- Association for Conflict Resolution—New England Chapter
- American Bar Association—TIPS and Dispute Resolution Sections
- New York State Bar Association
- Environmental Claim Manager's Association

INDUSTRY ORGANIZATIONS

- General Re representative to the Coalition for Litigation Justice since 2001 to retirement;
- Chairman of Environmental Liability Committee of Reinsurance Association of America (RAA) May 1994 through May 1995;
- General Re representative to RAA Emerging Issues Working Group 2000 until retirement.

ACCOMPLISHMENTS

- Approved as a Certified Arbitrator by ARIAS-US effective March 9, 2006;
- July 2005--Completed 40 Hour Mediation Training Program sponsored by the University of Connecticut and Quinnipiac University School of Law Center on Dispute Resolution;
- Chief Editor of the annual edition of the GeneralCologne Re "Environmental Claims Case Law" book 1995-2001, the largest book published by GeneralCologne Re for distribution to its clients.
- Speaker at numerous internal and industry-sponsored seminars in the United States, Great Britain and Germany on reinsurance and environmental coverage topics.

SCHEDULE "A"

Treaty: All Classes Excess of Loss

Layer: $2,000,000 excess $500,000

Cedent Reference	Date of Loss	Insured's Name	Paid Loss Amount	Outstanding Reserve to Layer
52328	99-03-20	Summit Motors	$31,889	
604AP55237	99-12-13	Transworld Fine Cars Ltd.	$35,669	$1
YAC AL 11976	00-11-13	Priddus Inc. dba Metal Supermarket	$651,271	$1
604AC58846	00-09-04	F McClure & Sons Ltd.		$329,436 *
52203	99-03-10	Cleansoils	$1,477	
770LP010112	99-05-01	IKO Industries	$417,262	$16,396
53377	99-09-12	Brambyrytown Restaurants Inc.	$177,475	
622L 81058	99-10-13	Quest Packaging	$264,340	
56190	99-11-18	Ontario Inc. O/B		$383,978
54317	99-12-24	Transdrive	$414,439	
63344	00-08-04	Jack's Backyard BBQ Smokehouse		$691,459 *
64631	01-06-13	Dean's Fire & Safety		$450,477 *
SUB-TOTAL			$1,993,822	$1,871,748

Treaty: All Classes Excess of Loss

Layer: $2,500,000 excess $2,500,000

Cedent Reference	Date of Loss	Insured's Name	Paid Loss Amount	Outstanding Reserve to Layer
64631	01-06-13	Dean's Fire & Safety		$98,116 *
TOTAL			$1,993,822	$1,969,864

*** Denotes includes current cedent estimate of IBNR**