

# NEW YORK STATE BRIDGE AUTHORITY

## REQUEST FOR PROPOSALS OCTOBER 1, 2011

### **Contract:**

BA2011-OA007-IN

Bridge Property and Loss of Revenue Insurance

The New York State Bridge Authority is seeking proposals to provide insurance for the above referenced risk.

The individual Insurance Specifications, dated October 1, 2011, setting forth the requirements of each insurance policy sought by this Request for Proposals (RFP), include specimen policy terms, are a part of this RFP. The Insurance Specifications should be closely studied by all potential proposers before the submission of any proposals.

### **THE BRIDGE AUTHORITY**

Information on the Authority, including its Annual Report, may be obtained from its website at [www.NYSBA.net](http://www.NYSBA.net).

### **DESIGNATED CONTACT**

State Finance Law restricts all offerors (proposers) from making contacts to other than designated Bridge Authority staff. For purposes of these contracts the designated Bridge Authority contact is Brian Bushek, Treasurer, New York State Bridge Authority, P.O. Box 1010, Highland, NY 12528. Telephone - (845) 691-7245, Facsimile - (845) 691-3560, E-mail - [bbushek@nysba.net](mailto:bbushek@nysba.net). **(Fax and email for inquiries only; the response to RFP may not be submitted via email.)**

**No contact with any Authority personnel or Authority consultants other than the authorized contact person is allowed until such time as an award has been made.** Violation of this provision may be grounds for immediate disqualification.

### **PROPOSERS/ASSIGNED COMPANIES**

Proposers must be licensed to do business in the State of New York and have knowledge and expertise specific to the exposures and risks similar to those of the New York State Bridge Authority. Upon receipt of this RFP, for each contract, the proposer should list up to three insurance companies, and up to two alternate companies, from which they wish to solicit coverage. These should be listed in order of preference, by parent company only. The use of subsidiary insurance companies may result in the selection being disallowed. Proposers who currently provide the Authority with any of these insurances will be given first preference for the incumbent insurance company. The Authority will determine which companies each proposer will have the sole right to access and broker of record letters will be provided, if requested. Proposers should indicate any special relationships, which could be helpful in obtaining

coverage, they may have with companies. Following this process, any insurance companies not assigned may be approached by any proposer.

Proposers, who provide the Authority with a list of preferred insurance companies by October 28, 2011, will be advised by November 4, 2011 which companies have been assigned, and to which agency. There will be no further assignments after November 4, 2011. Proposers who do not submit such a list may only solicit unassigned companies.

## **PROPOSALS**

The Authority is seeking one-year contracts of insurance and will retain the right to renew, at its option, any contract awarded for three additional one-year periods, if the vendor subsequently offers renewal in a timely manner at substantially the same terms, conditions and rates – subject to modification for actual loss experience.

No offer, rate or pricing associated with any existing contract may be contingent upon any other award. Any proposal contingent upon a package or lined to any other proposal may be deemed unresponsive.

The successful proposer for each contract will have met all the criteria set forth in this RFP and the appropriate Insurance Specifications. Proposals that offer less insurance than specified (including, but not limited to, what the Authority may determine are additional or materially different exclusions, reduced coverage, and more restrictive terms or conditions) may be deemed unresponsive. However, if no proposers are able to meet the criteria set forth in the RFP and Specifications, then the Authority may consider other proposals in its discretion.

Proposals that exceed the specifications and/or offer more insurance than required may be considered by the Authority, but credit for additional coverage may not be recognized in the course of evaluation. Features that enhance a policy beyond the specified insurance will have a negative impact on the evaluation of the proposal if they contribute to additional cost.

Proposals that offer insurance policies that fully meet the criteria set forth in the Specifications may offer alternatives, enhancements or improvements in coverage, as options. The Authority will consider such options in its discretion, as supplements to the awarded contract after the determination to award has been made.

Alternative billing schemes may be offered as options, but such options may not be considered in the course of evaluations. Risk sharing, pooling, and multi-year joint risk ventures will not be considered consistent with the Insurance Specifications and will be deemed unresponsive.

Unless addressed in the Insurance Specifications for a specific contract, proposals offering “claims made” policies, that limit coverage to those claims actually made during the coverage period, rather than to claims arising from incidents during the coverage period, will be deemed unresponsive.

The Authority will consider proposals both with and without terrorist coverage. The cost of this coverage will be weighed carefully with its benefit.

All information included in the responses to this RFP shall become property of the Authority. The Authority shall not, in any event, be liable for any pre-contractual expenses incurred by the Proposers in the preparation of their proposals. The Authority and its respective officials, agents, representatives and employees make no representation or warranty and assume no responsibility for the accuracy of the information set forth in this RFP. Further, the Authority does not warrant nor make any representations as to the quality, content, accuracy or completeness of the information, text, graphics, links or other facet of this RFP once it has been downloaded or printed from this or any server, and hereby disclaims any liability for technical errors or difficulties of any nature that may arise in connection with a website on which this RFP is posted, or in connection with any other electronic medium utilized by respondents or potential respondents in connection with or otherwise related to the RFP.

All proposals submitted to the Authority in response to this RFP may be disclosed in accordance with the standards specified in the Freedom of Information Law, Article 6 of the Public Officers Law of the State of New York ("FOIL"). A Proposer may provide in writing, at the time of its submission, a detailed description of the specific information contained in its submission, which it has determined is a trade secret and which, if disclosed, would cause substantial injury to such organization's competitive position, using **Form E**. This characterization shall not be determinative, and the Authority assumes no responsibility for any disclosure or use of data submitted.

The Authority reserves the right, for any or no reason and in its sole and absolute discretion, (1) to amend, in whole or part, withdraw or cancel this RFP, (2) waive irregularities in the proposals, (3) to meet with selected Proposers prior to the designation of a best qualified Proposer, (4) to accept or reject any proposals and any proposed exceptions, and (5) to accept or reject any or all proposals for any or no reason and with no penalty to the Authority.

## **INSURERS**

Only proposals offering insurance policies issued by insurers listed and rated A-/X or better in the latest edition of Best's Key rating guide will be considered responsive in regard to any and all of the available contracts. Preference will be given to insurers admitted in New York to write policies of the type proposed.

## **EVALUATION OF PROPOSALS**

Responsive proposals will be evaluated with consideration for the following factors:

1. Conformity with the request for Proposals, including the Insurance Specifications, and the specimen policy terms;
2. Cost; and,
3. Unsatisfactory past experience, if any, with the proposing parties.

By submission of its proposal, the Proposer authorizes the Authority to investigate the qualifications of the Proposer under consideration, including pending criminal or civil

investigations, to require confirmation of information furnished by a Proposer, and to require additional evidence of qualifications to perform the work described in this RFP or information clarifying their submissions. The Authority reserves the right to reject any and all proposals submitted and/or to request additional information from all proposers.

Authority staff will promptly review each submission and evaluate all those deemed responsive. The Treasurer and Executive Director will recommend to the Authority Board the proposal they believe best meets the needs of the Authority on the basis of the criteria enumerated above. The Authority Board will make any and all final determinations and contract awards. The Authority Board reserves absolute discretion to accept or reject any and all proposals and recommendations, and to award or reject any contract, and to waive any irregularity in the proposals.

Information concerning the availability of New York State subcontractors and suppliers is available from the New York State Department of Economic Development, which includes the directory of certified minority and women owned businesses.

**It is the policy of the New York State Bridge Authority to encourage the use of New York State subcontractors and suppliers, and to promote the participation of minority and women owned businesses where possible, in the procurement of goods and services.**

## **PROPOSAL CONTENT**

Proposals responding to this RFP must be in writing, concise in format and composed in clear English grammar. The Authority reserves the right to reject any proposal that is, in its judgment, unclear about any terms, obscure, or confusing.

Each proposal must contain all the information necessary to enable the Authority to evaluate it without further inquiry.

The following items are required:

- A Summary Statement of the coverage offered explicitly reciting whether or not the proposed policy(s) conform to the Specifications and the details of any variation in form or content with the Specifications or the current policy;
- The names and addresses of all parties included in the proposal and their roles in providing the insurance (broker, agent, insurer, etc);
- NAIC Number and A.M. Best rating of all insurance companies participating in the proposal;
- Cost of coverage.
- Cost of applicable taxes
- Any additional information the proposer believes the Authority should have to assist it in evaluating the proposal.

- Any brokerage fee to provide the required services associated with marketing and placement of insurance for the Authority. The lump sum amount must include all costs associated with providing the services, including direct and indirect costs, travel, fees, overhead and profit. The Proposer must disclose any commission or percentage for the placement of any insurance policy. A lump sum annual brokerage fee will be paid on August 1 coinciding with each new policy year for each year during the term of the contract.
- Offerer disclosure and certification Forms A-1, A-2, A-3, B, C, D, & E.

## **COST**

For all contracts the cost will be evaluated based on a lump sum for all coverage identified in the Insurance Specifications including any brokerage fees and taxes.

In each case, pricing should be provided and calculated assuming a full lump sum payment upon receipt of invoice by the Authority within 30 days of the start of the coverage year.

## **STATE FINANCE LAW § 139 LOBBYING LAW; ETHICS AND CONFLICTS**

Pursuant to New York State Finance Law §139-j and §139-k, this RFP includes and imposes certain restrictions on communications between the Authority and a Proposer during the procurement process. A Proposer is restricted from making contacts from the earliest date of notice of intent to solicit a “request for proposal” through final award and approval of the Contract by the Authority (“restricted period”) to other than designated staff unless it is a contact that is included among certain statutory exceptions set forth in State Finance Law §139-j(3)(a). Designated staff, as of the date hereof, is identified in Section 1 of this solicitation. Authority employees and Board Members are also required to obtain certain information when contacted during the restricted period and make a determination of the responsibility of the Respondent pursuant to these two statutes. Certain findings of non-responsibility can result in rejection for contract award and in the event of two findings within a 4-year period, the Respondent is debarred from obtaining governmental Procurement Contracts as defined in State Finance Law Section §139-j. Further information about these requirements can be found on the NYS Office of General Services website at [www.ogs.state.ny.us](http://www.ogs.state.ny.us). The Respondent is required to include **Forms A-1, A-2 and A-3** with its proposal.

During the term of any contract resulting from this RFP, the Proposer shall not engage any person who is or has been at any time in the employ of the Authority or New York State to perform services under the contract, without the consent of the Authority. Further, during the term of any such contract, no person who is employed by the Proposer and who is disqualified from providing services under the Agreement pursuant to the New York State Public Officers Law or any other applicable laws, rules, regulations, guidelines or policies may share in any net revenues the Proposer derives from the Agreement. By submission of its proposal, the Proposer represents and certifies that it has not employed or retained any company or person, other than a bona fide employee working for the Proposer, to solicit or secure this Agreement, and that it has not paid or agreed to pay any company or person, other than a bona fide employee, any fee,

commission, percentage, brokerage fee, gift or any other consideration, contingent on or resulting from the award or making of the contract. The Proposer is required to include **Form B** with its proposal.

## **QUESTIONS AND CLARIFICATIONS**

Questions regarding this Request for Proposals may be submitted to Brian Bushek, Treasurer, via email to [bbushek@nysba.net](mailto:bbushek@nysba.net), for receipt not later than October 28, 2011. Written responses to questions submitted by such date will be distributed to the parties who have been furnished with a copy of this RFP. Questions submitted after the due date for questions may not receive an official response. If a Proposer believes there is any ambiguity or error in this RFP, the Proposer should immediately notify the Authority contact person and request clarification or modification of the RFP. Any modifications or clarifications will be made in writing distributed to all parties who have been furnished with this RFP.

## **SUBMISSIONS**

Offerers/Proposers, who wish to be assigned exclusive rights to insurance companies, must provide a list of preferred companies for each insurance contract they intend to offer a proposal for. This list must be received by Brian Bushek, Treasurer of the New York State Bridge Authority, at the Bridge Authority's main office, at the Mid-Hudson Bridge Plaza, P.O. Box 1010, Highland, New York 12528, no later than 10:00 A.M., October 28, 2011.

Proposals must be submitted in hard copy form, in duplicate, signed by an authorized officer of the proposer and received by Brian Bushek, Treasurer of the New York State Bridge Authority, at the Bridge Authority's main office, at the Mid-Hudson Bridge Plaza, P.O. Box 1010, Highland, New York 12528, no later than 10:00 A.M., December 2, 2011.

Per the requirements of State Finance Law § 139 it is mandatory that each offerer (proposer) submits, together with the proposal, the following completed forms:

- 1) **Offerer's Affirmation of Understanding of and Agreement pursuant to State Finance Law §139 Forms A-1, A-2, A-3**
- 2) FORM B                      Conflict of Interest Affidavit
- 3) FORM C                      Certificate of Non-Collusion
- 4) FORM D                      Vendor Information Form
- 5) FORM E                      FOIL Confidentiality Notice

## ATTACHMENTS

1. EXHIBIT 1: Insurance Specifications
2. EXHIBIT 2: 5-Year Loss Runs
3. EXHIBIT 3: Policy Specimens
4. EXHIBIT 4: Bridge General Information
5. EXHIBIT 5: Total Insurable Values
6. EXHIBIT 6: 2010 Financial Statements. The 2010 Financial Statements are available online at [www.nysba.net](http://www.nysba.net)
7. FORM A-1 State Finance Law Section 139 Certification
8. FORM A-2 Offeror Certification of Compliance with State Finance Law §139-k(5)
9. FORM A-3 Offeror Disclosure of Prior Non-Responsibility Determinations
10. FORM B Conflict of Interest Affidavit
11. FORM C Certificate of Non-Collusion
12. FORM D Vendor Information Form
13. FORM E FOIL Confidentiality Notice

New York State Bridge Authority

Bridge Property Damage and Loss of Revenue (U&O)  
Insurance Specification  
Term 1/1/11-12/31/11

**Total Limit of Liability:** \$380,000,000 per occurrence

**Total 12 Month Premium:** \$906,109 plus applicable surplus lines tax

1. Primary Layer

**Limit of Liability:** \$200,000,000 per occurrence

<u>Insurer</u>	<u>% Interest</u>	<u>Participation</u>
Lexington Insurance Co.	50%	\$100,000,000 P/O \$200,000,000
RSUI Indemnity Co.	35%	\$70,000,000 P/O \$200,000,000
XL Ins. America, Inc.	15%	\$30,000,000 P/O \$200,000,000
	100%	\$200,000,000

**Terms & Conditions** As per attached, see existing policies

**Total Insurable Values** \$1,405,674,000 (Excludes Walkway Over the Hudson as only insured for \$80,000,000, see Total Insurable Values summary)

**Total Layer Premium** \$702,257 plus applicable surplus lines taxes

2. Excess Layer

**Limit of Liability** \$180,000,000 per occurrence excess of above \$200,000,000 primary layer.

<u>Insurer</u>	<u>% Interest</u>	<u>Participation</u>
ACE American Ins. Co.	54%	\$98,000,000 P/O \$180,000,000
RSUI Indemnity Co.	17%	\$30,000,000 P/O \$180,000,000
XL Ins. American	15%	\$27,000,000 P/O \$180,000,000
Arch Specialty	14%	\$25,000,000 P/O \$180,000,000
	100%	\$180,000,000 Excess of \$200,000,000

**Terms & Conditions** Same as primary, see attached

**Total Insurable Values** Same as primary, see attached

**Total Layer Premium** \$203,852 plus applicable surplus lines tax

# **NEW YORK STATE BRIDGE AUTHORITY**

## **LOSS RUNS REPORTS**

**Note:** Attached are currently valued 5 years plus of Loss Experience Reports for all current insurers. Some reports go back to 2004 and 2005 as well.

➤ **There have been no losses**

(Lexington)

Policy No	Policy Eff Dt	Division	Amnl Stmt Co	Insured Name	Indemnity O/S Reserve	Expense O/S Reserve	Paid Indemnity	Paid Expenses	Other Recoveries	Loss And Expense Ratio	Total Incurred
4271226	2008-01-01	93	41	NEW YORK STATE BRIDGE AUTHORITY	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7474095	2004-02-14	74	58	NEW YORK STATE BRIDGE AUTHORITY	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7474095	2004-02-14	93	41	NEW YORK STATE BRIDGE AUTHORITY	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7474641	2005-02-14	93	41	NEW YORK STATE BRIDGE AUTHORITY	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7477912	2006-02-14	93	41	NEW YORK STATE BRIDGE AUTHORITY	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7478278	2006-12-01	93	41	NEW YORK STATE BRIDGE AUTHORITY	0.00	0.00	0.00	0.00	0.00	0.00	0.00
25031359	2010-01-01	93	41	NEW YORK STATE BRIDGE AUTHORITY	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0			0		0.00	0.00	0.00	0.00	0.00	0.00	0.00

**CHARTIS**

Polices 4271226,7474095,7474641,7477912,7478278,25031359  
 Run Date Mon Aug 29 09:31:14 EDT 2011



Loss Run for nhd364855

Insured Name: New York State Bridge Authority Policy No: NHD364855 1 Term: 1/1/2011 - 1/1/2012 Underwriter: Hicks, Julie  
Policy Limit: \$70,000,000 Claim Prof: N/A  
No claims exist for this policy year.

Insured Name: New York State Bridge Authority Policy No: NHD364855 0 Term: 1/1/2010 - 1/1/2011 Underwriter: Hicks, Julie  
Policy Limit: \$70,000,000 Claim Prof: N/A  
No claims exist for this policy year.

Insured Name: New York State Bridge Authority Policy No: NHD355196 1 Term: 1/1/2009 - 1/1/2010 Underwriter: Hicks, Julie  
Policy Limit: \$70,000,000 Claim Prof: N/A  
No claims exist for this policy year.

Insured Name: New York State Bridge Authority Policy No: NHD355196 0 Term: 1/1/2008 - 1/1/2009 Underwriter: Hicks, Julie  
Policy Limit: \$70,000,000 Claim Prof: N/A  
No claims exist for this policy year.

Insured Name: New York State Bridge Authority Policy No: NHQ349907 0 Term: 12/1/2006 - 1/1/2008 Underwriter: Lassler, EG  
Policy Limit: \$70,000,000 Claim Prof: N/A  
No claims exist for this policy year.

Insured Name: New York State Bridge Authority Policy No: NHQ345139 0 Term: 2/14/2006 - 12/1/2006 Underwriter: Lassler, EG  
Policy Limit: \$70,000,000 Claim Prof: N/A  
No claims exist for this policy year.

Insured Name: New York State Bridge Authority Policy No: NHQ339499 0 Term: 2/14/2005 - 2/14/2006 Underwriter: Lassler, EG  
Policy Limit: \$70,000,000 Claim Prof: N/A  
No claims exist for this policy year.



**Loss Run for nhd364855**

Insured Name: **New York State Bridge Authority**  
Policy Limit: **\$50,000,000**

Policy No: **NHD333990 0**

Term: **2/14/2004 - 2/14/2005**

Underwriter:  
Claim Prof:

Lastler, EG  
N/A

*No claims exist for this policy year.*

Total Gross Incurred		Paid	Reserve	Incurred
Indemnity		\$0.00	\$0.00	\$0.00
Expense		\$0.00	\$0.00	\$0.00
<b>Total</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

### New York State Bridge Aut

Selection criteria used for this report:

Report Date 13-Sep-11  
 LW Year Cutoff 2001  
 Program Ref. No 607123  
 Master Policy No. US00008833PR06A  
 Report Currency USD

PUW Deane Donald  
 DAM Mugahe, Patricia



UW Year	Policy Nbr	Claims Description	Claim Status	Count of Open Claims	Count of Closed Claims	Incident Date	Location of Loss	Cause of Loss	Closed Date	Total Indemnity Payments*
2006	US00008833PR06A			0	0					0
2006 Total	Claims count:0			0	0					0
2005	US00008833PR06A			0	0					0
2005 Total	Claims count:0			0	0					0

\* This includes final payments on closed claims and partial payments to date on open claims.

Program Details



**New York State Bridge Aut**

Selection criteria used for this report:

Report Date 13-Sep-11  
 UW Year Cutoff 2001  
 Program Ref. No. 721430  
 Master Policy No. US00009933PR08A  
 Report Currency USD

PUW Deane Donald  
 DAM Alvarez, Angela

UW Year	Policy Nbr	Claims Description	Claim Status	Count of Open Claims	Count of Closed Claims	Incident Date	Location of Loss	Cause of Loss	Closed Date	Total indemnity payments
2008	US00009933PR08A			0	0					0
<b>2008 Total</b>				<b>0</b>	<b>0</b>					<b>0</b>
2006	US00009933PR06A			0	0					0
<b>2006 Total</b>				<b>0</b>	<b>0</b>					<b>0</b>

\* This includes final payments on closed claims and partial payments to date on open claims.



### New York State Bridge Aut

Selection criteria used for this report:

Report Date 7-Sep-11  
 Program Ref No 781114  
 Master Policy No. US00011923CA10A  
 Report Currency USD

PUW Bachmann, Markus  
 DAM Robinson-Mangual, Fretina

UWYear	Policy Nbr	Claims Description	Claim Status	Count of Open Claims	Count of Closed Claims	Incident Date	Location of Loss	Cause of Loss	Closed Date	Total Indemnity payments*
2010	US00011923CA10A			0	0					0
<b>2010 Total</b>	<b>Claims count:0</b>			<b>0</b>	<b>0</b>					<b>0</b>

\* This includes final payments on closed claims and partial payments to date on open claims.



# Loss Runs Report

Policy Number	120870692	Insured Name	New York State Bridge A	
Effective Date	12/01/2006	Expiration Date	01/01/2008	
Division Code	W	Division Name	WESTCHESTER	
PAC Code	ENG	PAC Name	ENGINEERED RISKS	
MCC	0080100	MCC Name	InhdMarin-Xclud Westchest A&E	
Master Producer Code	272402	Master / Subsidiary Producer Name	RSC INSURANCE BROKERAGE INC	

BCO	Claim	Sub Ltr	Proc AIM	Event Date	Report Date	Close Date	Reopen Date	State	Claim Desc	Claimant	Status	Gross Paid Loss	Gross Paid Expense	Gross OS	Gross Incurred Loss
												\$0	\$0	\$0	\$0
Subtotals												\$0	\$0	\$0	\$0



# Loss Runs Report

Policy Number	I20870692	Insured Name	New York State Bridge A
Effective Date	01/01/2008	Expiration Date	01/01/2010
Division Code	B	Division Name	PROPERTY
PAC Code	ENG	PAC Name	ENGINEERED RISKS
MCC	0051000	MCC Name	Inland Marine Retail
Master Producer Code	272402	Master / Subsidiary Producer Name	RSC INSURANCE BROKERAGE INC

BCO	Claim	Sub Ltr	Proc ATM	Event Date	Report Date	Close Date	Reopen Date	State	Claim Desc	Claimant	Status	Gross Paid Loss	Gross Paid Expense	Gross OS	Gross Incurred Loss
												\$0	\$0	\$0	\$0
Subtotals												\$0	\$0	\$0	\$0



# Loss Runs Report

Policy Number	120870692	Insured Name	New York State Bridge A	
Effective Date	01/01/2010	Expiration Date	01/01/2012	
Division Code	B	Division Name	PROPERTY	
PAC Code	ENG	PAC Name	ENGINEERED RISKS	
MCC	0051000	MCC Name	Inland Marine Retail	
Master Producer Code	272402	Master / Subsidiary Producer Name	RSC INSURANCE BROKERAGE INC	

BCO	Claim	Sub Ltr	Proc ALM	Event Date	Report Date	Close Date	Reopen Date	State	Claim Desc	Claimant	Status	Gross Paid Loss	Gross Paid Expense	Gross OS	Gross Incurred Loss
												\$0	\$0	\$0	\$0
Subtotals												\$0	\$0	\$0	\$0
Grand Totals												\$0	\$0	\$0	\$0



**Loss Run for nhd364856**

Insured Name: **New York State Bridge Authority** Policy No: **NHD364856 1** Term: **1/1/2011 - 1/1/2012** Underwriter: **Hicks, Julie**  
Policy Limit: **\$30,000,000** Claim Prof: **N/A**  
*No claims exist for this policy year.*

Insured Name: **New York State Bridge Authority** Policy No: **NHD364856 0** Term: **1/1/2010 - 1/1/2011** Underwriter: **Hicks, Julie**  
Policy Limit: **\$30,000,000** Claim Prof: **N/A**  
*No claims exist for this policy year.*

Insured Name: **New York State Bridge Authority** Policy No: **NHD355197 1** Term: **1/1/2009 - 1/1/2010** Underwriter: **Hicks, Julie**  
Policy Limit: **\$30,000,000** Claim Prof: **N/A**  
*No claims exist for this policy year.*

Insured Name: **New York State Bridge Authority** Policy No: **NHD355197 0** Term: **1/1/2008 - 1/1/2009** Underwriter: **Hicks, Julie**  
Policy Limit: **\$30,000,000** Claim Prof: **N/A**  
*No claims exist for this policy year.*

Insured Name: **New York State Bridge Authority** Policy No: **NHD349908 0** Term: **12/1/2006 - 1/1/2008** Underwriter: **Lassiter, EG**  
Policy Limit: **\$30,000,000** Claim Prof: **N/A**  
*No claims exist for this policy year.*

Insured Name: **New York State Bridge Authority** Policy No: **NHD345140 0** Term: **2/14/2006 - 12/1/2006** Underwriter: **Lassiter, EG**  
Policy Limit: **\$30,000,000** Claim Prof: **N/A**  
*No claims exist for this policy year.*

Insured Name: **New York State Bridge Authority** Policy No: **NHD339500 0** Term: **2/14/2005 - 2/14/2006** Underwriter: **Lassiter, EG**  
Policy Limit: **\$30,000,000** Claim Prof: **N/A**  
*No claims exist for this policy year.*



**Loss Run for nhd364856**

Insured Name: **New York State Bridge Authority**      Policy No: **NHD333991 0**      Term: **2/14/2004 - 2/14/2005**      Underwriter: **Lassiter, EG**  
 Policy Limit: **\$230,000,000**      *No claims exist for this policy year.*      Claim Prof: **N/A**

Total Gross Incurred		Paid	Reserve	Incurred
Indemnity	\$0.00	\$0.00	\$0.00	\$0.00
Expense	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>



[www.archinsurance.com](http://www.archinsurance.com)

One Liberty Plaza  
New York, NY 10006

T 212 271 8350  
F 212 271 8308

## LOSS RUN REPORT

September 13, 2011

Insured: **New York State Bridge Authority**

Policy Number: **ESP0019022-00, ESP0023877-00, & ESP0036236-00**

Policy Period: **12/01/06 – 01/01/2008, 01/01/2008 – 01/01/2010, & 01/01/2010 – 01/01/2012**

To Whom It May Concern:

This will acknowledge that on behalf of Arch Specialty Insurance Company, we have not been provided any notice of claims or circumstances, as of the effective date of this letter, under the above referenced policy.

Sincerely,

A handwritten signature in black ink, appearing to read "CJS", followed by the date "9/13/11" written in a similar cursive style.

Christopher J. Shea, CPCU, AMIM

Regional Vice President  
E&S Property  
Arch Specialty Insurance Company

CJS:fs

Arch Specialty Insurance Company Loss Run

Insured Name : New York State Bridge Authority  
 Policy Number : ESP001902200  
 Policy Period : 12/01/2006 - 01/01/2008



Claim	Handler	Date Closed	Claimant	Additional Insured/Location	State	Date of Loss	Date Reported	Loss Description	Indemnity Reserve	Expense Reserve	Medical Reserve	Indemnity Paid	Expense Paid	Medical Paid	Gross Incurred	Net Incurred
									\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
									\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Claims:									0	0	0	0	0	0	0	0

The reserves reflected on this loss run represent estimates of exposure and expenses based upon currently available information. Final incurred amounts for these claims may be less than, equal to, or greater than currently posted reserves as investigation and/or litigation continues. No representation is therefore made as to their ultimate accuracy. Arch Insurance Group considers these reserve figures to be proprietary information that should not be disclosed to third parties without the express written consent of Arch.

FILES LISTED ARE THOSE FILES REPORTED TO ARCH PURSUANT TO THE POLICY. THIS POLICY IS AN EXCESS OR UMBRELLA POLICY AND THIS RUN DOES NOT REFLECT CLAIMS WHICH MAY HAVE BEEN REPORTED BY THE INSURED TO A PRIMARY CARRIER.



Arch Specialty Insurance Company Loss Run

Insured Name : New York State Bridge Authority  
 Policy Number : ESP003623600  
 Policy Period : 01/01/2010 - 01/01/2012



Claim	Handler	Date Closed	Claimant	Additional Insured/ Location	State of Loss	Date Reported	Loss Description	Indemnity Reserve	Expense Reserve	Medical Reserve	Indemnity Paid	Expense Paid	Medical Paid	Gross Incurred	Net Incurred
								\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
								\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Claims:								0	0	0	0	0	0	0	0

The reserves reflected on this loss run represent estimates of exposure and expenses based upon currently available information. Final incurred amounts for these claims may be less than, equal to, or greater than currently posted reserves as investigation and/or litigation continues. No representation is therefore made as to their ultimate accuracy. Arch Insurance Group considers these reserve figures to be proprietary information, that should not be disclosed to third parties without the express written consent of Arch.

FILES LISTED ARE THOSE FILES REPORTED TO ARCH PURSUANT TO THE POLICY. THIS POLICY IS AN EXCESS OR UMBRELLA POLICY AND THIS RUN DOES NOT REFLECT CLAIMS WHICH MAY HAVE BEEN REPORTED BY THE INSURED TO A PRIMARY CARRIER.

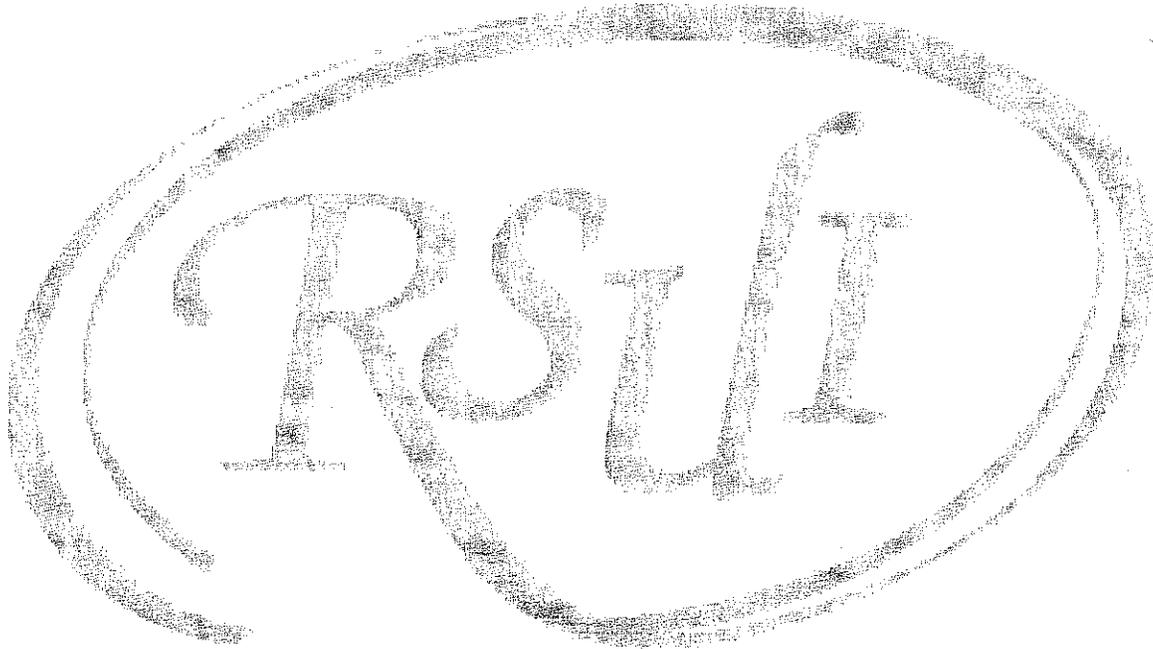
# NEW YORK STATE BRIDGE AUTHORITY

## BRIDGE PROPERTY DAMAGE & LOSS OF REVENUE (U&O) INSURANCE

### \$200MM Primary

<u>Insurer</u>	<u>Limits</u>	<u>Premium</u>
Lexington Ins. Co.	\$ 100,000,000 p/o \$200MM	\$351,128
RSUI Indemnity Co.	\$ 70,000,000 p/o \$200MM	\$245,790
XL Ins. America, Inc.	\$ 30,000,000 p/o \$200MM	\$105,339
	<hr/>	<hr/>
	\$200,000,000	<u>\$702,257</u>

**Note:** Copy of RSUI Primary Policy Attached



*Primary Policy*

*New York  
Commercial Insurance Protection*

Mail claims to:  
945 E. Paces Ferry Rd.  
Suite 1800  
Atlanta, GA 30326-1160

**CLAIM OFFICE:**

Fax claims to:  
(404) 264-7239  
(Attn: Claims Department)

*This Endorsement Changes The Policy. Please Read It Carefully*

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Additional Premium Excluding TRIA:	\$225,471.00
Additional TRIA Premium:	\$20,319.00
Total Additional Premium Due This Endorsement:	\$245,790.00

In consideration of the additional premium shown above, it is agreed that the Annual Installment for the period of 01/01/11 to 01/01/12 is now due and payable.

It is further agreed that Coverage is based on Total Insurable Values of \$1,570,674,000., which includes \$165,000,000 for Walkway over the Hudson Bridge but has a sublimit of \$80,000,000.

All other terms, conditions and warranties remaining unchanged.

This endorsement effective 01/01/2011  
forms part of Policy Number NHD364855  
issued to New York State Bridge Authority

Endorsement No.: 17 REVISED  
Date Processed : 12/31/2010

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*This Endorsement Changes The Policy. Please Read It Carefully*

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Additional Premium Excluding TRIA:	\$227,582.00
Additional TRIA Premium:	\$22,972.00
Total Additional Premium Due This Endorsement:	\$250,554.00

In consideration of the additional premium shown above, it is agreed that the Annual Installment for the period of 01/01/11 to 01/01/12 is now due and payable.

It is further agreed that Coverage is based on Total Insurable Values of \$1,600,630,000., which includes \$165,000,000 for Walkway over the Hudson Bridge but has a sublimit of \$80,000,000.

All other terms, conditions and warranties remaining unchanged.

This endorsement effective 01/01/2011  
forms part of Policy Number NHD364855  
issued to New York State Bridge Authority

Endorsement No.: 17  
Date Processed : 12/31/2010

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*This Endorsement Changes The Policy. Please Read It Carefully*

Additional Premium Excluding TRIA:	\$600.00
Additional TRIA Premium:	\$66.00
Total Additional Premium Due This Endorsement:	\$666.00

In consideration of the additional premium shown above and for the period 12/21/2010 12:01 A.M. to 01/01/2011 12:01 A.M. the Poughkeepsie Highland Railroad Bridge also known as Walkway over the Hudson is hereby added to the above policy.

The bridge is located in the City of Poughkeepsie, Dutchess, County (east side of Hudson River) and the town of Lloyd, Ulster County (west side of the river) in New York State.

Bridge Coordinates 41° 42' 38" N, 73° 57' 15" W

The applicable coverage sublimit for the above bridge is \$80,000,000. The current policy deductible shall apply.



\_\_\_\_\_  
Authorized Representative

All other terms, conditions and warranties remaining unchanged.

This endorsement effective 12/21/2010  
forms part of Policy Number NHD364855  
issued to New York State Bridge Authority

Endorsement No.: 16  
Date Processed : 12/21/2010

*This Endorsement Changes The Policy. Please Read It Carefully*

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It is hereby understood and agreed the following changes are made to the policy effective 01/01/10:

- 1) Cancellation Amendatory Endorsement #15 is added per the attached manuscript endorsement.

All other terms, conditions and warranties remaining unchanged.

This endorsement effective 01/01/2010  
forms part of Policy Number NHD364855  
issued to New York State Bridge Authority

Endorsement No.: 15  
Date Processed : 10/26/2010

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*This Endorsement Changes The Policy. Please Read It Carefully.*

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**CANCELLATION AMENDATORY ENDORSEMENT**

It is hereby understood and agreed that the cancellation provisions shown in Item A.2.b. on form IL0017 1198 – Common Policy Conditions and Item 1.b.(2) on form RSG93028 0405 – New York Changes – Cancellation and Non Renewal are amended to follow the cancellation conditions in Item 22. of the Primary Policy Form attached hereto.



**State Fraud Statements  
Fraud Statements – Signature Required for New York Only**

**ARKANSAS, LOUISIANA, RHODE ISLAND, TEXAS AND WEST VIRGINIA FRAUD STATEMENT**

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

**ALASKA FRAUD STATEMENT**

A person who knowingly and with intent to injure, defraud, or deceive an insurance company files a claim containing false, incomplete, or misleading information may be prosecuted under state law.

**ARIZONA FRAUD STATEMENT**

For your protection Arizona law requires the following statement to appear on this form. Any person who knowingly presents a false or fraudulent claim for payment of a loss is subject to criminal and civil penalties.

**CALIFORNIA FRAUD STATEMENT**

For your protection, California law requires that you be made aware of the following: Any person who knowingly presents false or fraudulent claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

**COLORADO FRAUD STATEMENT**

It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado division of insurance within the department of regulatory agencies.

**DISTRICT OF COLUMBIA FRAUD STATEMENT**

**WARNING:** It is a crime to provide false, or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

**FLORIDA FRAUD STATEMENT**

Any person who knowingly and with intent to injure, defraud or deceive any insurer, files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

**HAWAII FRAUD STATEMENT**

For your protection, Hawaii law requires you to be informed that any person who presents a fraudulent claim for payment of a loss or benefit is guilty of a crime punishable by fines or imprisonment, or both.

**IDAHO FRAUD STATEMENT**

Any person who knowingly, and with intent to defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is guilty of a felony.

**INDIANA FRAUD STATEMENT**

Any person who knowingly and with intent to defraud an insurer files a statement of claim containing any false, incomplete, or misleading information commits a felony.

### **KENTUCKY FRAUD STATEMENT**

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime.

### **MAINE FRAUD STATEMENT**

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines or a denial of insurance benefits.

### **MARYLAND FRAUD STATEMENT**

Any person who knowingly and willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly and willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

### **MINNESOTA FRAUD STATEMENT**

Any person who files a claim with intent to defraud or helps commit a fraud against an insurer is guilty of a crime.

### **NEW HAMPSHIRE FRAUD STATEMENT**

Any person who, with a purpose to injure, defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is subject to prosecution and punishment for insurance fraud, as provided in RSA 638:20.

### **NEW JERSEY FRAUD STATEMENT**

Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

### **NEW MEXICO FRAUD STATEMENT**

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties.

### **OHIO FRAUD STATEMENT**

Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

### **OKLAHOMA FRAUD STATEMENT**

**WARNING:** Any person who knowingly and with intent to injure, defraud, or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

### **OREGON FRAUD STATEMENT**

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents materially false information in an application for insurance may be guilty of a crime and may be subject to fines and confinement in prison.

### **PENNSYLVANIA FRAUD STATEMENT**

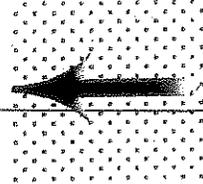
Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

### **TENNESSEE, VIRGINIA, AND WASHINGTON FRAUD STATEMENT**

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

**SIGNATURE REQUIRED**  
**NEW YORK FRAUD STATEMENT**

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.



**SIGN  
HERE**

\_\_\_\_\_  
Insured/Applicant/Claimant

\_\_\_\_\_  
By (Authorized Representative)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

*This Endorsement Changes The Policy. Please Read It Carefully.*

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**SCHEDULE OF POLICY ATTACHMENTS AND FORMS**

<u>Form Number</u>	<u>Form Title</u>
	Manuscript Policy Form
Endorsement #1	Loss Of Revenue Endorsement
Endorsement #2	Flood Endorsement
Endorsement #3	Earthquake Endorsement
Endorsement #4	Demolition And Increased Cost Of Construction Endorsement
Endorsement #5	Debris Removal Endorsement
Endorsement #6	Ingress/Egress Endorsement
Endorsement #7	Interruption By Civil Authority Endorsement
Endorsement #8	Service Interruption Endorsement
Endorsement #9	Transit Endorsement
Endorsement #10	Limit Of Liability Endorsement
Endorsement #11	Newly Acquired And Unnamed Location Endorsement
Endorsement #12	Notice – Disclosure Of Terrorism Premium
Endorsement #13	Professional Fees Endorsement
Endorsement #14	Valuable Papers And Records Endorsement
RSG92054 0406 ✓	California Earth Movement Coverage Exclusion
RSG93028 0405 ✓	New York Changes – Cancellation And Nonrenewal
RSG94030 1003 ✓	Exclusion And Limited Additional Coverage – Electronic Data
RSG96004 0903	Exclusion And Limited Additional Coverage For Fungus
RSG96012 1003	Sublimit Definition
RSG96014 0504 ✓	Exclusion Of Pathogenic Or Poisonous Biological Or Chemical Materials
IL0017 1198 ✓	Common Policy Conditions

PROPERTY FORM

SECTION A - DECLARATIONS

1. NAMED INSURED:

New York State Bridge Authority ✓

2. LOSS PAYEE

Loss, if any, payable to the Named Insured or their order. ✓

3. TERM:

Coverage hereunder shall attach for a term of two (2) years beginning on January 1, 2010 and ending on January 1, 2012 both at 12:01 a.m. standard time at the location of the property described herein.

4. LIMIT OF LIABILITY:

This policy covers in the amount of \$70,000,000, part of \$200,000,000 being 35.0% interest in the coverage provided herein. This limit shall be the maximum payable in any one occurrence. In no event shall this policy's liability exceed its share of the Scheduled Limits (if any) shown in Section 8 DESCRIPTION OF PROPERTY AND LIMITS OF LIABILITY for individual locations or the following amounts individual coverage's, whichever is less, in any one occurrence.

5. SUBLIMIT OF LIABILITY:

- \$ 25,000,000 - Demolition/Increased Cost of Construction – Per Occurrence
- 25% - of the direct physical loss in respects of Debris Removal – Per Occurrence, subject to \$250,000 - Pollution/Contamination – Per Occurrence and Annual Aggregate
- \$ 10,000,000 - Ingress/Egress – Per Occurrence
- \$ 25,000,000 - Interruption by Civil Authority – Per Occurrence
- \$ 1,000,000 - Unnamed Locations - Per Occurrence
- \$ 1,000,000 - Newly Acquired locations – Per Occurrence
- \$ 250,000 - Pollution/Contamination – Per Occurrence and Annual Aggregate
- \$ 5,000,000 - Service Interruption (1 statute mile) – Per Occurrence
- \$ 1,000,000 - Transit – Per Occurrence
- \$100,000,000 - Flood – Per Occurrence and Annual Aggregate
- \$100,000,000 - Earthquake – Per Occurrence and Annual Aggregate
- \$ 100,000 - Professional Fees
- \$ 500,000 - Valuable Papers

✓ Note: All sublimits are shown as 100%. Actual coverage under this policy is 35.0% of the stated amounts, in any one occurrence.

✓ In no event shall the above Sublimit of Liability or Aggregate Limits of Liability increase the Policy Limit of Liability.

6. PREMIUM:

This Company's two year premium hereunder shall be \$435,418 part of \$1,244,052 being for this Company's 35% interest. This premium shall be payable in annual installments as follows:

Installment 1	1/1/2010	\$217,709	✓
Installment 2	1/1/2012	\$217,709	✓ 245,790

At anniversary (1/1/2011), premium will be adjusted based on submitted renewal values at existing rates.

7. DEDUCTIBLES:

On each claim the Company shall be liable only for its proportion hereunder of the loss or damage as limited by the terms and conditions of this Policy after deducting 3% of the value of the structure, as defined in Section 8. below, subject to a minimum deductible of \$100,000 from the amount of said loss or damage. In making such deduction each accident shall be deemed a separate claim.

8. DESCRIPTION OF PROPERTY & LIMITS OF LIABILITY

- A. Bear Mountain Bridge – Anchorage to Anchorage, including Anchorages – Excluding Toll Collection Facilities. P.D. - \$129,110,000; U&O - \$6,840,000. ✓
- B. Newburgh-Beacon South Bridge – Abutment to Abutment, including Abutments – Excluding Administration Buildings and Toll Booths. P.D. - \$294,654,000; U&O - \$39,566,000. ✓
- C. Newburgh-Beacon North Bridge – Abutment to Abutment, including Abutments – Including Balmville Rd overpass over Interstate I-84 and Interstate I-84 bridge over Rte 9W on the Western approach. Excluding Administration Building and Toll Booths. P.D. - \$212,271,000; w/ South Bridge for U&O. ✓
- D. Mid Hudson Bridge – Including the abutment on the West Bank to the abutment on the East Bank, located East of the Bridge over the New York Central Railroad Right of Way, including abutments and anchorages and including that part of the Easterly approach which is Steel structured; also including approach ramp bridge over Rte 9W on the Western approach; excluding Toll Booths, Administration Buildings and Garages. P.D. - \$232,140,000 & U&O - \$13,690,000. ✓
- E. Rip Van Winkle Bridge – Abutment to Abutment, including Abutments; excluding Administration Buildings and Toll Booths. P.D. - \$167,387,000 & U&O - \$6,018,000 ✓
- F. Kingston-Rhinecliff Bridge – Abutment to Abutment, including Abutments; excluding Administration Buildings and Toll Booths. P.D. - \$230,363,000 P.D. & U&O - \$7,886,000 ✓
- G. Approach Structures -

Mid-Hudson East Approach Spans

- Viaduct between the Main Spans and Gerald Ave - \$2,932,000 P.D. ✓
- Gerald Drive - \$1,549,000 P.D. ✓
- Water Drive - \$1,280,000 P.D. ✓
- Viaduct between Old Water Street and Rinaldi Blvd - \$3,786,000 P.D. ✓
- Rinaldi Blvd - \$2,171,000 P.D. ✓
- Railroad Arch - \$4,117,000 P.D. ✓
- Route 9 South Overpass - \$2,100,000 P.D. ✓
- Route 9 North Overpass - \$1,238,000 P.D. ✓
- East Abutment Span - \$1,284,000 P.D. ✓

Mid Hudson West Approach Spans

- Route 9W Overpass - \$1,915,000 P.D. ✓

Newburgh-Beacon Approach Structures

- Interstate I-84 over Route 9W - \$5,218,000 P.D. ✓
- Balmville Road Bridge over I-84. - \$1,183,000 P.D. ✓

9. **TERRITORY:**

This policy covers Insured Property while located at an Insured Location, or while in Transit, or at an Unnamed Location within the United States of America, the District of Columbia and Canada including their territorial coastal waters, except while in Transit to and from Alaska or Hawaii, unless otherwise endorsed to the policy.

**INSURING AGREEMENT**

1. **THIS POLICY INSURES AGAINST:**

Subject to the terms, conditions, coverage and exclusions stated herein or endorsed hereto, this Policy insures against risks of direct physical loss or damage to the Property insured, including while in Transit or at an Unnamed Location all within the policy territory and occurring during the term of this insurance contract.

2. **PROPERTY EXCLUDED:**

- A. Aircraft, spacecraft, satellite, mining equipment, rolling stock, any vehicle licensed for highway use, and watercraft;
- B. Animals;
- C. Cost of excavations, grading, backfilling or filling or dredging, except in connection with repairs to building(s), structure(s), or improvements to land including land fill destroyed or damaged by a peril insured against.
- D. Electrical, gas, steam, water, telephone and other transmission lines and related plants, substations and equipment located beyond one hundred (100) feet from the insured premises;
- E. Furs, jewelry, jewels, pearls, precious or semi-precious stones, gold, silver and platinum or other precious alloys;
- F. Land; Land values; water; growing crops; lawns; outdoor trees, shrubs and plants; standing timber; coal; mines, including property contained therein;
- G. Insured's interest in property of which the Insured is a joint owner with other parties (known as Joint Venture Property) unless declared as such in the Statement of Values;
- H. Masonry, earthen, wooden and concrete dams;
- I. Bills, currency, stamps, evidence of debt, checks, money, securities, models, renderings, or other property of a similar nature;
- J. Property sold by the Insured under conditional sale, trust agreement, instalment payment or other deferred payment plan, after delivery to customers;
- K. Underground wells, piping, mains, sewers and drains, including personal property therein;
- L. Property located in the State of California;

3. PERILS EXCLUDED:

This Policy does not insure loss, damage or expense caused directly or indirectly and/or contributed to, in whole or in part, by any of the following excluded perils except as specifically stated below:

- A. Loss, damage or expense caused by, resulting from, contributed to or made worse by actual, alleged or threatened release, discharge, escape or dispersal of \*CONTAMINANTS or POLLUTANTS, all whether direct or indirect, proximate or remote or in whole or in part caused by, contributed to or aggravated by any physical damage insured by this policy, unless fire ensues, and then, only to the extent otherwise covered by this policy, any direct physical loss, damage or expense directly resulting from such fire is covered.

This exclusion shall not apply when loss, damage or expense is directly caused by fire, lightning, aircraft impact, explosion, riot, civil commotion, smoke, vehicle impact, ship impact, windstorm, hail, vandalism, malicious mischief and leakage or accidental discharge from automatic fire protective systems, but only to the extent that the foregoing are not otherwise excluded;

- B. Asbestos material removal;
- 1) Demolition or increased cost of reconstruction, repair, debris removal, transportation or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos material;
  - 2) Any governmental direction declaring that asbestos material present in or part of or utilized on any portion of the Named Insured's property must be removed or modified;
- C. Hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack;
- 1) by any government or sovereign power (de jure or defacto) or by any authority maintaining or using military, naval, or air forces; or
  - 2) by military, naval or air forces; or
  - 3) by an agent of such government, power, authority or forces; it being understood that any discharge, explosion or use of any weapon of war employing nuclear fission or fusion will be conclusively presumed to be such a hostile or warlike action by such government, power, authority or forces;
- D. Insurrection, rebellion, revolution, civil war, usurped power; or action taken by governmental authority in hindering, combating, or defending against such occurrence;
- E. Seizure or destruction by order of public authority, except destruction by order of public authority to prevent spread of fire or explosion;
- F. Nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, or due to any act or condition incident to any of the foregoing, whether such loss be caused by, contributed to or aggravated by any of the perils insured against; however, subject to the foregoing and all other provisions of this policy, direct loss by fire resulting from nuclear reaction or nuclear radiation or radioactive contamination is insured against;
- G. Fraudulent or dishonest act intended to result in the financial gain of any Insured or of any associate, partner, director, trustee, officer, agent or employee of any Insured;

- H. Unexplained or mysterious disappearance, shortage or other loss discovered upon taking inventory;
- I. Loss damage, costs, expenses, fines or penalties incurred or sustained by or imposed on any Insured at the order of any government agency, court or other authority arising from any cause whatsoever beyond the demolition of any damaged portion of the insured property no longer useful for its intended purpose, unless specifically insured elsewhere in this policy;
- J. Corrosion, decay, deterioration, erosion, evaporation, inherent vice, latent defect, leakage, loss of weight, marring or scratching, rust, shrinkage, wear and tear or any quality in property which causes it to damage or destroy itself. However, under no circumstances shall the company be liable for loss or damage or expense, including loss of revenue, caused by or contributed to by failure of the insured to keep and maintain the property in a thorough state of repair;
- K. Dampness or dryness of the atmosphere; extremes or changes in temperature;
- L. Insects, birds, rodents or other animals;
- M. Normal subsidence, settling, cracking, heaving, expansion or contraction of walls, floors, ceilings, roofs, foundations, patios, walkways, driveways or paving;
- N. Consequential loss or damage of any kind or description including loss of use, loss of market or delay, unless specifically insured elsewhere in this policy;
- O. Cost of making good;
  - 1. Error, omission or deficiency in design, plans, specification engineering or surveying;
  - 2. Faulty or defective workmanship, materials and supplies;
  - 3. Wear and tear, corrosion, deterioration, rust, inherent vice, latent defect, oxidation, dampness or dryness of the atmosphere;

Unless direct physical loss or damage by an insured peril ensues and then this policy will only cover for such ensuing loss or damage.

For the purpose of this policy and not merely this exclusion, property or any portion thereof, shall not be regarded as damaged solely by the virtue of the existence of any condition stated above.

- P. Interruption of incoming electricity, fuel, water, gas, steam, refrigerant or other services, unless specifically insured elsewhere in this policy;
- Q. Electrical breakdown of any electrical machinery or apparatus while said equipment is undergoing an insulation breakdown test or is being dried out, unless direct physical damage not otherwise excluded by this policy results to insured property, in which event, this policy shall cover only such resulting damage.
- R. Electrical injury or disturbance caused by electrical currents artificially generated;
- S. Rupture or bursting of rotating or moving parts of machinery caused by centrifugal force or mechanical breakdown; water hammer; rupture or bursting of water pipes; rupture or bursting due to expansion or swelling of the contents of any building or structure, caused by or resulting from water; or rupture, bursting of operation of pressure relief devices.

- T. Explosion, rupture or bursting of steam black liquor recovery boilers, steam boilers, steam pipes, steam turbines or steam engines owned, leased or operated under the Insured's control. But, if direct physical loss or damage by fire or combustion explosion ensues, this policy will cover for such ensuing loss or damage. This policy will also cover direct physical loss or damage caused by or resulting from explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass; and for direct explosion loss caused by internal pressure of steam in processing machinery, equipment or apparatus.
- U. Confiscation, seizure or destruction of any property by order of any government or public authority, including any customs or quarantine action, except an order to destroy property to prevent the spread of fire or explosion.
- V. Any form of fungus, however caused, including but not limited to yeast, mold, mildew, smut, mushrooms, spores or any substance, product or byproduct, produced by, released by or arising as a consequence of the past, future growth or current existence of fungus. Any expense to remediate the presence or effects of any of the foregoing shall also be excluded.
- W.. 1. Any functioning or malfunctioning of the internet, an intranet, private network or similar facility,
2. Any corruption, destruction, distortion, erasure or other loss or damage to data, software, or any kind of programming or instruction set,
3. Loss of use or functionality whether partial or entire of data, coding, program, software, any computer or computer system or other device dependent upon any microchip or embedded logic, and any ensuing liability or failure of the Insured to conduct business.

However, in the event that a fire or explosion results from any of the matters described above, this Policy, subject to all its terms, conditions and exclusions will cover physical damage occurring during the Policy period to property insured by this Policy directly caused by a fire or explosion.

- X. 1. Failure of any computer, data processing equipment or media microchip, operating systems, integrated circuit, microprocessors (computer chip) or similar device, or any computer software, whether the property of the insured or not and whether occurring before, during or after the year 2000 that results from the inability to:
- (a) Correctly recognize any time or date as its true time or calendar date;
- (b) Capture, save, or retain and/or correctly manipulate, interpret or process any data or information or command or instruction as a result of treating any time or date other than as its true time or calendar date;
- (c) Capture, save, retain or correctly process any data as a result of the operation of any command which has been programmed into any computer software, being a command which causes the loss of data or the inability to capture, save, retain or correctly process such data on time or on any date.
2. Repair or modification of any part of an electronic data processing system or its related equipment, to correct deficiencies or features of logic or operation.
3. Failure, inadequacy, or malfunction of any advice, consultation, design evaluation, inspection installation, maintenance, repair or supervision done by the Insured or for the Insured or by or for others to determine, rectify or test, any potential or actual failure, malfunction or inadequacy described in 1 above.

However, in the event that a fire or explosion results from any of the matters described above, this Policy, subject to all its terms, conditions and exclusions will cover physical damage occurring during the Policy period to property insured by this Policy directly caused by a fire or explosion.

- Y. Regardless of the amount of damage and loss, and whether Terrorism Risk Insurance Act of 2002 (TRIA) or non-certified Terrorism coverage is provided in the policy the following exclusions are absolute as to any incident of terrorism:
1. That involves the use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
  2. That is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
  3. In which pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.
- Z. Loss or Damage covered under any written or implied guarantee or warranty by any manufacturer or supplier whether or not such are insured under this policy;

## GENERAL CONDITIONS

### 1. OBSERVANCE OF CONDITIONS

The due observance and fulfillment of the terms and conditions of this Policy by the Insured, insofar as they relate to anything to be done or complied with by them, shall be a condition precedent to any liability of the Company to make payment for loss under this Policy.

### 2. INCREASED HAZARD

If the circumstances in which this insurance was entered into shall be altered or if the risk shall be materially increased, the Insured shall as soon as possible give notice in writing to the Company.

### 3. MISREPRESENTATION & FRAUD

This Policy shall be void if the Insured has concealed or misrepresented any material fact or circumstances concerning this insurance or the subject thereof or in case of any fraud, attempted fraud or false swearing by the Insured touching any matter relating to this insurance or the subject thereof, whether before or after a loss.

### 4. ERRORS & OMISSIONS

No unintentional errors or omissions in any information required to be reported to the Company will prejudice the Insured's right of recovery, but will be reported to the Company as soon as practicable when discovered.

### 5. INSPECTION & AUDIT

While this Policy is in effect, the Company can, at any reasonable time, inspect the Insured's property and operations. However, neither the Company's inspection nor any report thereof can serve as any representation that the Insured's property or operations are safe or healthful, or that they comply with any law, rule or regulation.

The Company may also examine and audit the Insured's books and records at any reasonable time during the policy period and within one year after the final termination of the Policy, as long as they relate to the subject matter of this Policy.

### 6. EXAMINATION UNDER OATH

The Insured shall submit and, so far as is within their power, shall cause all other persons to submit, to examination under oath by any persons named by the Company relative to any and all matters in connection with a claim and shall produce for examination all books of account, bills, invoices, and other vouchers or certified copies thereof if originals are lost, at such reasonable time and place as may be designated by the Company or its representatives and shall permit extracts and copies thereof to be made.

### 7. IN CASE OF LOSS

#### A. Notice of Loss:

The Insured will, as soon as practicable, but no later than 90 days from the loss occurrence, report in writing to the Company every loss occurrence that may give rise to a claim under this Policy.

Unless otherwise specified in writing by the Company, all claims-related items should be submitted to:

#### B. Proof of Loss:

The Insured, will as soon as practicable, but no later than 90 days from the loss occurrence, file with the Company a signed and sworn detailed proof of loss.

C. **Payment of Loss:**

All adjusted claims will be due and payable no later than sixty days after presentation and acceptance of proof of loss by this Company or its appointed representative.

8. **SUBROGATION**

If the Company pays a claim under this Policy, it will be subrogated, to the extent of such payment, to all the Insured's rights of recovery from other persons, organizations and entities. The Insured will execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

The Company will have no rights of subrogation against:

- A. any person or entity, which is an Additional Insured;
- B. any other person or entity, which the Insured has waived its rights of subrogation against in writing before the time of loss.
- C. Notwithstanding the foregoing; it is a condition of this Policy that the Company shall be subrogated to all the Insureds rights of recovery against any Architect or Engineer, whether named as an Insured or not, for any loss or damage arising out of the performance of professional services in their capacity as such and caused by any error, omission, deficiency or act of the Architect or Engineer, by any person employed by them, or by any others for whose acts they are legally liable.

The Insured will act in concert with the Company and all other interests concerned in the exercise of such rights of recovery.

If any amount is recovered as a result of such proceedings, the net amount recovered after deducting the costs of recovery, will accrue first to the Company in proportion to their respective interests. Any excess of this amount will be remitted to the Insured. If there is no recovery, the interests instituting the proceedings will bear the expense of the proceedings proportionately.

The Insured will do nothing after loss to prejudice such rights of subrogation.

9. **RECOVERY OR SALVAGE**

Any recovery or salvage excluding:

- A. proceeds from subrogation and other insurance recovered or received after a loss settlement under this policy;
- B. any recovery from suretyship, insurance, reinsurance, security or indemnity taken by or for the benefit of the Company;

will apply as if recovered or received prior to the loss settlement and the loss will be readjusted accordingly.

10. **CONTRIBUTING INSURANCE**

Permission is granted for other policies written upon the same plan, conditions, and provisions as those contained herein.

This Policy will contribute to the total of each loss otherwise payable herein to the extent of the participation of this Policy in the total limit of liability as provided by all policies written upon the same plan, conditions, and provisions as those contained in this Policy.

11. **EXCESS INSURANCE**

Permission is granted the Insured to have excess insurance over the limit of liability set forth in this Policy without prejudice to this Policy nor will the existence of such insurance, if any, reduce any liability under this Policy.

12. **OTHER INSURANCE**

This policy does not apply to that portion of any claim against the Insured except as stated in the CONTRIBUTING INSURANCE and EXCESS INSURANCE articles, if there is other collectible insurance which is issued by another valid policy or policies or of insurance, whether primary or excess. In the event that other collectible insurance is available, this Policy will cover as excess insurance and will not contribute with such other insurance, nor shall the Company be liable to make any payment in connection with any such portion of a claim or suit.

13. **REINSTATEMENT**

With the exception of loss caused by perils that are subject to annual aggregate limits, any loss hereunder will not reduce the amount of this Policy.

14. **BRANDS & TRADEMARKS**

In any case of loss or damage by an insured peril to insured property bearing a brand, trademark or label, the Company may take all or any part of the property at any agreed or appraised value. If so, the Insured may, at its own expense:

- A. Stamp salvage on the property or its container, if the stamp will not physically damage the property; or
- B. Remove the brand, trademark or label, if doing so will not physically damage the property. The Insured must re-label the property or its container to comply with the law.

15. **PAIR & SET**

- A. In the event of loss of or damage to any insured article or articles which are part of a pair or set, the measure of loss of or damage to such article or articles will be a reasonable and pair proportion of the total value of the pair or set, giving consideration to the importance of said article or articles, but in no event will such loss or damage be construed to mean total loss of the pair or set, or
- B. In the event of loss or damage to any part of property insured consisting, when complete for use, of several parts, the Company will only be liable for the value of the part or damaged.

16. **APPRAISAL**

If the Insured and the Company fail to agree as to the amount of loss, each shall, on the written demand of either, made within sixty (60) days after receipt of proof of loss by the Company, select a competent and disinterested appraiser, and the appraisal shall be made at a reasonable time and place. The appraisers shall first select a competent and disinterested umpire, and failing for fifteen (15) days to agree upon such umpire, then on the request of the Insured or the Company, such umpire shall be selected by a judge of a court of record in the State in which such appraisal is pending. The appraisers shall then appraise the loss, stating separately the replacement cost at the time of loss and the amount loss. The Insured and the Company shall each pay his or its chosen appraiser and shall bear equally the other expenses of the appraisal and umpire. The Company shall not be held to have waived any of its rights by any act relating to appraisal.

17. **VALUATION**

At the time of loss, the basis of adjustment unless otherwise endorsed herein will be as follows:

- A. Buildings and structures, the replacement cost new if actually replaced, if not so replaced, actual cash value.
- B. Improvements and betterments, the replacements cost new if actually replaced, if not so replaced, at actual cash value;
- C. Exhibitions and displays, the cost to Insured;
- E. Machinery, equipment and other property, the replacement cost new if actually replaced, if not so replaced, actual cash value.

18. **ASSIGNMENT**

The Insured agrees not to transfer any legal rights or interests in the Policy without the Company's written consent.

19. **BENEFIT TO BAILEE**

The Policy will not inure, directly or indirectly, to the benefit or any carrier or bailee.

20. **ABANDONMENT**

There will be no abandonment of any property to the Company.

21. **SUIT AGAINST THE COMPANY**

No suit or action on this Policy for the recovery of any claim will be sustainable in any court of law or equity unless the Insured will have fully complied with all the requirements of this Policy. The Company agrees that any action or proceeding against it for recovery of any loss under this Policy will not be barred if commenced within twelve months after the occurrence becomes known to the Insured unless a longer period of time is provided by applicable statute.

22. **CANCELLATION**

The policy may be cancelled at any time at the request of the Insured by surrender of the policy to the Company.

The policy may be cancelled by the Company by mailing to the Insured at the address shown in the policy written notice stating when, not less than 90 days thereafter, such cancellation will be effective.

However, in the event the Insured fails to pay to the Company the premium due on the policy, the policy may be cancelled by the Company by mailing to the Insured at the address shown in the policy written notice stating when, not less than ten days thereafter, such cancellation will be effective.

If the Company cancels, the earned premium will be calculated on a pro rate basis. If the Insured cancels, the earned premium will be calculated on a short rate basis.

23. **STATUTES**

If any of the Articles herein stated conflict with the laws or statutes of any jurisdictions in which this Policy applies, the same is amended to conform to such laws or statutes.

24. **PROTECTION OF PROPERTY**

The Named Insured will take reasonable steps to protect, recover or save the property insured and minimize any further or potential loss or damage when the property insured has sustained direct physical loss or damage by an insured peril or the property is in imminent danger of sustaining a direct physical loss or damage. The acts of the Named Insured or the Company in protecting, recovering or saving the property insured will not be considered a waiver or an acceptance of abandonment.

25. **DUE DILIGENCE**

The Insured shall, at the Insured's own expense, take all reasonable precautions and comply with all reasonable recommendations of the Company to prevent loss or damage to the Property Insured.

26. **SETTLEMENT OF LOSS**

The amount for which the Company has become obligated to pay shall be payable sixty (60) days after signed proof of loss, as herein provided, is received and accepted by the Company, and after ascertainment of the amount due is made by written agreement accepted between the Named Insured and the Company or by the filing with the Company of a duly awarded appraisal decision or a final court judgment.

Regardless of mortgagee, loss payee, or other interests, the Company may, at its sole discretion, make payments to the entity first named as the Insured in the Declarations, and that payment shall be effective, binding and final as to all insured interests in that payment.

27. **SUSPENSION OF INSURANCE**

The Named Insured shall advise the Company in writing immediately upon discovery of a dangerous condition with respect to any boiler, fired or unfired vessel, refrigerating or air conditioning system, piping and its accessory equipment and any mechanical or electrical machine or apparatus, which may result in Damage if not corrected.

Upon receipt of that advice or discovery of the condition through other means, the Company may, at its discretion, immediately suspend the insurance with respect to Damage to such property by written notice mailed or delivered to the Named Insured or their Representative at the address of the Insured, or at the location of the property, or as otherwise specified in this Policy. Insurance so suspended may be reinstated by the Company, but only by a duly authorized written endorsement issued to form a part hereof. The Named Insured shall be allowed the unearned portion of the premium paid for such suspended insurance, pro rata, for the period of suspension.

28. **TITLES OF PARAGRAPHS:**

The titles of the various paragraphs of this policy (and of endorsements and supplemental contracts, if any, now or hereafter attached to this policy) are inserted solely for the convenience of reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

29. **UNDERLYING INSURANCE:**

Permission is granted to the Named Insured to purchase insurance on all or any part of the deductible and against all or any of the perils covered by this policy. The existence or absence of such underlying insurance shall not in any way reduce the Company's right to deduct from any covered claim the full amount(s) of the deductible as shown in this Policy. If the limits of such underlying insurance exceed the deductible(s) which would apply under this policy, then the

Insurance provided by this policy shall apply only as excess after payment of that portion which exceeds such deductible has been exhausted.

### DEFINITIONS

1. CONTAMINANTS OR POLLUTANTS:

Any material which, after its release, can cause or threaten damage to human health or human welfare or causes or threatens damage, deterioration, loss of value, marketability or loss of use of property insured hereunder, including, but not limited to; bacteria, fungi, virus, or hazardous substances as listed in the Federal Water Pollution Control Act, Clean Air Act, Resource Conservation and Recovery Act of 1976, and Toxic Substances Control Act, or as designated by the U.S. Environmental Protection Agency.

2. DEDUCTIBLE PERIOD:

The number of days, consisting of continuous twenty-four hour periods beginning at the time of loss, which commence immediately following the date of loss. In the event of more than one occurrence a separate deductible period will apply for each.

3. EARTHQUAKE:

Any earth movement due to seismic activity, landslide, mudslide, sinkhole, ground subsidence, volcanic eruption or other earth movement.

4. FLOOD:

Rising water, surface water, waves, tidal water, tidal wave or tsunami; rising, overflowing or any breach of streams, rivers, lakes, reservoirs or other bodies of water; or spray from any of the foregoing, all whether driven by wind or not.

5. OCCURRENCE:

Any one loss, disaster or casualty or series of losses, disasters or casualties arising from one event. As respects loss or damage from the perils of a tornado, cyclone, hurricane, windstorm, hail, flood, earthquake, volcanic eruption, riot, riot attending a strike, civil commotion and vandalism and malicious mischief, one event shall be construed to be all losses arising during a continuous period of 72 hours. When filing a proof of loss the insured may elect the moment at which the 72 hour period shall be deemed to have commenced, which shall not be earlier than the inception date and time as well as earlier than the first loss to occur at any covered location nor after the expiration date and time of this policy.

**LOSS OF REVENUE ENDORSEMENT**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

1. **INSURING AGREEMENT**

The Company shall indemnify the Insured for:

- A. **LOSS OF REVENUE** resulting from the necessary total or partial suspension of use of the property insured on an ACTUAL LOSS SUSTAINED basis from direct physical loss or damage by a peril insured, subject to a 2 year ( 730 days) **PERIOD OF INDEMNITY**.

The Company's Liability for Loss under this section shall not exceed the difference between the revenue actually received by the Insured during the Period of Interruption from all Properties Insured hereunder and the revenue that would have been received during the same period had no Interruption occurred. In ascertaining the amount of any loss, due consideration shall be given to the revenue before the accident and the probable revenue thereafter.

- B. Expenditures that are necessarily incurred for the purpose of reducing any loss amount under this extension shall also be indemnified by the Company, but only to the extent that such loss amount otherwise payable under this extension is thereby reduced.

2. **LIMIT OF LIABILITY**

The Company will pay no more than its proportional share of the U&O amount state in Section 8 - Description of Property and Limit of Liability, as a result of any one occurrence.

This Endorsement does not increase the Total Limit of Liability stated in Section 4 Limit of Liability of the Declaration in any one occurrence.

3. **DEDUCTIBLE**

No liability shall exist under this policy for loss of revenue at the property covered hereunder unless the suspension of use exceeds 14 days and then liability shall exist only for such loss in excess of the first 14 days. Each period of suspension of use resulting from a separate occurrence shall be deemed to be a separate claim and shall be adjusted separately.

Should two or more deductible amounts apply to a single occurrence, the total amount to be deducted from the adjusted claim shall not exceed the largest deductible applicable. The foregoing shall apply to claims for physical damage only, it being understood that any applicable deductible period for Loss of Revenue will be applied separately.

4. **EXCLUSIONS**

In addition to the Policy exclusions, this Company will not be liable under this extension for any loss caused by or resulting from the following additional exclusions:

- a. Restrictions on removal repair or replacement of damaged or destroyed property imposed by any governmental or regulatory authority, unless specifically insured elsewhere in the policy;
- b. Loss or damage to property not insured by this Policy;

- c. Alterations, additions, improvements or changes made in the construction plans during repair or replacement of lost or damaged property;
- d. Non-availability of funds, other than insurance reimbursement, for the repair or replacement of lost or damaged property;
- e. Import/Export or customs restrictions or regulations;
- f. Breach of contract, late or non-completion of orders and/or suspension, lapse or cancellation of any lease or purchase order;
- h. Failure of the Insured to obtain, maintain or extend any permit, lease, license or purchase order commitments;
- i. Failure of the Insured to use diligence and dispatch in restoring the damaged property to the condition existing prior to loss or damage.
- j. Interference or delay caused by strikers or other persons involved with building, repairing, replacing, manufacturing or supplying the property insured or services therefore.

5. DEFINITIONS

A. PERIOD OF INDEMNITY

The time commencing after the deductible period elapses and not exceeding such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace such part of the property which has been lost or damaged. The period of recovery shall not be terminated by the expiration or cancellation of the policy with respect to loss payable hereunder in direct consequence of insured physical loss or damage occurring prior to such expiration or cancellation.

B. REVENUE

Income from tolls and other operating sources less such maintenance and operating charges and expense, not including ordinary payroll, as do not necessarily continue during the period of total or partial suspension of use.

**FLOOD ENDORSEMENT**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

1. **PERILS ENDORSEMENT**

This policy is extended to insure direct physical loss or damage caused by the peril of Flood.

**FLOOD** means rising water, surface water, waves, tidal water, tidal wave, tsunami, overflow of streams or other bodies of water or spray from any of the foregoing, all weather driven by wind or not.

2. **LIMIT OF LIABILITY**

The Company shall not be liable under this endorsement for more than the following Sublimit, irrespective of the number of locations involved in the occurrence:

Sublimit: \$100,000,000; subject to \$100,000,000 annual aggregate.

The above Sublimit apply to all loss or damage caused directly or indirectly by or resulting from the perils insured against by this endorsement, including any loss or damage covered by this policy which ensues from the perils insured against by this endorsement. However, if direct physical loss or damage by fire or explosion results, the above Sublimit shall not apply to such resulting loss or damage by fire or explosion. Such resulting loss or damage by fire or explosion shall be subject to the Policy Limit and/or any other applicable Sublimit(s) as stated elsewhere in this policy.

The above Sublimit shall be the maximum amounts collectible under this policy for all loss or damage resulting from the perils insured against by this endorsement.

**Note: All sublimits are shown as 100%. Actual coverage under this policy is 35.0% of stated amounts.**

3. **EXCLUSIONS**

This endorsement does not insure loss or damage caused by any Flood occurring before the inception date of the policy, nor for any loss occurring after the expiration date of the policy.

4. **DEDUCTIBLE**

All claims under this endorsement for loss, damage or expense arising out of one occurrence shall be adjusted as one loss. The Company shall not be liable until the amount of such loss exceeds the deductible amount of 3% (percent) of the total location value at each location suffering direct physical loss or damage, and then only for the Company's share of such excess. This deductible amount shall be subject to a minimum amount of \$100,000 per occurrence at each location.

**EARTHQUAKE ENDORSEMENT**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

1 **PERILS ENDORSEMENT**

This policy is extended to insure direct physical loss or damage caused by the peril of EARTHQUAKE.

**EARTHQUAKE** means any earth movement due to seismic activity, landslide, mudslide, sinkhole, ground subsidence, volcanic eruption or other earth movement.

2 **LIMIT OF LIABILITY**

The Company shall not be liable under this endorsement for more than the following Sublimits, irrespective of the number of locations involved in the occurrence:

Sublimits: \$100,000,000; subject to \$100,000,000 annual aggregate.

The above Sublimit apply to all loss or damage caused directly or indirectly by or resulting from the perils insured against by this endorsement, including any loss or damage covered by this policy which ensues from the perils insured against by this endorsement. However, if direct physical loss or damage by fire or explosion results, the above Sublimit shall not apply to such resulting loss or damage by fire or explosion. Such resulting loss or damage by fire or explosion shall be subject to the Policy Limit and/or any other applicable Sublimit(s) as stated elsewhere in this policy.

The above Sublimit shall be the maximum amounts collectible under this policy for all loss or damage resulting from the perils insured against by this endorsement.

**Note:** All sublimits are shown as 100%. Actual coverage under this policy is 35.0% of stated amounts.

U. **EXCLUSIONS**

This endorsement does not insure loss or damage caused by any Earthquake occurring before the inception date of the policy, nor for any loss occurring after the expiration date of the policy.

V. **DEDUCTIBLE**

All claims under this endorsement for loss, damage or expense arising out of one occurrence shall be adjusted as one loss. The Company shall not be liable until the amount of such loss exceeds the deductible amount of 3% (percent) of the total location value at each location suffering direct physical loss or damage, and then only for the Company's share of such excess. This deductible amount shall be subject to a minimum amount of \$100,000 per occurrence at each location.

**DEMOLITION & INCREASED COST OF CONSTRUCTION ENDORSEMENT**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

If a direct physical loss or damage to insured real property caused by an insured peril causes the enforcement of any law or ordinance that:

1. **INSURING AGREEMENT**

- A. requires the demolition of parts of the undamaged real property;
- B. regulates the construction or repair of damaged real property;
- C. is in force at the time of loss;

the Company will pay:

- A. the cost of demolishing or clearing the site of the undamaged real property;
- B. the increased cost of repair or reconstruction of the damaged and undamaged real property on the same or another site and limited to the minimum requirements of such law or ordinance regulating the repair or reconstruction of the damaged real property on the same site. However, the Company will not pay for any increased cost of construction loss unless the damaged real property is actually rebuilt or replaced;

The Company shall not be liable for any loss, unless or until the damaged or destroyed building or structure is actually rebuilt or replaced and unless the repairs or replacement are made as soon as reasonably possible after the loss, not to exceed two (2) years.

2. **LIMIT OF LIABILITY**

The Company will pay no more than its proportional share of \$25,000,000 as a result of any one occurrence.

This Endorsement does not increase the Total Limit of Liability stated in Section 4 Limit of Liability of the Declaration in any one occurrence.

3. **EXCLUSIONS**

This endorsement excludes:

- A. demolition or increased cost of repair or reconstruction, debris removal or loss of use caused by the enforcement of any law or ordinance regulating asbestos material;
- B. any governmental direction or request declaring that asbestos material present in or part of or utilized on any undamaged portion of insured property can no longer be used for the purpose for which it was intended or installed and must be removed or modified.

DEBRIS REMOVAL ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The Company will pay the expense to remove debris up to 25% of the amount of the loss, of the insured property damaged or destroyed by an insured peril during the policy term.

The Company will also pay up to its proportional share of \$250,000, per occurrence and in the annual aggregate, the expense to:

- A. Extract contaminants or pollutants from the debris; or
- B. Extract contaminants or pollutants from land or water;

But only when such land and/or water are a part of, or are contained within the boundaries of the Insured premises.

The company will not pay the expenses to:

- A. Remove, restore or replace contaminated or polluted land or water; or
- B. Remove or transport any property or debris to a site for storage or decontamination required because the property or debris is affected by pollutants or contaminants, whether or not such removal, transport, or decontamination is required by law or regulation. The inclusion of Transit Coverage shall not affect this coverage.

It is a condition precedent to recovery under this extension that the Company shall have paid or agreed to pay for direct physical loss or damage to the property insured hereunder and that the Insured shall give written notice to the Company of intent to claim for cost of removal of debris or cost to clean up not later than twelve months after the date of such physical loss or damage.

In no event shall the Company be liable for a greater proportion of a loss payable under this extension than its proportion of the total contributing insurance hereunder.

This extension shall not increase the amount of insurance under this policy.

**INGRESS/EGRESS ENDORSEMENT**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

This policy will pay, subject to all of its provisions and without increasing the Limit of Liability as stated in Section 4 Limits of Liability of the Declaration, its proportional share of \$10,000,000 of coverage for interruption of business conducted by the Insured resulting from loss or damage, by the perils insured against, during the term of this policy, to any property thereby preventing ingress to or egress from the Insured's premises, for a period not exceeding 15 days;

**INTERRUPTION BY CIVIL AUTHORITY ENDORSEMENT**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

1. **LIMIT OF LIABILITY:**

The Company will pay no more than its proportional share of \$25,000,000 as a result of any one occurrence.

This Endorsement does not increase the Total Limit of Liability stated in Section 4 Limit of Liability of the Declaration in any one occurrence.

2. **INDEMNITY PERIOD:**

The coverage provided under this endorsement is subject to an indemnity period of 15 days.

3. **INSURING AGREEMENT:**

Subject to all provisions stated herein and in the policy to which this endorsement is attached, liability is hereby assumed for suspension of use of the property insured by governmental or municipal authority, unless such suspension of use is occasioned by direct physical loss or damage to the property from an external cause which is not excluded elsewhere in this policy.

**SERVICE INTERRUPTION ENDORSEMENT**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

1. **LIMIT OF LIABILITY:**

The Company will pay no more than its proportional share of \$5,000,000 as a result of any one occurrence.

This Endorsement does not increase the Total Limit of Liability stated in Section 4 Limit of Liability of the Declaration in any one occurrence.

2. **WAITING PERIOD:**

The coverage provided under this endorsement is subject to a waiting period of 14 days.

3. **INSURING AGREEMENT:**

Subject to all provisions stated herein and in the policy to which this endorsement is attached, liability is hereby assumed for loss resulting from direct physical loss or damage to or destruction, by the peril(s) not excluded, of the public utility company contracted by the Insured to supply electric power to the Insured, or any other company under contract to supply steam, natural gas, water or electricity to the Insured, and used to supply said services directly to the premises herein insured.

Coverage hereunder specifically excludes loss or damage to electrical transmission and distribution lines from any peril whatsoever.

Coverage under this endorsement is limited to property located within one (1) statute mile of the Insured's property.

**TRANSIT ENDORSEMENT**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

1. **LIMIT OF LIABILITY**

The Company will pay no more than its proportional share of \$1,000,000 in any one conveyance.

This Endorsement does not increase the Total Limit of Liability stated in Section 4 Limit of Liability of the Declaration in any one occurrence.

2. **INSURING AGREEMENT**

This policy insures Transit as a result of direct physical loss or damage by an insured peril.

"Transit" means:

- A. Property in Transit;
- B. All shipments within and between the territory of this policy including coastal waters thereof, by any means of conveyance, from the time the property is moved for purposes of loading and continuously thereafter while awaiting and during loading and unloading and in temporary storage, including temporary storage on any conveyance intended for use for any outbound or used for any infound shipment; including during deviation and delay; until safely delivered into place of final destination.
- C. Loss or damage to property:
  - (1) sold and shipped by the Insured under terms of F.O.B. point of origin or other terms usually regarded as terminating the shipper's responsibility short of points of delivery; Transit coverage will apply excess thereof and not contributory.
  - (2) arising out of any unauthorized person(s) representing themselves to be the proper party(ies) to receive the goods for shipment or to accept goods for delivery;
  - (3) occasioned by the acceptance by the Insured, by its agents, or by its customers of fraudulent bills of lading, shipping and delivery orders, or similar documents.
- D. But, as respects this Transit coverage:
  - (1) the Insured may waive right(s) of recovery against private and contract carriers and accept bills of lading or receipts from carriers, bailees, warehousemen, or processors limiting their liability, but this Transit insurance will not inure to the benefit of any carrier, bailee, warehouseman or processor.
  - (2) The Company agrees to waive its rights of subrogation against consignees at the option of the Insured for shipments made under F.O.B. or similar terms.

- (3) The Insured may not be prejudiced by any agreements exempting lightermen from liability.
- (4) Seaworthiness of any vessel or craft is admitted between the Company and the Insured.

3. **EXCLUSIONS**

This endorsement excludes:

- A. shipments by mail or parcel post;
- B. shipments to and from Alaska and Hawaii;
- C. export shipments after loading on board an overseas vessel or after ocean marine insurance attaches, whichever occurs first, and import shipments until they have been discharged from the overseas vessel or until the ocean marine insurance terminates, whichever occurs last, all subject to this Policy's territory.

4. **VALUATION**

At the time of loss the valuation of property in Transit will be based on the actual net invoice cost together with such costs and charges as may have accrued or become legally due since shipment, but in the absence of an invoice the market value of the property at the point of destination of the day of actual loss.

5. **CANCELLATION**

Cancellation will not affect coverage on any shipment in Transit on the date of cancellation. Coverage will continue in full force until such property is delivered and accepted.

6. **DEDUCTIBLE**

The deductible for this coverage shall be \$100,000.

**LIMIT OF LIABILITY ENDORSEMENT**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

The premium for this certificate is based upon the attached statement of values. In the event of any loss under this Company's policy, the liability of the Company shall be limited to the least of the following:

- A. The actual adjusted amount of loss within the coverage of the Company's policy, less applicable deductible(s).
- B. 110% of the total stated value for each scheduled location or item of property insured including, with limitation, buildings, contents, machinery and equipment, stock, business income or gross earnings, extra expense and any other coverage's provided at such location, as per schedule of values on file with company dated 8/12/09, less applicable deductibles(s).
- C. The Limit of Liability shown on the policy.

In no event shall this margin clause increase the liability of the Insurer under this policy.

NEWLY ACQUIRED AND UNNAMED LOCATION ENDORSEMENT

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

This policy subject to all the provisions of this Policy, is automatically extended to cover additional property as described in this policy which may be purchased, leased or acquired during the policy period.

The Company will pay no more than its proportional share of \$1,000,000 as a result of any one occurrence. This Endorsement does not increase the Total Limit of Liability stated in Section 4 Limit of Liability of the Declaration in any one occurrence.

The value of such additional property or properties upon which liability is hereby assumed by this Company shall be reported to this Company within sixty (60) days from the date on which the Insured acquires an insurable interest in such property. After sixty (60) days any unreported/unaccepted Newly Acquired Location(s) will be considered an Unnamed Location(s) and subject to the Unnamed Location sublimit.

The premium for any newly acquired property declared under this policy shall be due and payable at the time reported and shall be calculated pro rata of the rate applying at such property or properties, from the date on which the insured acquires an insurable interest in such property or properties to the expiration of this policy.

All other terms, conditions, definitions, exclusions, limitations and provisions remain the same.

Policy Number: NHD364855  
Insurer: RSUI INDEMNITY COMPANY  
Named Insured: New York State Bridge Authority

**NOTICE - DISCLOSURE OF TERRORISM PREMIUM**

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown below.

**DISCLOSURE OF PREMIUM**

The portion of your premium for the policy term attributable to coverage for terrorist acts certified under the Act is

\$ 39,584 (2 Year)  
Payable via two installments  
of \$19,792 each

**DISCLOSURE OF FEDERAL PARTICIPATION IN PAYMENT OF TERRORISM LOSSES**

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

**PROFESSIONAL FEES ENDORSEMENT**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY**

**1. LIMIT OF LIABILITY:**

The Company will pay no more than its proportional share of \$100,000 as a result of any one occurrence.

**2. INSURING AGREEMENT**

This Policy covers the actual costs incurred by the Insured, of reasonable fees payable to the Insured's accountants, architects, auditors, engineers, or other professionals, excluding the costs of using the Insured's employees, for producing or certifying any particulars or details contained in the Insured's books or documents, or such other proofs, information or evidence required by the Company resulting from an insured loss payable under this Policy for which the Company has accepted liability.

Coverage will not include fees and costs of attorneys, public adjusters, insurance agents or brokers, and loss appraisers, all including any of their subsidiary, related or associated entities either partially or wholly owned by them or retained by them for the purpose of assisting them nor the fees and costs of loss consultants who provide consultation on coverage or negotiate claims.

**VALUABLE PAPERS AND RECORDS ENDORSEMENT**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY**

1. **LIMIT OF LIABILITY:**

The Company will pay no more than its proportional share of \$500,000 as a result of any one occurrence.

2. **INSURING AGREEMENT**

This Policy is extended to cover Valuable Papers and Records consisting of written, printed, or otherwise inscribed documents and records including books, maps, films, drawings, abstracts, deeds, blueprints, rendering, mortgages, manuscripts and other contract documents all of which must be of value to the Insured while Valuable Papers and Records are contained in the Premises occupied by the Insured and situated as described under Description of Property.

3. **VALUATION**

At the time of loss, the basis of any adjustment will be the cost to reproduce books, maps, films, drawings, abstracts, deeds, mortgages, manuscripts, blueprints, rendering, and other contract documents with property of like kind and quality including the cost of gathering or assembling information from back up data if replaced. If valuable papers are not replaced or reproduced, the value is based on the cost of blank materials.

*This Endorsement Changes The Policy. Please Read It Carefully.*

## CALIFORNIA EARTH MOVEMENT COVERAGE EXCLUSION

This endorsement modifies insurance provided under the following:

### ALL COVERAGE PARTS

In consideration of premium charged, it is agreed that the following exclusion is added to this policy:

We will not pay for loss or damage caused directly or indirectly by any of the following to property located in the state of California. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

#### Earth Movement:

1. Earthquake, including any earth sinking, rising or shifting related to such event;
2. Landslide, including any earth sinking, rising or shifting related to such event;
3. Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
4. Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But, if Earth Movement, as described in 1. through 4. above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

#### 5. Volcanic Eruption, Explosion or Effusion:

But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- a. Airborne volcanic blast or airborne shock waves;
- b. Ash, dust or particulate matter; or
- c. Lava flow.

All volcanic eruptions that occur within any one hundred sixty eight (168) hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

*This Endorsement Changes The Policy. Please Read It Carefully.*

## **NEW YORK CHANGES – CANCELLATION AND NONRENEWAL**

The following conditions are added and supersede any provisions to the contrary:

### **A. CANCELLATION**

1. The first Named Insured shown in the Declarations may cancel this entire policy by mailing or delivering to us advance written notice of cancellation.

2. **Cancellation Of Policies In Effect**

- a. **60 Days Or Less**

We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (1) 30 days before the effective date of cancellation if we cancel for any reason not included in Paragraph A.2.a.(2) below.
- (2) 15 days before the effective date of cancellation if we cancel for any of the following reasons:
  - (a) Nonpayment of premium, provided however, that a notice of cancellation on this ground shall inform the first Named Insured of the amount due;
  - (b) Conviction of a crime arising out of acts increasing the hazard insured against;
  - (c) Discovery of fraud or material misrepresentation in the obtaining of the policy or in the presentation of a claim;
  - (d) After issuance of the policy or after the last renewal date, discovery of an act or omission, or a violation of any policy condition, that substantially and materially increases the hazard insured against, and that occurred subsequent to inception of the current policy period;
  - (e) Material physical change in the property insured, occurring after issuance or last annual renewal anniversary date of the policy, that results in the property becoming uninsurable in accordance with our objective, uniformly applied underwriting standards in effect at the time the policy was issued or last renewed; or material change in the nature or extent of the risk, occurring after issuance or last annual renewal anniversary date of the policy, that causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed;
  - (f) Required pursuant to a determination by the Superintendent that continuation of our present premium volume would jeopardize our solvency or be hazardous to the interest of our policyholders, our creditors or the public;
  - (g) A determination by the Superintendent that the continuation of the policy would violate, or would place us in violation of, any provision of the Insurance Code; or
  - (h) Where we have reason to believe, in good faith and with sufficient cause, that there is a probable risk of danger that the insured will destroy, or permit to be destroyed, the insured property for the purpose of collecting the insurance proceeds. If we cancel for this reason, you may make a written request to the Insurance Department, within 10 days of receipt of this notice, to review our cancellation decision. Also, we will simultaneously send a copy of this cancellation notice to the Insurance Department.

- b. **For More Than 60 Days**

If this policy has been in effect for more than 60 days, or if this policy is a renewal or continuation of a policy we issued, we may cancel only for any of the reasons listed in Paragraph A.2.a.(2) above, provided:

- (1) We mail the first Named Insured written notice at least 15 days before the effective date of cancellation; and

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(2) If we cancel for nonpayment of premium, our notice of cancellation informs the first Named Insured of the amount due.

3. We will mail or deliver our notice, including the reason for cancellation, to the first Named Insured at the address shown in the policy and to the authorized agent or broker.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata.

However, when the premium is advanced under a premium finance agreement, the cancellation refund will be pro rata. Under such financed policies, we will be entitled to retain a minimum earned premium of 10% of the total policy premium or \$60, whichever is greater. The cancellation will be effective even if we have not made or offered a refund.

6. If notice is mailed, proof of mailing will be sufficient proof of notice.
7. If one of the reasons for cancellation in Paragraph A.2.a.(2) or C.2.b.(2) exists, we may cancel this entire policy, even if the reason for cancellation pertains only to a new coverage or endorsement initially effective subsequent to the original issuance of this policy.

**B. The following is added:**

**1. Nonrenewal**

If we decide not to renew this policy we will send notice as provided in Paragraph B.3. below.

**2. Conditional Renewal**

If we conditionally renew this policy subject to a:

- a. Change of limits;
- b. Change in type of coverage;
- c. Reduction of coverage;
- d. Increased deductible;
- e. Addition of exclusion; or
- f. Increased premiums in excess of 10%, exclusive of any premium increase due to and commensurate with insured value added or increased exposure units; or as a result of experience rating, loss rating, retrospective rating or audit;

we will send notice as provided in Paragraph B.3. below.

**3. Notices Of Nonrenewal And Conditional Renewal**

- a. If we decide not to renew this policy or to conditionally renew this policy as provided in Paragraphs B.1. and B.2. above, we will mail or deliver written notice to the first Named Insured shown in the Declarations at least 60 but not more than 120 days before:
  - (1) The expiration date; or
  - (2) The anniversary date if this is a continuous policy.
- b. Notice will be mailed or delivered to the first Named Insured at the address shown in the policy and to the authorized agent or broker. If notice is mailed, proof of mailing will be sufficient proof of notice.
- c. Notice will include the specific reason(s) for nonrenewal or conditional renewal, including the amount of any premium increase for conditional renewal and description of any other changes.
- d. If we violate any of the provisions of Paragraph B.3.a., b. or c. above by sending the first Named Insured an incomplete or late conditional renewal notice or a late nonrenewal notice:
  - (1) Coverage will remain in effect at the same terms and conditions of this policy at the lower of the current rates or the prior period's rates until 60 days after such notice is mailed or delivered, unless the first Named Insured, during this 60 day period, has replaced the coverage or elects to cancel.

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- (2) On or after the expiration date of this policy, coverage will remain in effect at the same terms and conditions of this policy for another policy period, at the lower of the current rates or the prior period's rates, unless the first Named Insured, during this additional policy period, has replaced the coverage or elects to cancel.
- e. If you elect to renew on the basis of a late conditional renewal notice, the terms, conditions and rates set forth in such notice shall apply:
- (1) Upon expiration of the 60 day period; or
- (2) Notwithstanding the provisions in Paragraphs d.(1) and d.(2), as of the renewal date of the policy if we send the first Named Insured the conditional renewal notice at least 30 days prior to the expiration or anniversary date of the policy.
- f. We will not send you notice of nonrenewal or conditional renewal if you, your authorized agent or broker or another insurer of yours mails or delivers notice that the policy has been replaced or is no longer desired.
- C. The following provisions apply when the Commercial Property Coverage Part is made a part of this policy:
1. Items C.2. and C.3. apply if this policy meets the following conditions:
- a. The policy is issued or issued for delivery in New York State covering property located in this state; and
- b. The policy insures:
- (1) For loss of or damage to structures, other than hotels or motels, used predominantly for residential purposes and consisting of no more than four dwelling units; or
- (2) For loss of or damage to personal property other than farm personal property or business property; or
- (3) Against damages arising from liability for loss of, damage to or injury to persons or property, except liability arising from business or farming; and
- c. The portion of the annual premium attributable to the property and contingencies described in 1.b. exceeds the portion applicable to other property and contingencies.
2. Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following:
- 2. Procedure And Reasons For Cancellation**
- a. We may cancel this entire policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
- (1) 15 days before the effective date of cancellation if we cancel for nonpayment of premium, provided however, that a notice of cancellation on this ground shall inform the first Named Insured of the amount due; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- b. But if this policy:
- (1) Has been in effect for more than 60 days; or
- (2) Is a renewal of a policy we issued:
- we may cancel this policy only for one or more of the following reasons:
- (1) Nonpayment of premium, provided however, that a notice of cancellation on this ground shall inform the first Named Insured of the amount due;
- (2) Conviction of a crime arising out of acts increasing the risk of loss;
- (3) Discovery of fraud or material misrepresentation in obtaining the policy or in making a claim;
- (4) Discovery of willful or reckless acts or omissions increasing the risk of loss;
- (5) Physical changes in the covered property that make that property uninsurable in accordance with our objective and uniformly applied underwriting standards in effect when we:
- (a) Issued the policy; or

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(b) Last voluntarily renewed the policy;

(6) The Superintendent of Insurance's determination that continuing the policy would violate Chapter 28 of the Insurance Law; or

(7) Required pursuant to a determination by the Superintendent of Insurance that the continuation of our present premium volume would be hazardous to the interests of our policyholders, our creditors or the public.

3. The following are added:

**a. Conditional Continuation**

Instead of cancelling this policy, we may continue it on the condition that:

(1) The policy limits be changed; or

(2) Any coverage not required by law be eliminated.

If this policy is conditionally continued, we will mail or deliver to the first Named Insured written notice at least 20 days before the effective date of the change or elimination. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

**b. Nonrenewal**

If, as allowed by the laws of New York State, we:

(1) Do not renew this policy; or

(2) Condition policy renewal upon:

(a) Change of limits; or

(b) Elimination of coverage;

we will mail or deliver written notice of nonrenewal or conditional renewal:

(a) At least 45 days; but

(b) Not more than 60 days;

before the expiration date of the policy. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

D. The following is added to the Commercial Property Coverage Part:

When the property is subject to the Anti-Arson Application in accordance with New York Insurance Department Regulation No. 96, the following provisions are added:

If you fail to return the completed, signed and affirmed anti-arson application to us:

1. Or our broker or agent within 45 days of the effective date of a new policy, we will cancel the entire policy by giving 20 days' written notice to you and to the mortgageholder shown in the Declarations.

2. Before the expiration date of any policy, we will cancel the policy by giving written notice to you and to the mortgageholder shown in the Declarations at least 15 days before the effective date of cancellation.

The cancellation provisions set forth in D.1. and D.2. above supersede any contrary provisions in this policy including this endorsement.

If the notice in D.1. or D.2. above is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

E. The following applies to the Commercial Property Coverage Part:

Paragraphs f. and g. of the Mortgageholders Condition are replaced by the following:

**f. Cancellation**

(1) If we cancel this policy, we will give written notice to the mortgageholder at least:

- 
- (a) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium;  
or
  - (b) 30 days before the effective date of cancellation if we cancel for any other reason.
- (2) If you cancel this policy, we will give written notice to the mortgageholder. With respect to the mortgageholder's interest only, cancellation will become effective on the later of:
- (a) The effective date of cancellation of the insured's coverage; or
  - (b) 10 days after we give notice to the mortgageholder.

**g. Nonrenewal**

- (1) If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.
- (2) If you elect not to renew this policy, we will give written notice to the mortgageholder. With respect to the mortgageholder's interest only, nonrenewal will become effective on the later of:
  - (a) The expiration date of the policy; or
  - (b) 10 days after we give notice to the mortgageholder.

*This Endorsement Changes The Policy. Please Read It Carefully.*

## EXCLUSION AND LIMITED ADDITIONAL COVERAGE ELECTRONIC DATA

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This endorsement modifies insurance provided under the following:

It is agreed that, except as provided in Additional Coverages, below, this policy does not cover Electronic Data.

Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This Paragraph does not apply to your "stock" of prepackaged software.

### **Additional Coverages**

Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.

This additional coverage applies only if caused by any of the following causes of loss and only in the event that the applicable cause of loss is not otherwise excluded by this policy:

Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage; earthquake; flood.

- a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
  - (1) The cost of filling sinkholes; or
  - (2) Sinking or collapse of land into man-made underground cavities.
- b. Falling objects does not include loss or damage to property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
- c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

This additional coverage also applies to loss caused by a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

The most we will pay under this Additional Coverage – Electronic Data is \$2,500 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

*This Endorsement Changes The Policy. Please Read It Carefully.*

## **EXCLUSION AND LIMITED ADDITIONAL COVERAGE FOR FUNGUS**

This endorsement modifies insurance provided under the following:

**A. The following Exclusion is added:**

**EXCLUSION – "Fungus", Wet Rot, Dry Rot And Bacteria**

We will not pay for loss or damage caused directly or indirectly by the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. But if "fungus", wet or dry rot or bacteria results in a "covered cause of loss", we will pay for the loss or damage caused by that "covered cause of loss".

This exclusion does not apply:

1. When "fungus", wet or dry rot or bacteria results from fire or lightning; or
2. To the extent that coverage is provided in the Additional Coverage - Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

**B. The following Additional Coverage is added:**

**ADDITIONAL COVERAGE - Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria**

1. This limited coverage applies only when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence, and only if any loss resulting from the following is reported to us within 60 days of the occurrence.
  - a. A "covered cause of loss" other than fire or lightning; or
  - b. Flood, if the Flood Coverage Endorsement applies to the affected premises.
2. Under conditions described in item B.1. above, we will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
  - a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
  - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
  - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.
3. The coverage provided under this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.
4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

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If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

C. The following Definition is added:

"Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

*This Endorsement Changes The Policy. Please Read It Carefully.*

## **SUBLIMIT DEFINITION**

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This endorsement modifies insurance provided under the following:

Limits referred to as "sublimits" are part of, not in addition to, the Limit of Insurance applicable to the Covered Property as shown in the Declarations.

*This Endorsement Changes The Policy. Please Read It Carefully.*

## EXCLUSION OF PATHOGENIC OR POISONOUS BIOLOGICAL OR CHEMICAL MATERIALS

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This endorsement modifies insurance provided under the following:

The following exclusion is added:

We will not pay for loss or damage caused directly or indirectly by the discharge, dispersal, seepage, migration, release, escape or application of any pathogenic or poisonous biological or chemical materials. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

However, if both A. and B. below apply, we will pay up to a maximum of \$10,000 for any and all claims for such loss or damage arising out of events occurring within the term of this policy:

- A. The pathogenic or poisonous biological or chemical materials are normally kept at or brought onto your premises, with your consent, for use in your business operations at your premises; and
- B. The discharge, dispersal, seepage, migration, release, escape or application of the pathogenic or poisonous biological or chemical materials is accidental and is not the result of a willful or malicious act against any persons, organizations, or property of any nature.

## COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

### A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

### B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

### C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

### D. Inspections And Surveys

1. We have the right to:
  - a. Make inspections and surveys at any time;

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

- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

### E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

### F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

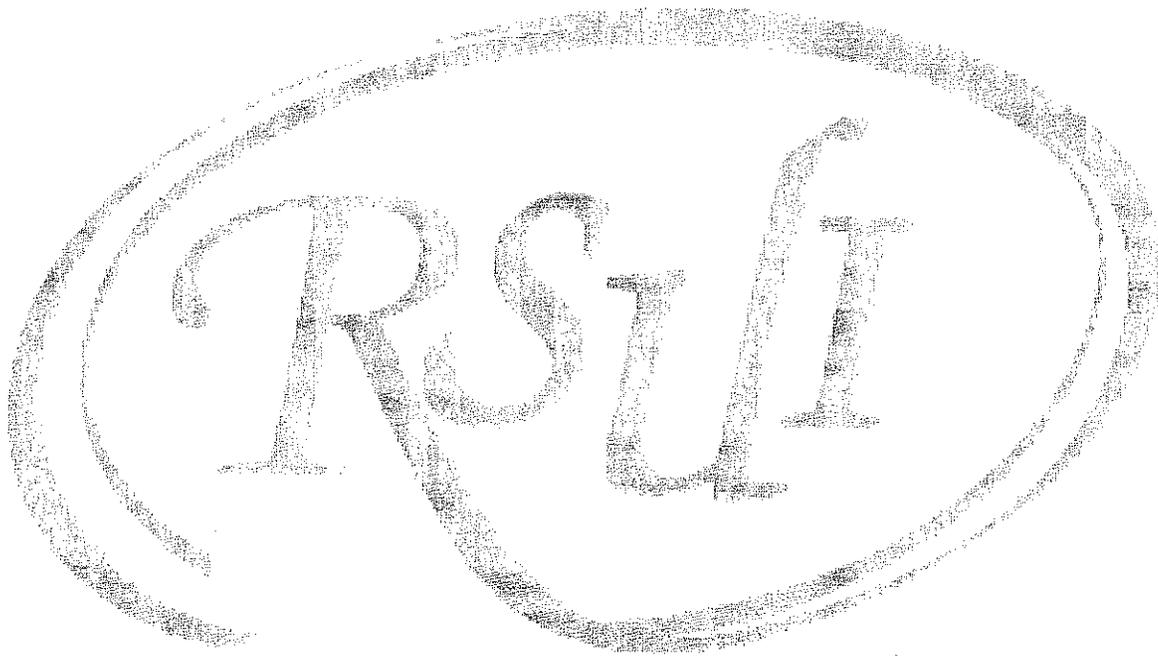
# NEW YORK STATE BRIDGE AUTHORITY

## EXCESS BRIDGE PROPERTY DAMAGE & LOSS OF REVENUE (U&O) INSURANCE

### \$180MM Excess of \$200MM Primary

<u>Insurer</u>	<u>Limits</u>	<u>Premium</u>
ACE American Ins. Co.	\$ 98,000,000 p/o \$180MM	\$110,986
RSUI Indemnity Co.	\$ 30,000,000 p/o \$180MM	\$ 33,975
XL Ins. American	\$ 27,000,000 p/o \$180MM	\$ 30,578
Arch Specialty	\$ 25,000,000 p/o \$180MM	\$ 28,313
	<u>\$180MM Excess of \$200MM</u>	<u>\$203,852</u>

**Note:** Copy of RSUI Excess Policy Attached



*Excess Policy*

*New York  
Commercial Insurance Protection*

Mail claims to:  
945 E. Paces Ferry Rd.  
Suite 1800  
Atlanta, GA 30326-1160

CLAIM OFFICE:

Fax claims to:  
(404) 264-7239  
(Attn: Claims Department)

*This Endorsement Changes The Policy. Please Read It Carefully*

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Additional Premium Excluding TRIA:	\$30,462.00
Additional TRIA Premium:	\$3,513.00
Total Additional Premium Due This Endorsement:	\$33,975.00

In consideration of the additional premium shown above, it is agreed that the Annual Installment for the period of 01/01/11 to 01/01/12 is now due and payable.

It is further agreed that Coverage is based on Total Insurable Values of \$1,570,674,000., which includes \$165,000,000 for Walkway over the Hudson Bridge but a sublimit of \$80,000,000.

All other terms, conditions and warranties remaining unchanged.

This endorsement effective 01/01/2011  
forms part of Policy Number NHD364856  
issued to New York State Bridge Authority

Endorsement No.: 2 REVISED  
Date Processed : 12/31/2010

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*This Endorsement Changes The Policy. Please Read It Carefully*

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Additional Premium Excluding TRIA:	\$31,250.00
Additional TRIA Premium:	\$3,449.00
Total Additional Premium Due This Endorsement:	\$34,699.00

In consideration of the additional premium shown above, it is agreed that the Annual Installment for the period of 01/01/11 to 01/01/12 is now due and payable.

It is further agreed that Coverage is based on Total Insurable Values of \$1,600,630,000., which includes \$165,000,000 for Walkway over the Hudson Bridge but a sublimit of \$80,000,000.

All other terms, conditions and warranties remaining unchanged.

This endorsement effective 01/01/2011  
forms part of Policy Number NHD364856  
issued to New York State Bridge Authority

Endorsement No.: 2  
Date Processed : 12/31/2010

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*This Endorsement Changes The Policy. Please Read It Carefully*

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It is hereby understood and agreed the following changes are made to the policy effective 01/01/10:

- 1) Amend Total Insured Values under Item 2. on the Excess Physical Damage Schedule to read as follows:  
\$1,368,698,000 in lieu of \$1,268,698,000.
  
- 2) Add Cancellation Amendatory Endorsement as per Endorsement #2 attached.
  
- 3) Amend rate on form RSG94038 – Reporting Endorsement to read: .0021 (Annual) + 11.11% (TRIA),  
being 16.667% (RSUI participation) / (.0145 – 100%).

All other terms, conditions and warranties remaining unchanged.

This endorsement effective 01/01/2010  
forms part of Policy Number NHD364856  
issued to New York State Bridge Authority

Endorsement No.: 1  
Date Processed : 10/26/2010

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*This Endorsement Changes The Policy. Please Read It Carefully.*

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**CANCELLATION AMENDATORY ENDORSEMENT**

It is hereby understood and agreed that the cancellation provisions shown in Item A.2.b. on form IL0017 1198 – Common Policy Conditions, form RSG93028 0405 – New York Changes-Cancellation and Non Renewal and Item 6. – Cancellation – on form RSG91002 0108 – Excess Physical Damage Coverage Form are amended to follow the Cancellation/Non-Renewal Clause (Item 22.) of the Primary Policy Form.



Policy Number: NHD364856  
Insurer: RSUI INDEMNITY COMPANY  
Named Insured: New York State Bridge Authority

**NOTICE - DISCLOSURE OF TERRORISM PREMIUM**

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown below.

**DISCLOSURE OF PREMIUM**

The portion of your premium for the policy term attributable to coverage for terrorist acts certified under the Act is

\$ 3,308. 1<sup>st</sup> Year Installment  
3,308. 2<sup>nd</sup> Year Installment

**DISCLOSURE OF FEDERAL PARTICIPATION IN PAYMENT OF TERRORISM LOSSES**

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

**State Fraud Statements**  
**Fraud Statements – Signature Required for New York Only**

**ARKANSAS, LOUISIANA, RHODE ISLAND, TEXAS AND WEST VIRGINIA FRAUD STATEMENT**

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

**ALASKA FRAUD STATEMENT**

A person who knowingly and with intent to injure, defraud, or deceive an insurance company files a claim containing false, incomplete, or misleading information may be prosecuted under state law.

**ARIZONA FRAUD STATEMENT**

For your protection Arizona law requires the following statement to appear on this form. Any person who knowingly presents a false or fraudulent claim for payment of a loss is subject to criminal and civil penalties.

**CALIFORNIA FRAUD STATEMENT**

For your protection, California law requires that you be made aware of the following: Any person who knowingly presents false or fraudulent claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

**COLORADO FRAUD STATEMENT**

It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado division of insurance within the department of regulatory agencies.

**DISTRICT OF COLUMBIA FRAUD STATEMENT**

**WARNING:** It is a crime to provide false, or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

**FLORIDA FRAUD STATEMENT**

Any person who knowingly and with intent to injure, defraud or deceive any insurer, files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

**HAWAII FRAUD STATEMENT**

For your protection, Hawaii law requires you to be informed that any person who presents a fraudulent claim for payment of a loss or benefit is guilty of a crime punishable by fines or imprisonment, or both.

**IDAHO FRAUD STATEMENT**

Any person who knowingly, and with intent to defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is guilty of a felony.

**INDIANA FRAUD STATEMENT**

Any person who knowingly and with intent to defraud an insurer files a statement of claim containing any false, incomplete, or misleading information commits a felony.

### **KENTUCKY FRAUD STATEMENT**

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime.

### **MAINE FRAUD STATEMENT**

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines or a denial of insurance benefits.

### **MARYLAND FRAUD STATEMENT**

Any person who knowingly and willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly and willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

### **MINNESOTA FRAUD STATEMENT**

Any person who files a claim with intent to defraud or helps commit a fraud against an insurer is guilty of a crime.

### **NEW HAMPSHIRE FRAUD STATEMENT**

Any person who, with a purpose to injure, defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is subject to prosecution and punishment for insurance fraud, as provided in RSA 638:20.

### **NEW JERSEY FRAUD STATEMENT**

Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

### **NEW MEXICO FRAUD STATEMENT**

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties.

### **OHIO FRAUD STATEMENT**

Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

### **OKLAHOMA FRAUD STATEMENT**

**WARNING:** Any person who knowingly and with intent to injure, defraud, or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

### **OREGON FRAUD STATEMENT**

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents materially false information in an application for insurance may be guilty of a crime and may be subject to fines and confinement in prison.

### **PENNSYLVANIA FRAUD STATEMENT**

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

### **TENNESSEE, VIRGINIA, AND WASHINGTON FRAUD STATEMENT**

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

**SIGNATURE REQUIRED**  
**NEW YORK FRAUD STATEMENT**

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

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Insured/Applicant/Claimant

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By (Authorized Representative)

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Title

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Date

*This Endorsement Changes The Policy. Please Read It Carefully.*

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**SCHEDULE OF POLICY ATTACHMENTS AND FORMS**

<u>Form Number</u>	<u>Form Title</u>
Endorsement #1	Annual Instalment Endorsement
RSG94062 1009 ✓	Excess Physical Damage Schedule
RSG91002 0108 ✓	Excess Physical Damage Coverage Form
RSG93028 0405 ✓	New York Changes -- Cancellation And Nonrenewal
RSG94005 0304 ✓	Certificates Of Insurance
RSG94030 1003 ✓	Exclusion And Limited Additional Coverage -- Electronic Data
RSG94038 0204	Reporting Endorsement
RSG96004 0903 ✓	Exclusion And Limited Additional Coverage For Fungus
RSG96014 0504 ✓	Exclusion Of Pathogenic Or Poisonous Biological Or Chemical Materials
IL0017 1198 ✓	Common Policy Conditions

*This Endorsement Changes The Policy. Please Read It Carefully.*

## ANNUAL INSTALLMENT AND ADJUSTMENT ENDORSEMENT

This endorsement modifies insurance provided under the following:

### ALL COVERAGE PARTS

- A. It is hereby understood and agreed that the premium shown on the Common Policy Declarations is the First Annual Installment for the period 01/01/10 to 01/01/11. It is further agreed that subsequent Annual Installment(s) will be payable to the Company.
- B. It is understood that the annual premium shown herein is calculated on the basis of the value of the property insured as reported to the Company. It is a condition of this policy that the Insured maintain an accurate record of the value of the property insured and that a statement be submitted to the Company at the end of each annual period showing the average value of the property insured over the preceding twelve months.

*This Endorsement Changes The Policy. Please Read It Carefully.*

**NEW YORK STATE BRIDGE AUTHORITY  
EXCESS PHYSICAL DAMAGE SCHEDULE**

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Item

1. Named Insured: New York State Bridge Authority ✓  
Name Incomplete - Further Defined In Primary Policy Form
2. Addresses of Insured Premises: As Per Schedule Of Locations And Values Totaling \$1,268,698,000,  
Submitted And On File With The Company 1,368,698,000
3. Perils Covered: All Risk Excluding Flood And Earth Movement And Excluding Earthquake  
Sprinkler Leakage
4. Property Covered: Coverage Is Limited To Six Bridges, And Related Use And Occupancy As Per  
Schedule On File With The Company
5. Primary Insurers and Policy Numbers: Lexington Insurance Company  
Policy Number: 025031359 ✓  
RSUI Indemnity Company  
Policy Number: NHD364855 ✓  
XL Ins. Co.  
Policy Number: US00009993PR010A ✓

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6. Primary Limits and Underlying Excess Limits: \$200,000,000 Per Occurrence ✓

7. Limit Insured: \$30,000,000 Part Of \$180,000,000 Per Occurrence ✓

*\*Sublimits:*

*\*Sublimits are part of, not in addition to, the Limit Insured.* ✓

8. Notification of Claims to: RSUI Group, Inc.  
945 East Paces Ferry Road  
Suite 1800  
Atlanta, GA 30326  
Attn: Claims Department

*This Endorsement Changes The Policy. Please Read It Carefully.*

## EXCESS PHYSICAL DAMAGE COVERAGE FORM

Notwithstanding any provision(s) contained within the primary or underlying policies to the contrary, this policy is amended as follows:

### 1. INSURING CLAUSE:

Subject to the limitations, terms and conditions contained in this Policy or added hereto, the Company agrees to indemnify the Insured named in the schedule herein in respect of direct physical loss or damage to the property described in the schedule while located or contained as described in the schedule, occurring during the period stated in the schedule and caused by any of such perils as are set forth in Item 3 of the schedule, and which are also covered by and defined in the policy(ies) specified in the schedule and issued by the "Primary Insurer(s)" stated therein.

### 2. LIMIT:

Provided always that liability attaches to the Company only after any self-insured retention and the primary and underlying excess insurer(s) have paid or have admitted liability for the full amount of their respective ultimate net loss liability as set forth in Item 6 of the Excess Physical Damage Schedule and designated "Primary and Underlying Excess Limit(s)" and then the limits of the Company's liability shall be those set forth in Item 7 under the designation "Limit Insured" and the Company shall be liable to pay the ultimate net loss up to the full amount of such "Limit Insured."

The maximum recovery in any one occurrence for any coverage(s) or peril(s) subject to a sublimit shall be that sublimit provided by the primary and/or underlying excess policy(ies) and in no event shall the Company be liable for any amounts over the sublimit contained within the primary and/or underlying excess policy(ies) for the coverage(s) or peril(s) to which that sublimit applies.

In the event that any perils against which this policy insures are subject to an aggregate limit in the primary and/or underlying excess policy(ies), liability attaches to the company only in the event that:

1. The **Ultimate Net Loss** exceeds the "Primary and Underlying Excess Limit(s)" as a result of loss or damage arising out of a single occurrence, or
2. Item 6 of the Excess Physical Damage Schedule specifies that the "Primary and Underlying Excess Limit(s)" apply on an aggregate basis for the peril which caused the loss or damage.

### 3. DEFINITIONS:

- (a) **Loss:** The word **Loss** shall mean a loss or series of losses arising out of one event or occurrence.
- (b) **Ultimate Net Loss:** The words **Ultimate Net Loss** shall mean the loss sustained by the Insured as a result of the happening of the perils covered by this Policy after making deductions for all salvages, recoveries, self-insured retentions and other valid and collectible insurance [other than recoveries under the policy(ies) of the primary and underlying excess Insurer(s)].
- (c) **Earth Movement**
  - 1) **Earthquake**, including any earth sinking, rising or shifting related to such event;
  - 2) **Landslide**, including any earth sinking, rising or shifting related to such event;
  - 3) **Mine subsidence**, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
  - 4) **Earth sinking** (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.
  - 5) **Volcanic eruption**, meaning the eruption, explosion or effusion of a volcano.

(d) **Earthquake**

- 1) Quaking, vibratory or undulating movement of a portion of the earth's crust, produced by tectonic or underground volcanic forces or by breaking, shaking, trembling or shifting of rock beneath the earth's crust. This definition of Earthquake does not include subsidence, landslide, rock slide, mudflow, earth rising, earth sinking, earth shifting or settling; unless, as a direct result of such Earthquake.

Earthquake shock shall be defined as the sum total of all the Insured's losses attributable directly from the peril of Earthquake sustained during any period of 72 consecutive hours by reason of one Earthquake shock or a series of Earthquake shocks .

- 2) Volcanic eruption, meaning the eruption, explosion or effusion of a volcano. All volcanic eruptions that occur within any one hundred sixty eight (168) hour period will constitute a single occurrence.

(e) **Flood**

- 1) Flood, surface water, rising waters, waves, tides, tidal waves, storm surge, overflow of any body of water or their spray; all whether driven by wind or not;
- 2) Mudslide or mudflow;
- 3) Water that backs up from any sewer or drain; or Water that seeps, leaks or flows from below the surface of the ground;
- 4) The rising, overflowing or breaking of boundaries of natural or man made bodies of water; or
- 5) The release of water held by a dam, levee or dike or by a water or flood control device.
- 6) The release of water caused by the Acts, Errors or Omissions by you or others in the design, specifications, workmanship, repair, construction, or renovation of all or any part of a water or flood control device, levee, dam or dike.
- 7) Inundation of normally dry land by natural or man-made cause.
- 8) Water inundation from any cause whatsoever.

However, **Flood** does not include the accidental discharge or leakage of water as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance.

**4. APPLICATION OF RECOVERIES:**

All salvages, recoveries or payments recovered or received subsequent to a loss settlement under this Policy shall be applied as if recovered or received prior to such settlement and all necessary adjustments shall then be made between the Insured and the Company; provided always that nothing in this Policy shall be construed to mean that losses under this Policy are not recoverable until the Insured's ultimate net loss has been fully ascertained.

There is no recovery under this excess policy as respects those coverage(s) or peril(s) which are sublimited within the primary and/or underlying excess policy(ies) to amounts less than or equal to the amount indicated in item 6 of the Excess Physical Damage Schedule, however, the Insurers to this excess policy recognize that the primary and underlying excess policy limits can be eroded or exhausted, wholly or partially, by application of said sublimits.

**5. MAINTENANCE OF PRIMARY INSURANCE:**

In respect of the perils hereby insured against, this Policy follows the form of and is subject to the same warranties, terms and conditions (except as regards the premium, the amount and limits of liability other than the deductible or self-insurance provision where applicable, and the renewal agreement, if any; and EXCEPT AS OTHERWISE PROVIDED HEREIN) as are contained in or as may be added to the policy(ies) of the primary insurer(s) prior to the happening of a loss for which claim is made hereunder, and should any alteration be made in the premium for the policy(ies) of the primary insurer(s), then the premium hereon shall be adjusted accordingly.

It is a condition of this Policy that the policy(ies) of the primary insurer(s) and underlying excess insurer(s) shall be maintained in full effect during the currency of this Policy.

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**6. CANCELLATION:**

This insurance may be cancelled by the Insured at any time by written notice or by surrender of this policy.

This insurance may also be cancelled by or on behalf of the Company by delivering to the Insured or by mailing to the Insured, by registered, certified or other first class mail, at the Insured's address as shown on this insurance, written notice stating when, not less than 30 days (10 for non-payment of premium) thereafter, the cancellation shall be effective.

The mailing of such notice as aforesaid shall be sufficient proof of notice and this insurance shall terminate at the date and hour specified in such notice.

If this insurance shall be cancelled by the Insured, the Company shall retain the customary short rate proportion of the premium hereon except that if this insurance is on an adjustable basis, the Company shall receive the earned premium hereon or the customary short rate proportion of any minimum premium stipulated herein, whichever is the greater.

If this insurance shall be cancelled by or on behalf of the Company, the Company shall retain the pro rata proportion of the premium hereon, except that if this insurance is on an adjustable basis, the Company shall receive the earned premium hereon or the pro rata proportion of any minimum stipulated therein, whichever is greater.

Payment or tender of any unearned premium by the Company shall not be a condition precedent to the effectiveness of cancellation, but such payment shall be made as soon as practicable.

If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

**7. NOTIFICATION OF CLAIMS:**

The Insured, upon knowledge of any occurrence likely to give rise to a claim hereunder, shall give immediate written notice thereof to the person(s) or firm named for the purpose in the schedule.

**8. EXCLUSIONS:**

(a) Pollution

Notwithstanding any provision to contrary in any underlying policy whether primary or excess, this policy does not cover loss or damage caused directly or indirectly by or resulting from release, discharge or dispersal of contaminants or pollutants or the cost of cleaning up polluting and contaminating substances. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

(b) Perils Excluded in Item 3. of the Excess Physical Damage Schedule

Notwithstanding any provision to contrary in any underlying policy whether primary or excess, this policy does not cover loss or damage caused directly or indirectly by the perils which are specifically excluded in Section 3. of the Excess Physical Damage Schedule. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

*This Endorsement Changes The Policy. Please Read It Carefully.*

## NEW YORK CHANGES – CANCELLATION AND NONRENEWAL

The following conditions are added and supersede any provisions to the contrary:

### A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this entire policy by mailing or delivering to us advance written notice of cancellation.

#### 2. Cancellation Of Policies In Effect

##### a. 60 Days Or Less

We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (1) 30 days before the effective date of cancellation if we cancel for any reason not included in Paragraph A.2.a.(2) below.
- (2) 15 days before the effective date of cancellation if we cancel for any of the following reasons:
  - (a) Nonpayment of premium, provided however, that a notice of cancellation on this ground shall inform the first Named Insured of the amount due;
  - (b) Conviction of a crime arising out of acts increasing the hazard insured against;
  - (c) Discovery of fraud or material misrepresentation in the obtaining of the policy or in the presentation of a claim;
  - (d) After issuance of the policy or after the last renewal date, discovery of an act or omission, or a violation of any policy condition, that substantially and materially increases the hazard insured against, and that occurred subsequent to inception of the current policy period;
  - (e) Material physical change in the property insured, occurring after issuance or last annual renewal anniversary date of the policy, that results in the property becoming uninsurable in accordance with our objective, uniformly applied underwriting standards in effect at the time the policy was issued or last renewed; or material change in the nature or extent of the risk, occurring after issuance or last annual renewal anniversary date of the policy, that causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed;
  - (f) Required pursuant to a determination by the Superintendent that continuation of our present premium volume would jeopardize our solvency or be hazardous to the interest of our policyholders, our creditors or the public;
  - (g) A determination by the Superintendent that the continuation of the policy would violate, or would place us in violation of, any provision of the Insurance Code; or
  - (h) Where we have reason to believe, in good faith and with sufficient cause, that there is a probable risk of danger that the insured will destroy, or permit to be destroyed, the insured property for the purpose of collecting the insurance proceeds. If we cancel for this reason, you may make a written request to the Insurance Department, within 10 days of receipt of this notice, to review our cancellation decision. Also, we will simultaneously send a copy of this cancellation notice to the Insurance Department.

##### b. For More Than 60 Days

If this policy has been in effect for more than 60 days, or if this policy is a renewal or continuation of a policy we issued, we may cancel only for any of the reasons listed in Paragraph A.2.a.(2) above, provided:

- (1) We mail the first Named Insured written notice at least 15 days before the effective date of cancellation; and

(2) If we cancel for nonpayment of premium, our notice of cancellation informs the first Named Insured of the amount due.

3. We will mail or deliver our notice, including the reason for cancellation, to the first Named Insured at the address shown in the policy and to the authorized agent or broker.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata.

However, when the premium is advanced under a premium finance agreement, the cancellation refund will be pro rata. Under such financed policies, we will be entitled to retain a minimum earned premium of 10% of the total policy premium or \$60, whichever is greater. The cancellation will be effective even if we have not made or offered a refund.

6. If notice is mailed, proof of mailing will be sufficient proof of notice.
7. If one of the reasons for cancellation in Paragraph A.2.a.(2) or C.2.b.(2) exists, we may cancel this entire policy, even if the reason for cancellation pertains only to a new coverage or endorsement initially effective subsequent to the original issuance of this policy.

B. The following is added:

1. **Nonrenewal**

If we decide not to renew this policy we will send notice as provided in Paragraph B.3. below.

2. **Conditional Renewal**

If we conditionally renew this policy subject to a:

- a. Change of limits;
- b. Change in type of coverage;
- c. Reduction of coverage;
- d. Increased deductible;
- e. Addition of exclusion; or
- f. Increased premiums in excess of 10%, exclusive of any premium increase due to and commensurate with insured value added or increased exposure units; or as a result of experience rating, loss rating, retrospective rating or audit;

we will send notice as provided in Paragraph B.3. below.

3. **Notices Of Nonrenewal And Conditional Renewal**

- a. If we decide not to renew this policy or to conditionally renew this policy as provided in Paragraphs B.1. and B.2. above, we will mail or deliver written notice to the first Named Insured shown in the Declarations at least 60 but not more than 120 days before:
  - (1) The expiration date; or
  - (2) The anniversary date if this is a continuous policy.
- b. Notice will be mailed or delivered to the first Named Insured at the address shown in the policy and to the authorized agent or broker. If notice is mailed, proof of mailing will be sufficient proof of notice.
- c. Notice will include the specific reason(s) for nonrenewal or conditional renewal, including the amount of any premium increase for conditional renewal and description of any other changes.
- d. If we violate any of the provisions of Paragraph B.3.a., b. or c. above by sending the first Named Insured an incomplete or late conditional renewal notice or a late nonrenewal notice:
  - (1) Coverage will remain in effect at the same terms and conditions of this policy at the lower of the current rates or the prior period's rates until 60 days after such notice is mailed or delivered, unless the first Named Insured, during this 60 day period, has replaced the coverage or elects to cancel.

- 
- (2) On or after the expiration date of this policy, coverage will remain in effect at the same terms and conditions of this policy for another policy period, at the lower of the current rates or the prior period's rates, unless the first Named Insured, during this additional policy period, has replaced the coverage or elects to cancel.
- e. If you elect to renew on the basis of a late conditional renewal notice, the terms, conditions and rates set forth in such notice shall apply:
- (1) Upon expiration of the 60 day period; or
- (2) Notwithstanding the provisions in Paragraphs d.(1) and d.(2), as of the renewal date of the policy if we send the first Named Insured the conditional renewal notice at least 30 days prior to the expiration or anniversary date of the policy.
- f. We will not send you notice of nonrenewal or conditional renewal if you, your authorized agent or broker or another insurer of yours mails or delivers notice that the policy has been replaced or is no longer desired.
- C. The following provisions apply when the Commercial Property Coverage Part is made a part of this policy:
1. Items C.2. and C.3. apply if this policy meets the following conditions:
- a. The policy is issued or issued for delivery in New York State covering property located in this state; and
- b. The policy insures:
- (1) For loss of or damage to structures, other than hotels or motels, used predominantly for residential purposes and consisting of no more than four dwelling units; or
- (2) For loss of or damage to personal property other than farm personal property or business property; or
- (3) Against damages arising from liability for loss of, damage to or injury to persons or property, except liability arising from business or farming; and
- c. The portion of the annual premium attributable to the property and contingencies described in 1.b. exceeds the portion applicable to other property and contingencies.
2. Paragraph 2. of the Cancellation Common Policy Condition is replaced by the following:
- 2. Procedure And Reasons For Cancellation**
- a. We may cancel this entire policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
- (1) 15 days before the effective date of cancellation if we cancel for nonpayment of premium, provided however, that a notice of cancellation on this ground shall inform the first Named Insured of the amount due; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- b. But if this policy:
- (1) Has been in effect for more than 60 days; or
- (2) Is a renewal of a policy we issued:
- we may cancel this policy only for one or more of the following reasons:
- (1) Nonpayment of premium, provided however, that a notice of cancellation on this ground shall inform the first Named Insured of the amount due;
- (2) Conviction of a crime arising out of acts increasing the risk of loss;
- (3) Discovery of fraud or material misrepresentation in obtaining the policy or in making a claim;
- (4) Discovery of willful or reckless acts or omissions increasing the risk of loss;
- (5) Physical changes in the covered property that make that property uninsurable in accordance with our objective and uniformly applied underwriting standards in effect when we:
- (a) Issued the policy; or

(b) Last voluntarily renewed the policy;

(6) The Superintendent of Insurance's determination that continuing the policy would violate Chapter 28 of the Insurance Law; or

(7) Required pursuant to a determination by the Superintendent of Insurance that the continuation of our present premium volume would be hazardous to the interests of our policyholders, our creditors or the public.

3. The following are added:

**a. Conditional Continuation**

Instead of cancelling this policy, we may continue it on the condition that:

(1) The policy limits be changed; or

(2) Any coverage not required by law be eliminated.

If this policy is conditionally continued, we will mail or deliver to the first Named Insured written notice at least 20 days before the effective date of the change or elimination. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

**b. Nonrenewal**

If, as allowed by the laws of New York State, we:

(1) Do not renew this policy; or

(2) Condition policy renewal upon:

(a) Change of limits; or

(b) Elimination of coverage;

we will mail or deliver written notice of nonrenewal or conditional renewal:

(a) At least 45 days; but

(b) Not more than 60 days;

before the expiration date of the policy. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

**D.** The following is added to the Commercial Property Coverage Part:

When the property is subject to the Anti-Arson Application in accordance with New York Insurance Department Regulation No. 96, the following provisions are added:

If you fail to return the completed, signed and affirmed anti-arson application to us:

1. Or our broker or agent within 45 days of the effective date of a new policy, we will cancel the entire policy by giving 20 days' written notice to you and to the mortgageholder shown in the Declarations.

2. Before the expiration date of any policy, we will cancel the policy by giving written notice to you and to the mortgageholder shown in the Declarations at least 15 days before the effective date of cancellation.

The cancellation provisions set forth in D.1. and D.2. above supersede any contrary provisions in this policy including this endorsement.

If the notice in D.1. or D.2. above is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

**E.** The following applies to the Commercial Property Coverage Part:

Paragraphs f. and g. of the **Mortgageholders** Condition are replaced by the following:

**f. Cancellation**

(1) If we cancel this policy, we will give written notice to the mortgageholder at least:

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(a) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium;  
or

(b) 30 days before the effective date of cancellation if we cancel for any other reason.

(2) If you cancel this policy, we will give written notice to the mortgageholder. With respect to the mortgageholder's interest only, cancellation will become effective on the later of:

(a) The effective date of cancellation of the insured's coverage; or

(b) 10 days after we give notice to the mortgageholder.

**g. Nonrenewal**

(1) If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

(2) If you elect not to renew this policy, we will give written notice to the mortgageholder. With respect to the mortgageholder's interest only, nonrenewal will become effective on the later of:

(a) The expiration date of the policy; or

(b) 10 days after we give notice to the mortgageholder.

*This Endorsement Changes The Policy. Please Read It Carefully.*

## CERTIFICATES OF INSURANCE

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This endorsement modifies insurance provided under the following:

### **ALL COVERAGE PARTS**

Holders of Certificates of Insurance issued against this policy that are shown as Additional Insureds, Mortgagees, or Loss Payees are added to this policy as interest may appear as respects the property listed on the certificate.

*This Endorsement Changes The Policy. Please Read It Carefully.*

## EXCLUSION AND LIMITED ADDITIONAL COVERAGE ELECTRONIC DATA

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This endorsement modifies insurance provided under the following:

It is agreed that, except as provided in Additional Coverages, below, this policy does not cover Electronic Data.

Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This Paragraph does not apply to your "stock" of prepackaged software.

### **Additional Coverages**

Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.

This additional coverage applies only if caused by any of the following causes of loss and only in the event that the applicable cause of loss is not otherwise excluded by this policy:

Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage; earthquake; flood.

- a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
  - (1) The cost of filling sinkholes; or
  - (2) Sinking or collapse of land into man-made underground cavities.
- b. Falling objects does not include loss or damage to property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
- c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

This additional coverage also applies to loss caused by a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

The most we will pay under this Additional Coverage – Electronic Data is \$2,500 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

This Endorsement Changes The Policy. Please Read It Carefully.

**REPORTING ENDORSEMENT**

This endorsement modifies insurance provided under the following Coverage Form:

*Revised to  
33,975 at  
11/11 Anniversary*

**ALL COVERAGE PARTS**

Deposit Premium \$ 33,082. Annual	Rate \$ .0021 (Annual)	Minimum Annual Premium \$ 29,774. + \$3,308. TRIA
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Reporting Period	Premium Adjustment Period	Premium Base
<input type="checkbox"/> Monthly	<input type="checkbox"/> Monthly	<input type="checkbox"/> "Gross Receipts"
<input type="checkbox"/> Quarterly	<input type="checkbox"/> Quarterly	<input type="checkbox"/> Gross Sales
<input type="checkbox"/> Semi-annually	<input type="checkbox"/> Semi-annually	<input type="checkbox"/> Shipments
<input checked="" type="checkbox"/> Annually	<input checked="" type="checkbox"/> Annually	<input checked="" type="checkbox"/> Values at Risk Locations
		<input type="checkbox"/> Other – Indicate Type _____

Special REPORTING ENDORSEMENT Provisions, if any: Coverage applies for a two year term, 01/01/10 to 01/01/12. Annual Adjustment of premium on existing rate based on updated values received by 01/01/11.

The following Reports and Premium condition is added to the Additional Conditions Section of the Coverage Form(s) to which this Reporting Endorsement applies. If the applicable Coverage Form contains a Coinsurance Condition, it is deleted and replaced by this Reports and Premium condition.

**REPORTS AND PREMIUM**

**1. Deposit Premium.**

The Deposit Premium is due as of the policy inception date and applies to each annual policy period.

**2. Reports.**

Within 30 days after the end of each Reporting Period, you will report to us the amount of the Premium Base.

**3. Rates and Premium.**

**a. Premium Computation.**

The computed premium will be determined as of each Premium Adjustment Period by applying the Rate to the amount of Premium Base reported.

**b. Premium Adjustment.**

(1) When the Premium Adjustment Period is Annual, we will compare the total computed premium to the Deposit Premium. If it is more than the Deposit Premium, you will pay us the difference. If it is less than the Deposit Premium, we will pay you the difference.

(2) When the Premium Adjustment Period is other than Annual, we will apply the computed premium to the Deposit Premium until it is used up. You will pay us all premiums that exceed the Deposit Premium.

c. **Minimum Premium.**

You must pay the Minimum Annual Premium when:

- (1) The total computed premium is less than the Minimum Annual Premium; or
- (2) You cancel this Coverage Form.

d. **If this coverage is cancelled:**

- (1) When the Premium Base is Values at Risk at Locations, you will report the amount of values as of the date of cancellation. We will compute the premium for less than a full adjustment period on a pro rata basis.
- (2) When the Premium Base is other than Values at Risk at Locations, you will report the amount of the Premium Base up to and including the date of cancellation.

**4. Full Reporting of Premium Base.**

If as of the time of loss or damage:

- a. You have not submitted any required reports, we will not pay more than 90% of the amount that we would otherwise have paid.
- b. Your last report prior to loss or damage is less than the amount you are required to report, we will pay only that proportion of the loss damage that the reported amount bears to the total amount of the Premium Base as of the time of the last report.

**5. Report of Values at Risk at Locations and Limit of Insurance.**

- a. If you have failed to submit the required reports of value as of the time of loss or damage, we will not pay more than the amount included in your last report of value.
- b. Although the reported value will be used in computing premium, we will not pay more than the applicable Limit of Insurance shown in the Coverage Form Declarations to which this Reporting Endorsement applies.

**6. Annual Rerating.**

This coverage will be rerated at each anniversary. The coverage will be changed to reflect the rates then in effect. You agree to furnish us with information we require for rerating purposes within 30 days after each anniversary.

**7. Definitions of Gross Receipts.**

- a. Gross Receipts means the total amount, whether collected or uncollected, of the charges to which you are entitled for the work or services performed in the conduct of your business.
- b. Except if the Coverage Form is Motor Truck Cargo Liability, Gross Receipts means the total amount, whether collected or uncollected, for the charges to which you are entitled for the packing, loading, unloading and transportation of Covered Property regardless of whether you or any other carrier originated the transportation.

No deduction will be made for any payment you make to others for either the lease of equipment to you or the transportation of property under your operating authority.

All other terms and conditions remain unchanged.

*This Endorsement Changes The Policy. Please Read It Carefully.*

## EXCLUSION AND LIMITED ADDITIONAL COVERAGE FOR FUNGUS

This endorsement modifies insurance provided under the following:

### ALL COVERAGE PARTS

A. The following Exclusion is added:

#### **EXCLUSION – "Fungus", Wet Rot, Dry Rot And Bacteria**

We will not pay for loss or damage caused directly or indirectly by the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. But if "fungus", wet or dry rot or bacteria results in a "covered cause of loss", we will pay for the loss or damage caused by that "covered cause of loss".

This exclusion does not apply:

1. When "fungus", wet or dry rot or bacteria results from fire or lightning; or
2. To the extent that coverage is provided in the Additional Coverage - Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

B. The following Additional Coverage is added:

#### **ADDITIONAL COVERAGE - Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria**

1. This limited coverage applies only when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence, and only if any loss resulting from the following is reported to us within 60 days of the occurrence.
  - a. A "covered cause of loss" other than fire or lightning; or
  - b. Flood, if the Flood Coverage Endorsement applies to the affected premises.
2. Under conditions described in item B.1. above, we will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
  - a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
  - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
  - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.
3. The coverage provided under this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.
4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

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If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

C. The following Definition is added:

"Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

*This Endorsement Changes The Policy. Please Read It Carefully.*

## EXCLUSION OF PATHOGENIC OR POISONOUS BIOLOGICAL OR CHEMICAL MATERIALS

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This endorsement modifies insurance provided under the following:

### ALL COVERAGE PARTS

The following exclusion is added:

We will not pay for loss or damage caused directly or indirectly by the discharge, dispersal, seepage, migration, release, escape or application of any pathogenic or poisonous biological or chemical materials. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

However, if both A. and B. below apply, we will pay up to a maximum of \$10,000 for any and all claims for such loss or damage arising out of events occurring within the term of this policy:

- A. The pathogenic or poisonous biological or chemical materials are normally kept at or brought onto your premises, with your consent, for use in your business operations at your premises; and
- B. The discharge, dispersal, seepage, migration, release, escape or application of the pathogenic or poisonous biological or chemical materials is accidental and is not the result of a willful or malicious act against any persons, organizations, or property of any nature.

## COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

### A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

### B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

### C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

### D. Inspections And Surveys

1. We have the right to:
  - a. Make inspections and surveys at any time;

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

- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

### E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

### F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

policy has been signed on our behalf by our President and by our Secretary and Treasurer. However, your policy will not be binding on us unless it is also countersigned by one of our duly authorized agents.

*David E. Leonard*

President

RSUI Indemnity Company

*Kathy Alcorn*

Secretary

RSUI Indemnity Company



A member of Alleghany Insurance Holdings LLC



**RFP - NYSBA INSURANCE**

Total (Vehicle Bridges): 11.7 miles or 38.6 Lane miles.

OPENED or ACQUIRED:  
BRIDGE LENGTH:  
TOTAL LENGTH w/ APPROACHES:

November 27, 1924  
2257 ft.  
3000 ft.

November 2, 1963  
7855 ft.  
12,500 ft.

November 1, 1980  
7788 ft.  
12,500 ft.

August 25, 1930  
3000 ft.  
13,400 ft.

December 21, 2010  
6652 ft.  
6352 ft.

February 2, 1957  
7793 ft.  
25,000 ft.

July 2, 1935  
5041 ft.  
7,400 ft.

GENERAL INFORMATION	BEAR MOUNTAIN	NEWBURGH-BEACON(N)	NEWBURGH-BEACON(S)	MID-HUDSON	WALKWAY OVER HUDSON	KINGSTON-RHINECLIFF	RIP VAN WINKLE
<b>II. MAIN PIERS</b> Longitude Latitude	73 Degree - 59 min 41 Degree - 19 min	74 Degree - 00 min 41 Degree - 31 min	74 Degree - 00 min 41 Degree - 31 min	73 Degree - 56 min 41 Degree - 42 min	73 Degree - 57 min 41 Degree - 60 min	73 Degree - 56 min 41 Degree - 59 min	73 Degree - 51 min 42 Degree - 13 min
<b>III. SPANS</b> TYPE(S) FIXED: TYPES CONTINUED: TYPES MOVABLE: NUMBER OF EACH: MATERIAL: LENGTH: FLOORING: CHANNEL CLEARANCE ABOVE HIGH WATER:	SUSP. / DECK TRUSS / BM SPAN NONE 1 / 1 / 2 STEEL 2050' / 100' / 50EA REINFORCED CONCRETE 145'	DECK TRUSS / THRU TRUSS / GIRDER / BEAM SPANS NONE 11 / 3 / 5 / 5 STEEL 44EA / 1000MAX / 127MAX / 75' REINFORCED CONCRETE 147.5'	DECK TRUSS / THRU TRUSS / GIRDER / BEAM SPANS NONE 11 / 3 / 5 / 5 STEEL 44EA / 1000MAX / 127MAX / 75' REINFORCED CONCRETE 147.5'	SUPENSION NONE 1 STEEL 3000' TOTAL CONCRETE GRID FILLED 135'	DECK TRUSS / GIRDER SPANS NONE 27-DEC STEEL 546' MAX / 85' MAX REINFORCED CONCRETE 135'	DECK TRUSS / GIRDER NONE 19 / 21 STEEL 800' MAX / 15' MAX REINFORCED CONCRETE 184'	THRU TRUSS / DECK TRUSS / BEAM SPANS NONE 3 / 10 / 2 STEEL 1000' MAX / 350EA / 77EA REINFORCED CONCRETE 146'
<b>IV. PERIL SPECIFIC INFORMATION</b> <b>IV. FIRE</b> RAILROAD USAGE PIPELINE USAGE VOLATILE HYDROCARBON STORED IN IMMEDIATE VICINITY? PUBLIC PROTECTION (MUNICIPAL PIPE CO.) PRIVATE PROTECTION	NONE NONE YES - 1000 gal. oil tanks and diesel fuel tanks on 80' dia. w/ beam span PEERSKILL & FT. MONTGOMERY NONE	NONE NONE NO BEACON & MIDDLEHOPE NONE	NONE NONE NO BEACON & MIDDLEHOPE NONE	NONE NONE NO POLISHKEEPSIE & HIGHLAND NONE	NONE NONE NO CHG&E - SUBSTATION EAST APPROACH POLISHKEEPSIE & HIGHLAND NONE	NONE NONE NO E. KINGSTON & RHINECLIFF NONE	NONE NONE NO CATSKILL & GREENPORT NONE
<b>IV. FLOOD (HUDSON RIVER)</b> <b>BRIDGE PROPER:</b> MEAN SEA LEVEL 0.00' ELEVATION MEAN HIGH WATER ELEVATION MEAN LOW WATER ELEVATION HIGHEST FLOOD (ESTIMATED) ELEVATION TOP OF PIERS / BASE ELEVATION BOTTOM SUPERSTRUCTURE ELEVATION HIGH WATER (ESTIMATED) DATES UNKNOWN	-0.04' -2.0' +8' +10.0' (BASE) +195' +8'	+2.08' -1.92' +8' +92' (TOP) / +12.0' (BASE) +195' +8'	+2.08' -1.2' +8' +35.0' (BASE) +135' +8'	+2.8' -1.2' +8' +30.0' (BASE) +135' +8'	+2.8' -1.2' +8' +30.0' (BASE) +135' +8'	+2.7' -1.3' +8' +129' (TOP) / +20.0' (BASE) +129' +8'	-2.15' -0.85' +8' +100' (TOP) / +20.0' (BASE) +100' +8'
<b>IV. APPROACHES:</b> ELEV. ROADWAY AT LOW POINT ELEV. HIGH FLOOD ELEV. (ESTIMATED) APPROACH SUBJECT TO WASHOUT FLOOD LOSS HISTORY	+161' (EST) +8' NO NONE	+148' (EST) +8' NO NONE	+148' (EST) +8' NO NONE	+112' (EST) +8' NO NONE	+112' (EST) +8' NO NONE	+141' (EST) +8' NO NONE	+147' (EST) +8' NO NONE
<b>IV. ICE</b> ICE PROTECTION	TIMBER WALL VENEER	GRANITE BLOCK VENEER	GRANITE BLOCK VENEER	GRANITE BLOCK VENEER	GRANITE BLOCK VENEER	GRANITE BLOCK VENEER	GRANITE BLOCK VENEER
<b>IV. VESSEL COLLISION</b> ANY FENDERS NAVIGATION LIGHTS OTHER	N/A YES - STD. NAVIGATION LIGHTING PIERS OUT OF WATER	NONE YES - LIGHT PIPES RADAR BEACON	NONE YES - LIGHT PIPES RADAR BEACON	NONE YES - LIGHT PIPES RADAR BEACON	NONE NAVIC. LIGHTS - SOLAR POWERED USCG MARKER IN RIVER	NONE YES - LIGHT PIPES RADAR BEACON	NONE YES - LIGHT PIPES RADAR BEACON
<b>IV. COLLAPSE</b> CONTROLS FOR OVERWEIGHT LOADS (PERMIT RESTRICTION)	MAX. 112,000 LBS. AUTHORITY ESCORT	MAX. 106,000 LBS. AUTHORITY ESCORT	MAX. 106,000 LBS. AUTHORITY ESCORT	MAX. 100,000 LBS. AUTHORITY ESCORT	N/A - PEDESTRIAN BRIDGE N/A - PEDESTRIAN BRIDGE	MAX. 92,000 LBS. AUTHORITY ESCORT	MAX. 128,000 LBS. AUTHORITY ESCORT
<b>IV. VEHICLE COLLISION</b> CONTROLS FOR OVERSIZED LOADS	PERMIT RESTRICTION	PERMIT RESTRICTION	PERMIT RESTRICTION	PERMIT RESTRICTION	N/A	PERMIT RESTRICTION	PERMIT RESTRICTION

**NEW YORK STATE BRIDGE AUTHORITY  
BRIDGE PROPERTY DAMAGE AND  
LOSS OF REVENUE (U&O)  
TOTAL INSURABLE VALUES  
AS OF JANUARY 1, 2011  
Values Revised January 6, 2011**

<u>Bridge</u>	<u>Property Damage</u>	<u>(2 Year) Loss of Revenue</u>	<u>Total</u>
Rip Van Winkle Bridge	172,301,000	6,018,000	178,319,000
Kingston-Rhinecliff Bridge	237,125,000	7,886,000	245,011,000
Mid-Hudson Bridge	238,955,000	13,690,000	252,645,000
Mid-Hudson Bridge Ancillary Bridges			
East Approach:			
Viaduct between the Main Span and			
Gerald Drive	3,019,224		3,019,224
Gerald Drive	1,594,213		1,594,213
Water Street	1,317,426		1,317,426
Viaduct between Old Water Street			
and Rinaldi Boulevard	3,895,552		3,895,552
Rinaldi Boulevard	2,234,832		2,234,832
Railroad Arch	4,238,850		4,238,850
Route 9 South Overpass	2,163,435		2,163,435
Route 9 North Overpass	1,274,392		1,274,392
East Abutment Span	1,321,338		1,321,338
West Approach:			
Route 9W Overpass	1,971,738		1,971,738
Newburgh-Beacon Bridge:			
South	303,303,000	39,566,000	342,869,000
Newburgh-Beacon Bridge:			
North	217,472,000	Incl. Above	217,472,000
Newburgh-Beacon Bridge West Approach			
Ancillary Bridges:			
Overpass over Route 9W	5,370,355		5,370,355
Balmville Road Bridge over			
Interstate Route	1,217,645		1,217,645
Bear Mountain Bridge	<u>132,899,000</u>	<u>6,840,000</u>	<u>139,739,000</u>
<b>TOTALS (Excluding Walkway over the Hudson)</b>	<b>\$1,331,674,000</b>	<b>\$74,000,000</b>	<b>\$1,405,674,000</b>
<b>Walkway over the Hudson (1)</b>	<b>(2) 165,000,000</b>	n/a	<b>165,000,000</b>

(1) Former railway bridge renovated as pedestrian walkway.  
Coverage sublimited at \$80,000,000. Premium applies to primary \$200MM layer only.

(2) Values based on full replacement cost of structure as a railway bridge vs. functional replacement cost as pedestrian walkway.

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NEW YORK STATE BRIDGE AUTHORITY

Management's Discussion and Analysis,  
Financial Statements and  
Supplementary Information

December 31, 2010 and 2009

(With Independent Auditors' Report Thereon)

NEW YORK STATE BRIDGE AUTHORITY

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\* \* \* \* \*

**TOSKI, SCHAEFER & CO., P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

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ALBANY, NY 12211  
(518) 935-1069

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INDEPENDENT AUDITORS' REPORT

To the Governing Board  
New York State Bridge Authority:

We have audited the accompanying basic financial statements of the New York State Bridge Authority (the Authority) as of and for the years ended December 31, 2010 and 2009 as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New York State Bridge Authority as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 3 through 8 and the Bridge System Assessments on pages 26 and 27 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. This information is the responsibility of the Authority's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated March 4, 2011 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

---

Toski, Scheepers & Co., P.C.

Williamsville, New York  
March 4, 2011

## NEW YORK STATE BRIDGE AUTHORITY

### Management's Discussion and Analysis

December 31, 2010

Management's discussion and analysis serves to introduce the other elements of the financial section of this annual report. Included are the basic financial statements, notes to the financial statements and other supplementary financial information. The objective of this analysis is to enhance the understandability and usefulness of the external financial reports. As in previous years, the Authority is providing a comparative analysis of certain financial information.

#### FINANCIAL HIGHLIGHTS

Toll revenue in 2010 totaled \$37.7 million, \$0.6 million above the previous year. Interest income decreased from prior year by \$0.03 million as interest rates continued at historically low levels. A Federal grant of \$0.3 million in other income was obtained for a project to install cameras on Authority facilities.

Total operating expenses of \$39 million increased by \$7.1 million. This 22.3% increase was the result of increased rehabilitation, reconstruction, and bridge repairs of \$5.1 million, employee benefits of \$1.4 million, and electronic toll costs of \$0.3 million.

Net assets at year-end were \$97.6 million, which was \$30.1 million above the prior year. This increase is due to the transfer of the Walkway Over The Hudson to the Authority in December 2010.

#### BASIC FINANCIAL STATEMENTS

The Authority's financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Government Accounting Standards Board. These statements are designed to afford an overview of the Authority's finances and consist of the balance sheets, statements of revenue, expenses and changes in net assets, and the statements of cash flows.

The notes to the financial statements include additional information necessary to provide a further understanding of the basic financial statements.

Other supplemental financial information serves to give the reader additional knowledge with regard to the condition of the bridge system and capital improvement expenditures.

#### FINANCIAL STATEMENT ANALYSIS

##### Balance Sheets

The balance sheets present information on the Authority's assets and liabilities, reporting net assets at year-end. Increases or decreases in net assets may indicate whether or not an entity's financial position is improving. A condensed summary of the Authority's balance sheets is shown on the following pages.

NEW YORK STATE BRIDGE AUTHORITY  
Management's Discussion and Analysis, Continued

	December 31	
	2010	2009
	(In 000's)	(In 000's)
<b>Assets</b>		
Current assets	\$ 42,373	47,099
Noncurrent assets:		
Capital assets	122,409	89,780
Other noncurrent assets	207	248
Total assets	\$ 164,989	137,127
<b>Liabilities</b>		
Current liabilities	10,800	8,972
Noncurrent liabilities:		
General revenue bonds	41,715	47,615
Other noncurrent liabilities	14,888	13,005
Total liabilities	\$ 67,403	69,592
<b>Net assets</b>		
Invested in capital assets	122,409	89,779
Restricted	30,475	35,428
Unrestricted	(55,298)	(57,672)
Total net assets	\$ 97,586	67,535

**Statements of Revenue, Expenses and Changes in Net Assets**

The statements of revenue, expenses and changes in net assets show the effect of income and expenses on the Authority's net assets for the year. These statements are prepared on an accrual basis, meaning revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they occur. The Authority's statements for 2010 and 2009 are summarized as follows:

NEW YORK STATE BRIDGE AUTHORITY  
Management's Discussion and Analysis, Continued

	December 31	
	2010 (In 000's)	2009 (In 000's)
Operating revenue:		
Toll revenues	\$ 37,669	37,084
Other income	511	88
Total operating revenue	38,180	37,172
Operating expenses:		
Salaries	10,718	10,788
Employee benefits	7,471	6,100
Commercial insurance	1,402	1,219
Rehabilitation, reconstruction and bridge repairs	12,950	7,846
Electronic toll costs	3,165	2,881
Other	3,337	3,079
Total operating expenses	39,043	31,913
Operating gain (loss)	(863)	5,259
Nonoperating revenue (expenses):		
Interest income	414	442
Interest and other	30,500	(2,526)
Total nonoperating revenue (expenses)	30,914	(2,084)
Increase in net assets	30,051	3,175
Net assets at beginning of year	67,535	64,360
Net assets at end of year	\$ 97,586	67,535

NEW YORK STATE BRIDGE AUTHORITY  
Management's Discussion and Analysis, Continued

**Statements of Revenue, Expenses and Changes in Net Assets, Continued**

The cost of operations increased \$7.1 million for the year as rehabilitation, reconstruction, and bridge repairs increased by \$5.1 million primarily due to the painting of a portion of the Newburgh-Beacon Bridge. Employee benefits increased \$1.4 million. This was due primarily to 20 employees utilizing the 2010 retirement incentive resulting in a onetime charge for \$1.0 million. A requirement of the Authority to utilize 2010 retirement incentive program is that it will produce a net savings in the first two years. The Authority projects the program will provide net savings in the first two years and continue to provide additional savings in subsequent years. Increased annual contributions to the retirement system also contributed to higher employee benefit costs. Electronic toll costs increased by \$0.3 million, driven by both increased volume and costs per transaction.

Non-operating revenue is from interest income on investments and the capital addition of the Walkway Over The Hudson. Interest income was slightly lower than 2009 as interest rates on government obligations in which the Authority invests continued at historically low levels. The capital addition is from the Authority accepting ownership on December 21, 2010 of the Walkway Over The Hudson (WOH), a 122 year-old railroad bridge converted into a linear state park. This is a pedestrian only structure which will produce no toll revenues. The New York State Office of Parks, Recreation, and Historic Preservation will be responsible for WOH operations and the maintenance of the deck, and the Authority will be responsible for the maintenance of the structure.

Interest paid on the Authority's outstanding bonds, which totaled \$2.2 million this year, accounted for substantially all of the non-operating expenses.

**Statements of Cash Flows**

The statements of cash flows present information on the major sources and uses of cash during the year, showing net cash provided or used in operating, capital financing and investing activities.

Net cash of \$3.2 million provided by operating activities was down \$3.9 million reflecting \$4.8 million in higher payments to suppliers and contractors and offset by \$0.6 million in increased toll revenue.

Principal and interest payments on Authority bonds held steady at \$8.1 million as capital financing results were similar to those in 2009. Cash flows from investing activities resulted in net cash of \$5.0 million, which includes interest earned on investments and net cash resulting from the purchase and sale of investments.

NEW YORK STATE BRIDGE AUTHORITY  
Management's Discussion and Analysis, Continued

**AUTHORITY BUDGET**

The Authority's 2010 budget projected collections of \$37.3 million was \$0.4 million below the actual. An improvement in traffic from the deep recession levels forecasted drove these collection increases. Passenger traffic increased from 2009 by 743,000 vehicles generating \$0.4 million in additional revenue. Commercial traffic increased from 2009 by 37,000 vehicles generating a \$0.1 million increase due to higher usage by five axle trucks. The Authority budgeted Federal grants of \$2.3 million which was \$2.0 million above actual. The progress of the construction for The Port Authority of New York and New Jersey, the entity administering the Federal grant, project fell behind the original projection. The remaining grant funds are expected upon completion of the related projects. Additionally, interest rates on Authority investments continued at historically low levels, interest income of \$414,000 was \$14,000 above forecast.

2010 operating expenses of \$39.0 million came in higher than the Authority's operating and capital improvement plan budget by \$0.4 million due to the 2010 retirement incentive of \$1.0 million. The day-to-day operating budget, which was forecasted at \$24.9 million, came in at \$26.1 million. This included the 2010 retirement incentive program of \$1.0 million that was not budgeted and higher electronic toll costs of \$0.6 million associated with higher EZ-Pass traffic volumes.

The Authority's five year capital plan budgeted \$13.8 million in 2010 whereas actual costs totaled \$13.0 million. The difference resulted from a combination of factors. Approximately \$1.0 million of work was deferred to 2011 or later and the original capital plan excluded costs for the Federal grant project that were funded from the grant. The Federal grant funding \$0.3 million is reflected in other income.

**TOTAL CAPITAL ASSETS AND LONG-TERM DEBT**

As of December 31, 2010, the Authority's investment in capital assets was \$122.4 million. Capital assets include bridges, roads, buildings, and equipment. In order to fund the commitment to its program of rehabilitation and improvement of the bridge facilities, in March 2002, the Authority issued \$50 million General Revenue Bonds having a final maturity on January 1, 2017. All Authority revenue is pledged to repay these bonds and the outstanding Series 1997 issue. As of December 31, 2010, \$47.6 million of debt remained outstanding and funds were in reserve to retire \$5.9 million bonds on January 1, 2011.

In 2010, Standard & Poor's affirmed the Authority's AA- rating and stable outlook on its outstanding bonds. Moody's Investors Service in 2009 affirmed the Authority's Aa2 bond rating, making it one of only two public toll agencies in the country to achieve such a rating.

NEW YORK STATE BRIDGE AUTHORITY  
Management's Discussion and Analysis, Continued

**MODIFIED APPROACH FOR INFRASTRUCTURE ASSETS**

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The Authority has adopted the modified approach in reporting its infrastructure assets. An alternative to depreciating its bridge facilities, this approach requires the Authority to maintain its infrastructure at a certain measurable standard and report the associated cost as preservation (rehabilitation, reconstruction and bridge repair) expenses.

The condition of the Authority's bridge facilities is determined through annual inspections performed in accordance with New York State Department of Transportation (NYSDOT) requirements and Federal Highway Administration guidelines. The yearly inspections by the Authority's consulting engineers, Modjeski & Masters, Inc., measures the ability of each facility to function structurally utilizing a NYSDOT condition rating ranging between 1 and 7. The Authority's policy is to keep the overall condition rating of each bridge at a 5, meaning the facility shows minor deterioration but is functioning as originally designed.

**ADDITIONAL INFORMATION**

This report is compiled for the use of the Authority's bondholders, the investment community and members of the public interested in the Authority's affairs. Questions with regard to this financial report or requests for additional information may be addressed to the Treasurer, New York State Bridge Authority, P.O. Box 1010, Highland, NY 12528.

NEW YORK STATE BRIDGE AUTHORITY  
Balance Sheets  
December 31, 2010 and 2009

	<u>Assets</u>	<u>2010</u>	<u>2009</u>
<b>Current assets:</b>			
Cash and equivalents		\$ 8,837,391	9,167,088
Investments		31,057,268	35,640,841
Accounts receivable		1,730,188	1,698,807
Prepaid expenses		707,272	551,007
Bond issuance costs		41,347	41,347
Total current assets		<u>42,373,466</u>	<u>47,099,090</u>
<b>Noncurrent assets:</b>			
Bond issuance costs		206,733	248,080
Capital assets, net		38,050,583	5,421,161
Bridge system		84,358,269	84,358,269
Total noncurrent assets		<u>122,615,585</u>	<u>90,027,510</u>
Total assets		<u>\$ 164,989,051</u>	<u>137,126,600</u>
<u>Liabilities and Net Assets</u>			
<b>Current liabilities:</b>			
Accounts payable and accrued expenses		1,576,974	1,341,654
Accrued wages, payroll taxes and fringe benefits		1,470,271	410,116
Contracts payable		632,771	228,963
Accrued interest on bonds		1,144,023	1,275,398
Bond premium		76,011	76,011
General revenue bonds, current portion		5,900,000	5,640,000
Total current liabilities		<u>10,800,050</u>	<u>8,972,142</u>
<b>Noncurrent liabilities:</b>			
Accrued fringe benefits		14,508,045	12,548,260
Bond premium		380,057	456,069
General revenue bonds		41,715,000	47,615,000
Total noncurrent liabilities		<u>56,603,102</u>	<u>60,619,329</u>
<b>Net assets:</b>			
Invested in capital assets		122,408,852	89,779,430
Restricted for:			
Debt service		8,165,101	8,427,395
Insurance		8,607,056	9,136,055
Maintenance reserve		13,702,925	17,863,954
Unrestricted (deficiency)		<u>(55,298,035)</u>	<u>(57,671,705)</u>
Total net assets		<u>97,585,899</u>	<u>67,535,129</u>
Commitments and contingencies (note 13)			
Total liabilities and net assets		<u>\$ 164,989,051</u>	<u>137,126,600</u>

See accompanying notes to financial statements.

NEW YORK STATE BRIDGE AUTHORITY  
 Statements of Revenue, Expenses and Changes in Net Assets  
 Years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenue:		
Toll revenue	\$ 37,668,652	37,084,176
Other income	511,128	88,142
Total operating revenue	<u>38,179,780</u>	<u>37,172,318</u>
Operating expenses:		
Salaries	10,718,175	10,788,378
Employee benefits	7,471,135	6,099,987
Utilities	677,298	606,150
Insurance	1,401,805	1,218,825
Professional services	530,199	332,183
Supplies and materials	221,922	207,470
Equipment expense	193,109	63,478
Maintenance and repairs	548,099	697,608
Rehabilitation, reconstruction and bridge repairs	12,949,595	7,845,821
Electronic toll costs	3,164,671	2,880,639
Depreciation	612,990	602,044
Other	553,635	570,729
Total operating expenses	<u>39,042,633</u>	<u>31,913,312</u>
Operating income (loss)	<u>(862,853)</u>	<u>5,259,006</u>
Nonoperating revenue (expenses):		
Interest income	413,798	441,882
Capital addition for Walkway Over The Hudson pedestrian bridge	32,758,706	-
Amortization of bond issuance costs	(41,347)	(41,347)
Interest and other expenses	<u>(2,217,534)</u>	<u>(2,484,284)</u>
Total nonoperating revenue (expenses)	<u>30,913,623</u>	<u>(2,083,749)</u>
Increase in net assets	30,050,770	3,175,257
Net assets at beginning of year	<u>67,535,129</u>	<u>64,359,872</u>
Net assets at end of year	<u>\$ 97,585,899</u>	<u>67,535,129</u>

See accompanying notes to financial statements.

NEW YORK STATE BRIDGE AUTHORITY

Statements of Cash Flows

Years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Toll revenue	\$ 37,637,271	37,010,130
Payments to suppliers	(6,470,475)	(6,051,481)
Payments to contractors	(13,286,995)	(8,865,452)
Payments for wages and employee benefits	(15,169,370)	(15,012,810)
Other receipts	511,128	88,142
Net cash provided by operating activities	<u>3,221,559</u>	<u>7,168,529</u>
Cash flows from capital financing activities:		
Purchases of capital assets, net	(483,706)	(1,564,801)
Principal paid on bonds payable	(5,640,000)	(5,390,000)
Interest paid on bonds payable	(2,424,921)	(2,684,835)
Net cash used in capital financing activities	<u>(8,548,627)</u>	<u>(9,639,636)</u>
Cash flows from investing activities:		
Proceeds from sale of investments, net	4,583,573	1,700,137
Interest on investments	413,798	441,882
Net cash provided by investing activities	<u>4,997,371</u>	<u>2,142,019</u>
Net decrease in cash and equivalents	(329,697)	(329,088)
Cash and equivalents at beginning of year	9,167,088	9,496,176
Cash and equivalents at end of year	<u>\$ 8,837,391</u>	<u>9,167,088</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	(862,853)	5,259,006
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	612,990	602,044
Changes in:		
Accounts receivable	(31,381)	(74,046)
Prepaid expenses	(156,265)	28,712
Accounts payable and accrued expenses	235,320	(264,196)
Accrued wages, payroll taxes and fringe benefits	3,019,940	1,875,555
Contracts payable	403,808	(258,546)
Net cash provided by operating activities	<u>\$ 3,221,559</u>	<u>7,168,529</u>
Supplemental schedule of cash flow information - capital addition - Walkway Over The Hudson pedestrian bridge	<u>\$ 32,758,706</u>	<u>-</u>

See accompanying notes to financial statements.

## NEW YORK STATE BRIDGE AUTHORITY

### Notes to Financial Statements

December 31, 2010 and 2009

#### (1) Organization

The New York State Bridge Authority (Authority) is a Public Benefit Corporation created in 1932 and existing pursuant to Title 2, of Article 3 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York (the Act). The Act provides that the Authority shall continue its corporate existence and operate and maintain its bridge facilities so long as it shall have bonds or other obligations outstanding and until its existence shall be terminated by law. The Authority, which currently operates and maintains the Rip Van Winkle, Kingston-Rhinecliff, Mid-Hudson, Newburgh-Beacon, and Bear Mountain bridges crossing over the Hudson River, consists of a seven member Board appointed by the Governor with the advice and consent of the Senate. Since the Authority has no component units or potential component units, the accompanying financial statements include only the accounts of the Authority. The Authority's financial statements are included in the New York State Comprehensive Annual Financial Report.

#### (2) Significant Accounting Policies

##### (a) Basis of Presentation, Measurement Focus and Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The Authority's reports are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The operations of the Authority are reported under the business-type activities model and, as such, are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. Within this measurement focus, all assets and liabilities associated with operations are included on the balance sheets with revenues recorded when earned and expenses recorded at the time the liabilities are incurred. The business-type activities model requires the Authority to include a balance sheet, a statement of revenue, expenses and changes in net assets and a statement of cash flows. The statements require the classification of net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in Capital Assets - This component of net assets consists of capital assets, net of accumulated depreciation, reduced (as applicable) by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(2) Significant Accounting Policies, Continued

(a) Basis of Presentation, Measurement Focus and Basis of Accounting, Continued

Restricted Net Assets - This component of net assets consists of constraints placed on net asset use through external restrictions imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets".

For internal accounting and reporting, the accounts of the Authority are maintained in conformity with fund accounting. Fund accounting facilitates the observance of statutory limitations and restrictions on the use of resources.

The following funds were established by the Authority in compliance with Article V, Section 5.02 of the General Revenue Bond Resolution ("Series 1997 Resolution") adopted December 19, 1996. These funds are grouped by fund type in accordance with generally accepted accounting principles for governmental entities. All monies are to be transferred to such funds in accordance with terms outlined below, and held in depository by the designated Trustee, with the exception of the operating fund.

(1) General Fund

(a) Revenue Fund

Established to receive daily toll and make payments to the designated funds in accordance with the terms outlined below.

(b) Operating Fund

Established to make payments from amounts received from the revenue fund, as may be required for the reasonable and necessary operating expenditures of the Authority. Amounts to be maintained in the operating fund are limited to the amounts not more than sufficient to provide for reasonable and necessary operating expenditures for the remainder of the current month and ensuing two months.

(c) General Fund

Established to hold monies not required by other Authority designated funds, for any other lawful corporate purpose of the Authority.

(2) Debt Service Funds

(a) Debt Service Fund

Established to make principal and interest payments to the Trustee or paying agent required by the Series 1997 Resolution, from amounts received from the revenue fund.

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(2) Significant Accounting Policies, Continued

(a) Basis of Presentation, Measurement Focus and Basis of Accounting, Continued

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(2) Debt Service Funds, Continued

(b) Debt Service Reserve Fund

Established to receive payments from the revenue fund to the extent necessary to make the amount in such fund, as of the date of the calculation, equal to the maximum amount of principal and interest due to be paid on bonds then outstanding in the then current or any future fiscal year to which the calculation relates, excluding interest to be paid from monies held in the debt service fund.

(c) Subordinated Indebtedness Fund

Established to issue evidences of indebtedness payable out of, and which may be secured by a pledge of, such amounts in the subordinated indebtedness fund or general fund as may from time to time be available for the purpose of payment thereof.

(d) Rebate Fund

Established to hold monies for rebates of certain investment earnings.

(3) Capital Projects Fund

(a) Construction Fund

Established to hold monies paid into it from the sale of bonds to pay for costs of "The Project" or any "Additional Projects" as defined in the Series 1997 Resolution. Any remaining money upon completion or abandonment of such projects shall be transferred to other funds in accordance with the terms of the Series 1997 Resolution.

(b) Maintenance Reserve Fund

Established to make payments from amounts received from the revenue fund, for the cost of construction of additions, improvements or betterments to, or reconstruction of Authority bridge facilities, renewals or replacements of Authority facilities and for the purchase of major or extraordinary vehicles and equipment necessary to operate and/or maintain the Authority bridge facilities.

(c) Insurance Fund

Established to receive payments from the revenue fund to the extent that, together with multi-risk insurance, it shall provide for the adequate protection against the physical loss or damage of a bridge facility. Additionally, the Authority may pay into a separate account in this fund, amounts sufficient to provide coverage, in addition to, or instead of, such commercial insurance policies required by the Series 1997 Resolution.

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(2) Significant Accounting Policies, Continued

(b) Cash Deposits and Investments

The Authority is limited under its investment guidelines to the investment of funds in obligations of the United States of America (United States Government Securities), the State of New York or certificates of deposit. All cash and funds invested in certificates of deposit in any fiduciary bank or trust company must be secured at all times by United States Government Securities or obligations of the State of New York, with a market value, combined with any FDIC coverage, at least equal to the amount of such deposits. Monies held by the trustee may also be secured by obligations guaranteed by the United States of America. Investments, consisting principally of U.S. Treasury obligations and certificates of deposit with a remaining maturity of one year or less at the time of purchase, are stated at cost plus accrued interest.

(c) Capital Assets

Capital assets include buildings and furniture and equipment. Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight line basis over the following estimated useful lives:

Buildings	30 years
Furniture and equipment	3 - 10 years

(d) Bridge System

The bridge system consists of five bridges (6 spans) spanning the Hudson River together with the related toll plazas and approaches. The bridge system is reported at historical cost. The Authority uses the modified approach to account for the bridge system. Under the modified approach expenditures for additions and improvements to eligible infrastructure assets, which increase capacity or efficiency of the assets rather than preserve their lives, are capitalized. All other expenditures, including preservation costs, are expensed in the period incurred and the bridge system is not depreciated. The Authority performs condition assessments on the bridge system, makes annual estimates of the outlay necessary to maintain and preserve the assets at predetermined condition levels and documents that the assets are being maintained at the predetermined condition level.

(e) Real Property

Real property utilized by the Authority is held in the name of the State of New York. The Authority has, however, the right to possess and, with the approval of the Commissioner of Transportation, to sell, lease, exchange, or otherwise dispose of any property or rights therein, not necessary for its corporate purpose.

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(2) Significant Accounting Policies, Continued

(f) Compensated Absences

In conformity with pronouncements of the Government Accounting Standards Board, the Authority accrues vacation and other benefits as earned by its employees.

(g) Subsequent Events

The Authority has evaluated events after December 31, 2010, and through March 4, 2011, which is the date the financial statements were available to be issued, and determined that any events or transactions occurring during this period that would require recognition or disclosure are properly addressed in these financial statements.

(h) Operating Revenue

Operating revenues consist principally of toll revenue.

(i) Nonoperating Revenue

Nonoperating revenues consist principally of interest income.

(j) Operations

Provisions of the Series 1997 Resolution require that revenue in excess of expenses for operation and maintenance of the bridge system be used first for the payment of interest and principal on outstanding bonds, then for debt service reserve, subordinated indebtedness (if any), insurance, maintenance reserve, construction and finally general fund requirements. It also requires that expenses for operation and maintenance of the bridge system shall not include any provisions for depreciation of the bridge facilities or equipment, or any principal payment on bonds outstanding or any other debt obligation of the Authority.

The Authority's right to operate and collect tolls for the use of the Newburgh-Beacon Bridge is governed in part by an agreement dated December 15, 1988, between the Authority, the State of New York and the United States Department of Transportation. Consistent with the terms of Section 120(c)(2) of Public Law 100-17 and Section 402 of Title II of Public Law 101-45, the Agreement permits the use of revenues collected at that bridge only for construction and reconstruction, debt service, proper operation and maintenance of the bridges, approach roads and support facilities subject to the jurisdiction of the Authority.

(3) Cash and Equivalents

The carrying amount of the Authority's deposits with financial institutions at December 31, 2010 amounted to \$8,837,391 and the bank balance was \$9,876,570. The bank balance is collateralized as follows:

Amount issued by FDIC	\$	500,000
Collateral held by a third party in the Authority's name		4,029,484
Collateral held by trustee		<u>7,094,609</u>
	\$	<u>11,624,093</u>

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(4) Investments

The cost and market value of investments (United States Government Securities) held by the Authority as of December 31, 2010 and 2009 are summarized as follows:

<u>Restricted</u>	<u>2010</u>		<u>2009</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Debt Service Fund -				
U.S. Treasury Notes	\$ 8,114,728	8,125,324	8,413,478	8,457,156
Insurance Fund -				
U.S. Treasury Notes	8,607,056	8,848,515	9,135,495	9,286,094
Maintenance Reserve Fund -				
U.S. Treasury Notes	4,589,228	4,598,133	6,149,191	6,125,392
U.S. Treasury Bills	<u>9,746,256</u>	<u>9,746,015</u>	<u>11,942,677</u>	<u>11,942,677</u>
Total maintenance	<u>14,335,484</u>	<u>14,344,148</u>	<u>18,091,868</u>	<u>18,068,069</u>
Total	\$ <u>31,057,268</u>	<u>31,317,987</u>	<u>35,640,841</u>	<u>35,811,319</u>

All Authority investment securities are classified as securities acquired by a financial institution for a governmental entity held by the financial institution's trust department in the entity's name. At December 31, 2010, the Authority's investments and maturities were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than one year</u>	<u>1 to 5 years</u>
U.S. Treasury Notes	\$ 9,746,015	9,746,015	-
U.S. Treasury Bills	<u>21,571,972</u>	<u>10,730,868</u>	<u>10,841,104</u>
	\$ <u>31,317,987</u>	<u>20,476,883</u>	<u>10,841,104</u>

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(5) Funds Held For Restricted Purposes

At December 31, 2010 and 2009, funds held for restricted purposes by fund category consisted of the following:

	<u>2010</u>			
	<u>Cash and</u> <u>Equivalents</u>	<u>United States</u> <u>Governmental</u> <u>Securities</u>	<u>Related</u> <u>Liabilities</u>	<u>Total</u>
<b>Debt Service Funds:</b>				
Debt service fund	\$ 7,058,820	-	(7,044,023)	14,797
Debt service reserve fund	<u>35,576</u>	<u>8,114,728</u>	<u>-</u>	<u>8,150,304</u>
Fund total	<u>7,094,396</u>	<u>8,114,728</u>	<u>(7,044,023)</u>	<u>8,165,101</u>
<b>Capital Projects Funds:</b>				
Insurance fund	-	8,607,056	-	8,607,056
Maintenance reserve fund	<u>212</u>	<u>14,335,484</u>	<u>(632,771)</u>	<u>13,702,925</u>
Fund total	<u>212</u>	<u>22,942,540</u>	<u>(632,771)</u>	<u>22,309,981</u>
Combined total	<u>\$ 7,094,608</u>	<u>31,057,268</u>	<u>(7,676,794)</u>	<u>30,475,082</u>
	<u>2009</u>			
	<u>Cash and</u> <u>Equivalents</u>	<u>United States</u> <u>Governmental</u> <u>Securities</u>	<u>Related</u> <u>Liabilities</u>	<u>Total</u>
<b>Debt Service Funds:</b>				
Debt service fund	\$ 6,928,820	-	(6,915,398)	13,422
Debt service reserve fund	<u>495</u>	<u>8,413,478</u>	<u>-</u>	<u>8,413,973</u>
Fund total	<u>6,929,315</u>	<u>8,413,478</u>	<u>(6,915,398)</u>	<u>8,427,395</u>
<b>Capital Projects Funds:</b>				
Insurance fund	560	9,135,495	-	9,136,055
Maintenance reserve fund	<u>1,050</u>	<u>18,091,868</u>	<u>(228,964)</u>	<u>17,863,954</u>
Fund total	<u>1,610</u>	<u>27,227,363</u>	<u>(228,964)</u>	<u>27,000,009</u>
Combined total	<u>\$ 6,930,925</u>	<u>35,640,841</u>	<u>(7,144,362)</u>	<u>35,427,404</u>

Cash in the debt service fund at December 31, 2010 and 2009 was on deposit with the paying agent to meet bond and interest payments due on January 1, 2010 and January 1, 2009, respectively.

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(6) Capital Assets

Capital assets at December 31, 2010 and 2009 consist of the following:

	2010				Balance December 31, 2010
	Balance December 31, 2009	Contributed capital assets	Additions	Disposals	
Walkway Over The Hudson - pedestrian bridge	\$ -	32,758,706	-	-	32,758,706
Buildings	8,128,929	-	-	-	8,128,929
Furniture and equipment	5,524,066	80,000	483,706	(6,500)	6,081,272
	13,652,995	32,838,706	483,706	(6,500)	46,968,907
Less accumulated depreciation	(8,231,834)	(80,000)	(612,990)	6,500	(8,918,324)
	<u>\$ 5,421,161</u>	<u>32,758,706</u>	<u>(129,284)</u>	<u>-</u>	<u>38,050,583</u>

	2009			Balance December 31, 2009
	Balance December 31, 2008	Additions	Disposals	
Buildings	\$ 6,704,266	1,424,663	-	8,128,929
Furniture and equipment	5,465,941	140,138	(82,013)	5,524,066
	12,170,207	1,564,801	(82,013)	13,652,995
Less accumulated depreciation	(7,711,803)	(602,044)	82,013	(8,231,834)
	<u>\$ 4,458,404</u>	<u>962,757</u>	<u>-</u>	<u>5,421,161</u>

Depreciation expense for the years ended December 31, 2010 and 2009 amounted to \$612,990 and \$602,044, respectively.

In 2010, the pedestrian bridge known as the Walkway Over The Hudson was transferred to the Authority at a historical cost of \$32,758,706. Additionally, the Authority received fully depreciated equipment of \$80,000.

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(7) Bridge System

The bridge system consists of five bridges (six spans) spanning the Hudson River together with the related toll plazas and approaches. The bridge system is recorded at cost and consisted of the following at December 31, 2010 and 2009:

<u>Bridge Facility</u>	<u>Opened</u>	<u>2010</u>	<u>2009</u>
Rip Van Winkle Bridge	1935	\$ 2,299,147	2,299,147
Kingston-Rhinecliff Bridge	1957	20,536,609	20,536,609
Mid-Hudson Bridge	1930	12,957,846	12,957,846
Newburgh-Beacon Bridge	1963 and 1980	44,223,796	44,223,796
Bear Mountain Bridge	1924	4,340,871	4,340,871
		<u>\$ 84,358,269</u>	<u>84,358,269</u>

(8) Bond Indebtedness

On January 22, 1997, the Authority issued \$49,015,000 of General Revenue Bonds (Series 1997) in the open market in order to provide funds for (a) the costs of providing for the payment at or in advance of maturity (defeasement) of the Outstanding Series 1989 Bridge System Revenue Bonds (Series 1989) and the Series 1992 Bridge System Revenue Bonds (Series 1992) of the Authority, (b) to finance a portion of the costs of the 1997 Project, which consists of certain reconstruction and rehabilitation projects for the Authority's bridge system, (c) to fund the debt service reserve fund to the level required by the Resolution and (d) to pay the costs of issuance of the Series 1997 Bonds.

On March 7, 2002, the Authority issued \$50,000,000 of General Revenue Bonds (Series 2002) in the open market in order to provide funds to finance a portion of the costs of the 2002 Project, which consisted of certain reconstruction and rehabilitation projects for the Authority's bridge system. The proceeds were used to (a) fund the debt service reserve fund to the level required by the Bond Resolution and (b) pay the costs of issuance of the Series 2002 Bonds.

Changes in indebtedness for the years ended December 31, 2010 and 2009 are summarized as follows:

	<u>2010</u>	
	<u>Balances at</u> <u>December 31, 2009</u>	<u>Balances at</u> <u>December 31, 2010</u>
Series 1997	\$ 12,925,000	8,825,000
Series 2002	40,330,000	38,790,000
	<u>\$ 53,255,000</u>	<u>47,615,000</u>

NEW YORK STATE BRIDGE AUTHORITY  
Notes to Financial Statements, Continued

(8) Bond Indebtedness, Continued

	2009		
	Balances at December 31, 2008	Retirements	Balances at December 31, 2009
Series 1997	\$ 16,830,000	(3,905,000)	12,925,000
Series 2002	<u>41,815,000</u>	<u>(1,485,000)</u>	<u>40,330,000</u>
	<u>\$ 58,645,000</u>	<u>(5,390,000)</u>	<u>53,255,000</u>

The bonds have serial maturities as of December 31, 2010 as follows:

	<u>Principal</u>	<u>Interest</u>
2011	\$ 5,900,000	2,010,989
2012	6,180,000	1,712,939
2013	6,475,000	1,455,845
2014	6,745,000	1,109,820
2015	7,080,000	756,600
2016 - 2018	<u>15,235,000</u>	<u>387,800</u>
	<u>\$ 47,615,000</u>	<u>7,433,993</u>

The Series 1997 Bonds, which bear interest ranging from 5% to 6%, and the Series 2002 Bonds which bear interest ranging from 3% to 5%, are general obligations of the Authority and are payable from and secured by a pledge of all monies or revenues of the Authority, including tolls and other revenues derived from the operations of the Authority's bridge facilities.

The Series 1997 Bonds maturing on or after January 1, 2008 are subject to redemption prior to maturity, at the option of the Authority, at prices ranging from 100% to 102% of the principal amount plus accrued interest to the redemption date.

The Series 2002 Bonds maturing on or after January 1, 2013 are subject to redemption prior to maturity, at the option of the Authority, as a whole or in part at any time after December 31, 2011, at the redemption price of par plus accrued interest to the redemption date.

(9) Retirement Plan

(a) Plan Description

The New York State Employees' Retirement System (System) provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). The System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained in writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

NEW YORK STATE BRIDGE AUTHORITY  
Notes to Financial Statements, Continued

(9) Retirement Plan, Continued

(b) Funding Policies

The System is noncontributory except for employees with less than 10 years of service who contribute 3% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates, expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers.

The rates billed by the Comptroller during the year ended December 31, 2010 ranged from 9.1% to 15.3% and during the year ended December 31, 2009 ranged from 7.0% to 9.3%.

The Authority is required to contribute at an actuarially determined rate. The required contribution for the years ended December 31, 2010, 2009 and 2008 amounted to \$1,182,092, \$678,263 and \$879,154, respectively.

The Authority's contributions made to the System were equal to 100% of the contributions required for each year.

(c) Early Retirement Incentive

Chapter 105 of the Laws 2010 established a two-part retirement incentive program for certain public employees participating in the System. The Authority adopted the program and allowed all employees the option to retire early. Twenty employees of the Authority elected early retirement under this program, with a cost of \$982,086.

(10) Postemployment Benefits

The Authority implemented the accounting and disclosure requirements of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (OPEB) effective for its fiscal year beginning January 1, 2007. The Authority previously recorded a liability for retiree health benefits for only those who had retired, and not for active employees, as required by Statement No. 45.

**Plan Description** - The Authority provides continuation of medical coverage to employees that retire at age 55 with five years of service if hired before April 1, 1975 or ten years of service if hired after April 1, 1975. For employees with a date of retirement before April 1, 1983 and at least five years of service, the Authority contributes 100% of costs for employees and 75% for an employee's spouse. For employees with a date of retirement after April 1, 1983 and at least ten years of service, the Authority contributes 90% for employees and 75% for an employee's spouse.

NEW YORK STATE BRIDGE AUTHORITY  
Notes to Financial Statements, Continued

(10) Postemployment Benefits, Continued

The Authority provides certain health care benefits for retired employees. Substantially all of the Authority's employees may become eligible for these benefits if they reach the normal retirement age, of the respective tier of the New York State Employees' Retirement System, while working for the Authority. The Authority, on an annual basis, accrues the cost which represents the present value of these benefits to be paid over the estimated lives of the retirees. The increase in the OPEB liability for the years ended December 31, 2010 and 2009 amounted to \$2,110,359 and \$2,075,357, respectively. At December 31, 2010 and 2009, the OPEB liability included in noncurrent accrued fringe benefits was \$13,922,160 and \$11,811,801, respectively. The amount charged to expense was \$3,023,015 and \$2,882,077 for the years ended December 31, 2010 and 2009.

The number of participants as of January 1, 2009 was as follows:

Active employees	165
Retired employees	75
Spouses of retired employees	<u>35</u>
Total	<u>275</u>

Funding Policy - The Authority currently pays for post-retirement health care benefits on a pay-as-you-go basis. These financial statements assume that pay-as-you-go funding will continue.

<u>Benefit Obligations and Normal Cost</u>	<u>2010</u>	<u>2009</u>
Actuarial accrued liability (AAL):		
Retired employees	\$ 17,342,514	16,018,242
Active employees	<u>25,894,669</u>	<u>25,311,036</u>
Total	\$ <u>43,237,183</u>	<u>41,329,278</u>
Underfunded actuarial accrued liability (UAAL)	\$ <u>43,237,183</u>	<u>41,329,278</u>
Normal cost at beginning of year	\$ <u>1,061,891</u>	<u>1,035,991</u>
<u>Level Dollar Amortization</u>		
Calculation of ARC under projected Unit Credit Method:		
Amortization of UAAL over 30 years with interest to end of year	1,909,759	1,779,328
Normal costs with interest to end of year	<u>1,162,504</u>	<u>1,132,469</u>
Annual required contribution (ARC)	\$ <u>3,072,263</u>	<u>2,911,797</u>

NEW YORK STATE BRIDGE AUTHORITY  
Notes to Financial Statements, Continued

(10) Postemployment Benefits, Continued

	2010	2009
<u>Annual OPEB Cost Contribution</u>		
Contribution made by Authority	\$ 912,656	806,720
Contribution as a percentage of required contribution	29.7%	27.7%
<u>Annual OPEB Cost and Net OPEB Obligation</u>		
Annual required contribution	3,072,263	2,911,797
Interest on net OPEB obligation	472,472	389,458
Adjustment to annual required contribution	<u>(521,720)</u>	<u>(419,178)</u>
Annual OPEB cost (expense)	3,023,015	2,882,077
Contribution made on a pay-as-you-go basis	<u>(912,656)</u>	<u>(806,720)</u>
Increase in net OPEB obligation	2,110,359	2,075,357
Net OPEB obligation at beginning of year	<u>11,811,801</u>	<u>9,736,444</u>
Net OPEB obligation at end of year	\$ <u>13,922,160</u>	<u>11,811,801</u>

Actuarial methods and assumptions:

Funding interest rate	4%	4%
2009 medical trend rate	8%/10%	8%/10%
Ultimate trend rate	5%/5%	5%/5%
Year ultimate trend rate rendered	2013/2014	2013/2014
Annual payroll growth rate	2.5%	2.5%
Actuarial cost method	Attained Age	Attained Age
The remaining amortization period at year-end	26 years	27 years

(11) Administrative Services Assessment

Through the Public Authorities Law Section 2975, the State of New York (the State) established a cost recovery of central governmental services to various public authorities. This statute directs the New York State Division of the Budget to determine the amount to be assessed to each public authority. The State Treasurer imposes and collects the assessments which are deposited into the State's general fund. The administrative services assessment for the Authority for the years ended December 31, 2010 and 2009 amounted to \$234,119 and \$312,158, respectively.

## NEW YORK STATE BRIDGE AUTHORITY

### Notes to Financial Statements, Continued

#### (12) Risk Management

The Authority purchases commercial insurance policies in varying amounts for general liability, vehicle liability, damage to fixed assets, and public officials and employee liability coverage. The Authority also pays unemployment claims to the State of New York as incurred. There are no claims relating to the bridge facilities, however, the Authority has funded a reserve of \$8,607,056 at December 31, 2010 in the capital projects fund to meet its deductible should a claim arise.

#### (13) Commitments and Contingencies

Commitments and contingencies at December 31, 2010 consist of the following:

##### (a) Bridge Construction

At December 31, 2010, the Authority had contractual commitments outstanding of approximately \$11,328,000 for bridge rehabilitation and repairs on several of its bridge facilities.

##### (b) Contingencies

The Authority is a defendant in lawsuits. While the outcome of these lawsuits or other proceedings against the Authority cannot be predicted with certainty, the Authority does not expect that these matters will have a material adverse effect on its financial position.

NEW YORK STATE BRIDGE AUTHORITY

Required Supplementary Information -

Bridge System Assessments

December 31, 2010

Condition Rating*	Number of Bridges					
	2010		2009		2008	
	Number	%	Number	%	Number	%
New	-	-	-	-	-	-
Minor Deterioration	9	100	9	100%	9	100%
Serious Deterioration	-	-	-	-	-	-
Totally Deteriorated	-	-	-	-	-	-
Total	<u>9</u>	<u>100%</u>	<u>9</u>	<u>100%</u>	<u>9</u>	<u>100%</u>

\*The condition of the Authority's bridge system is determined using annual inspection procedures. The inspections are conducted in accordance with New York State Department of Transportation (NYSDOT) requirements and Federal Highway Administration Guidelines. The NYSDOT bridge condition rating, which is an assessment of the ability to function structurally, is determined during biennial inspections using a numerical condition scale ranging from 1.0 (totally deteriorated) to 7.0 (new condition). The complete NYSDOT numerical rating scale is as follows:

- 1 - Totally deteriorated, or in failed condition.
- 2 - Used to shade between ratings 1 and 3.
- 3 - Serious deterioration, or not functioning as originally designed.
- 4 - Used to shade between 3 and 5.
- 5 - Minor deterioration, but functioning as originally designed.
- 6 - Used to shade between 5 and 7.
- 7 - New condition, no deterioration.

The number of bridges included in the annual inspection process includes the six spans crossing the Hudson River and three overpasses.

It is the Authority's policy to keep the overall condition number of each bridge at a condition rating of at least 5.0. Presently, all bridges are inspected annually with three bridges receiving the more thorough biennial inspections and three receiving maintenance inspections.

NEW YORK STATE BRIDGE AUTHORITY

Required Supplemental Information -  
Bridge System Assessments, Continued

Estimated-to-Actual Capital Improvement Expenditures in (\$000's):

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Estimated	\$ 7,910	11,703	16,360	15,480	15,265
Actual	12,950	7,846	7,910	14,022	8,860

Significant variations between the estimated, or budgeted, and actual costs of capital improvements are noted in each year.

In 2006, higher than expected bid prices were responsible for the postponement of a \$2.0 million Mid-Hudson Bridge maintenance building replacement which also included a municipal water and sewer installation. In addition, at Mid-Hudson a \$2.75 million project for signage and security cameras was delayed until 2007.

In 2007, the \$2.0 million Mid-Hudson Bridge maintenance building replacement including municipal water and sewer installation was separated into two projects. The water and sewer installation was completed for \$.8 million and the maintenance building replacement was scheduled for 2008.

In 2008, \$3.5 million budgeted for bridge painting at Rip Van Winkle was expended late in 2007. At the Newburgh-Beacon Bridge, the scope of a deck overlay and joint modification project was reduced by \$1.2 million and \$750,000 for replacement of variable message signs carried over into 2009. Also, four other projects came in \$1.1 million under budget and \$1.3 million of work was deferred to 2009 or later.

In 2009, several projects totaling \$2.3 million were deferred to 2010 or later. In addition, equipment purchases were \$0.7 under budget and \$0.6 million of the Mid-Hudson Bridge main cable inspection costs carried over to 2010.

In 2010, several projects totaling \$1.0 million were deferred to 2011 or later. Estimated capital improvements were initially projected as net of federal grants to fund projects. The Authority reported federal funds receivable totaling \$0.3 million for 2010 as other income while the cost was reported as capital improvement expenditures.

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~~INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL~~  
~~REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF~~  
~~FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH~~  
GOVERNMENT AUDITING STANDARDS

To the Governing Board  
New York State Bridge Authority:

We have audited the financial statements of the New York State Bridge Authority (the Authority) as of and for the year ended December 31, 2010, and have issued our report thereon dated March 4, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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This report is intended solely for the information and use of the Authority's Governing Board, management and appropriate officials of the State of New York, and is not intended to be and should not be used by anyone other than these specified parties.

*Toski, Scheepers & Co. P.C.*

Williamsville, New York  
March 4, 2011

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INDEPENDENT AUDITORS' REPORT ON INVESTMENT COMPLIANCE

To the Governing Board  
New York State Bridge Authority:

We have examined the New York State Bridge Authority's (the Authority) compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York during the year ended December 31, 2010. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence supporting the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements during the year ended December 31, 2010.

In accordance with Government Auditing Standards, we are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Authority's compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the Authority complied with the aforementioned requirements and not for the purpose of expressing an opinion on the internal control over compliance with those requirements or other matters; accordingly, we express no such opinion. The results of our tests disclosed no matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Authority's Governing Board, management and the appropriate officials of the State of New York, and is not intended to be and should not be used by anyone other than those specified parties.

*Toski, Schaeffer & Co., P.C.*

Williamsville, New York  
March 4, 2011

**FORM A-1**  
**PROPOSER'S AFFIRMATION OF UNDERSTANDING OF SECTION**  
**139 PROCEDURES**

Offeror affirms that it understands and agrees to comply with the procedures of the Government Entity relative to permissible Contacts as required by State Finance Law §139-j (3) and §139-j (6) (b).

By: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Contractor Name: \_\_\_\_\_

Contractor Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**FORM A-2**  
**Offeror Certification of Compliance**  
**with State Finance Law §139-k (5)**

**Offeror Certification:**

*I certify that all information provided to the Authority with respect to State Finance Law §139-k is complete, true and accurate.*

By: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Contractor Name: \_\_\_\_\_

Contractor Address: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**FORM A-3**

**Offeror Disclosure of Prior Non-Responsibility Determinations**

Name of Individual or Entity Seeking to Enter into the Procurement Contract:

\_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Name of submitting this form: \_\_\_\_\_

Title of Person Submitting this form: \_\_\_\_\_

Contract Procurement Number: \_\_\_\_\_

Date: \_\_\_\_\_

1. Has any Governmental Entity made a finding of non-responsibility regarding the individual or entity seeking to enter into the Procurement Contract in the previous four years? (Please circle):

No Yes

If yes, please answer the next questions:

2. Was the basis for the finding of non-responsibility due to a violation of State Finance Law §139-j (Please circle):

No Yes

3. Was the basis for the finding of non-responsibility due to the intentional provision of false or incomplete information to a Governmental Entity? (Please circle):

No Yes

4. If you answered yes to any of the above questions, please provide details regarding the finding of non-responsibility below.

Governmental Entity: \_\_\_\_\_

Date of Finding of Non-responsibility: \_\_\_\_\_

Basis of Finding of Non-Responsibility:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
(Add additional pages as necessary)

5. Has any Governmental Entity or other governmental agency terminated or withheld a Procurement Contract with the above-named individual or entity due to the intentional provision of false or incomplete information? (Please circle):

No Yes

6. If yes, please provide details below.

Governmental Entity: \_\_\_\_\_

Date of Termination or Withholding of Contract: \_\_\_\_\_

Basis of Termination or Withholding: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Add additional pages as necessary)

Offeror certifies that all information provided to the Governmental Entity with respect to State Finance Law §139-k is complete, true and accurate.

By: \_\_\_\_\_ Date: \_\_\_\_\_

Signature

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FORM B  
CONFLICT OF INTEREST AFFIDAVIT**

STATE OF \_\_\_\_\_)

COUNTY OF \_\_\_\_\_) SS.:

\_\_\_\_\_, being duly sworn, deposes and says: He is an officer of \_\_\_\_\_, which is about to render services to the Authority as a contractor/consultant or in any other professional capacity (the "Firm") and agrees that the Firm has no interest and will not acquire any interest, direct or indirect, that would conflict in any manner or degree with the performance of its services to be rendered to the Authority.

That it is further agreed in the rendering of services to the Authority, no person having any such interest shall knowingly be employed by the undersigned or the Firm.

Respondent's Name: \_\_\_\_\_

Signature: \_\_\_\_\_  
Authorized Official

Typed or Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Sworn to before me this \_\_\_\_\_

day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
**NOTARY PUBLIC**

**FORM C**  
**Non-Collusive Proposer Certification**

**BY SUBMISSION OF THIS RFP, PROPOSER AND EACH PERSON SIGNING ON BEHALF OF PROPOSER CERTIFIES, AND IN THE CASE OF JOINT RFP, EACH PARTY THERETO CERTIFIES AS TO ITS OWN ORGANIZATION, UNDER PENALTY OF PERJURY, THAT TO THE BEST OF HIS/HER KNOWLEDGE AND BELIEF:**

(1) The prices in this RFP have been arrived at independently without collusion, consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such prices with any other proposer or with any competitor;

(2) Unless otherwise required by law, the prices which have been quoted in this RFP have not been knowingly disclosed by the proposer and will not knowingly be disclosed by the proposer prior to opening, directly or indirectly, to any other proposer or to any competitor; and

(3) No attempt has been made or will be made by the proposer to induce any other person, partnership or corporation to submit or not to submit a RFP for the purpose of restricting competition.

**A RFP SHALL NOT BE CONSIDERED FOR AWARD NOR SHALL ANY AWARD BE MADE WHERE [1], [2], [3] ABOVE HAVE NOT BEEN COMPLIED WITH; PROVIDED HOWEVER, THAT IF IN ANY CASE THE PROPOSER(S) CANNOT MAKE THE FOREGOING CERTIFICATION, THE PROPOSER SHALL SO STATE AND SHALL FURNISH BELOW A SIGNED STATEMENT WHICH SETS FORTH IN DETAIL THE REASONS THEREFORE:**

[AFFIX ADDENDUM TO THIS PAGE IF SPACE IS REQUIRED FOR STATEMENT.]

Subscribed to under penalty of perjury under the laws of the State of New York, this \_\_\_\_ day of \_\_\_\_\_, 2010 as the act and deed of said corporation of partnership.

**IF PROPOSER(S) (ARE) A PARTNERSHIP, COMPLETE THE FOLLOWING:  
NAMES OF PARTNERS OR PRINCIPALS/ LEGAL RESIDENCE**

_____	_____
Name	Legal Residence
_____	_____
Name	Legal Residence
_____	_____
Name	Legal Residence
_____	_____
Name	Legal Residence

**IF PROPOSER(S) (ARE) A CORPORATION, COMPLETE THE FOLLOWING:  
NAMES/ LEGAL RESIDENCE**

\_\_\_\_\_  
President

\_\_\_\_\_  
Legal Residence

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Legal Residence

\_\_\_\_\_  
Treasurer

\_\_\_\_\_  
Legal Residence

Date: \_\_\_\_\_

Chief Executive Officer:

Name of Proposer: \_\_\_\_\_

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Typed or Printed Name]

Date: \_\_\_\_\_

Chief Financial Officer:

Name of Proposer: \_\_\_\_\_

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Typed or Printed Name]

Sworn to before me this \_\_\_\_\_

day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
NOTARY PUBLIC

**FORM D**

**BUSINESS INFORMATION**

This form must be submitted along with all other forms included in this RFP package. All questions must be answered and the data given must be clear and comprehensive. This statement must be notarized.

- 1. Name of entity:
- 2. Permanent main office address:
- 3. Telephone number: Fax number:
- 4. Contact person regarding RFP:
- 5. Names of all officers and/or principals in the firm and their titles:

Name of Officer and/or Principals	Titles

- 6. If respondent is a closely held corporation, list stockholder's information below:

Name	Address	Office Held

- 7. Date organized (month, day, year):
- 8. If a corporation, where incorporated (city, state):
- 9. Number of years entity in business: Federal Tax I.D. No.:

10. Financial References: Give bank reference and names in which accounts are held.

Bank Reference	Bank Name	Bank Address

11. Has the entity or any of its Principals, Owners, Officers, Partners, Directors or Stockholders of the entity been the subject of a criminal investigation? Yes [ ] No [ ]

12. If the answer to the above question is "Yes", state the court in which the investigation is taking/took place, the approximate date the investigation commenced and, if applicable, concluded as well as the subject matter of the investigation and the identity of the person(s) or entity(ies) involved:

13. Has any indictment arisen out of the investigation? Yes [ ] No [ ]

14. If the answer to the above question is "Yes", state the person(s) or entity(ies) indicated and the status of any such indictment:

15. Has an entity, (i.e.) corporation, partnership, etc., in which a Principal, Owner, Officer, Partner, Director, or Stockholder has an ownership interest ever been the subject of a criminal investigation? Yes [ ] No [ ]

16. If the answer to the above question is "Yes", state the court in which the investigation is taking/took place, the approximate date the investigation commenced and, if applicable, concluded as well as the subject matter of the investigation and the identity of the person(s) or entity(ies) involved:

17. Has any indictment arisen out of the investigation? Yes [ ] No [ ]

18. If the answer to the above question is "Yes", state the person(s) or entity(ies) indicated and the status of any such indictment:

19. List names of any affiliated corporation of respondent, business affiliation with respondent and specify relationship:

Name of affiliated corporation	Business Affiliation	Specify Relationship

20. Identify all subcontractors proposed to be used to fulfill any part of the obligations anticipated by this proposal:

Name of subcontractor	Address	Type of work to be performed

21. Current licenses, permits and certifications are listed on **Form I** and **copies of same are attached to Form I.**
22. The undersigned hereby authorizes and requests any person, firm or corporation to furnish any information requested by the Authority and/or his designee on behalf of the Authority in verification of the recitals comprising this Business Information Form.

\_\_\_\_\_  
 (Name of Entity)

By: \_\_\_\_\_  
 (Principal)

\_\_\_\_\_  
 (Title)

State of New York     )  
 County of            ) ss.

\_\_\_\_\_ being duly sworn, deposes and says that he/she is  
 \_\_\_\_\_ of \_\_\_\_\_ and that the answers to  
 the foregoing questions and all statements therein contained are true and correct.

Subscribed and sworn to before me this  
 \_\_\_\_\_ day of \_\_\_\_\_, 2010

\_\_\_\_\_  
 Notary Public

## STATE OF NEW YORK VENDOR RESPONSIBILITY QUESTIONNAIRE

1. Vendor is: <input type="checkbox"/> PRIME CONTRACTOR <input type="checkbox"/> SUB-CONTRACTOR			
2. Vendor's Legal Business Name		3. Identification Numbers a) FEIN # _____ b) DUNS # _____	
4. Doing Business As (D/B/A)(If applicable) & County Filed		5. Website Address (if applicable)	
6. Address of Primary Place of Business/Executive Office		7. Phone No. (   ) -      -	8. Fax No. (   ) -      -
9. Address of Primary Place of Business/Executive Office in New York State (if different from above)		10. Phone No. (   ) -      -	11. Fax No. (   ) -      -
12. Primary Place of Business in New York State is: <input type="checkbox"/> Owned <input type="checkbox"/> Rented If rented, please provide landlord's name, address, and phone number below:		13. Authorized Contact for this Questionnaire Name _____ Title _____ Phone No. _____ Fax No. _____ E-mail Address _____	
14. Vendor's Business Entity is (check appropriate box and provide requested information):			
a) <input type="checkbox"/> Business Corporation	Date of Incorporation	State of Incorporation* _____	
b) <input type="checkbox"/> Sole Proprietor	Date Established		
c) <input type="checkbox"/> General Partnership	Date Established		
d) <input type="checkbox"/> Not-for-Profit Corporation	Date of Incorporation	State of Incorporation* _____	Charities Registration No. _____
e) <input type="checkbox"/> Limited Liability Company (LLC)	Date Established		
f) <input type="checkbox"/> Limited Liability Partnership	Date Established		
g) <input type="checkbox"/> Other - Specify:	Date Established	Jurisdiction Filed (if applicable)	
* If not incorporated in New York State, please provide a copy of authorization to do business in New York or a current certificate of good standing from your state of incorporation.			
15. Primary Business Activity (Please identify the primary business categories, products or services provided by your business.)			
16. Name of Workers' Compensation Insurance Carrier:			
17. List below <b>ALL</b> of the Vendor's Principal Owners and the three officers who direct the daily operations of the Vendor (attach additional sheets if necessary):			
a) Name	Title	b) Name	Title
c) Name	Title	d) Name	Title

**STATE OF NEW YORK  
VENDOR RESPONSIBILITY QUESTIONNAIRE**

FOR QUESTIONS 18 - 29, A DETAILED EXPLANATION IS REQUIRED FOR EACH QUESTION ANSWERED WITH A "YES", AND MUST BE PROVIDED AS AN ATTACHMENT TO THE COMPLETED QUESTIONNAIRE. YOU MUST PROVIDE ADEQUATE DETAILS OR DOCUMENTS TO AID THE NEW YORK STATE THRUWAY AUTHORITY/CANAL CORPORATION (NYSTA/CC) IN MAKING A DETERMINATION OF VENDOR RESPONSIBILITY. PLEASE NUMBER EACH RESPONSE TO MATCH THE QUESTION NUMBER.

18. Is the vendor certified in New York State as a (please check):  Yes  No

Minority Business Enterprise (MBE)  
 Women's Business Enterprise (WBE)  
 Disadvantaged Business Enterprise (DBE)

*Please provide a copy of any of the above certifications that apply.*

19. Does the vendor use, or has it used in the past ten (10) years, any other business name, FEIN, DUNS or D/B/A other than those listed in items 2-4 above?  Yes  No

*List all other business name(s), FEIN(s), DUNS(s) or any D/B/A names and the dates that these names or numbers were/are in use. Explain the relationship to the vendor.*

20. Are there any individuals now serving in a managerial or consulting capacity to the vendor, including principal owners and officers, who now serve or in the past three (3) years have served as:

a) a full or part-time employee at the NYSTA/CC or a New York State agency, or as a consultant, in an individual capacity, to the NYSTA/CC or a New York State agency?  Yes  No

*List each individual's name, business title or consulting capacity, New York State agency name (if applicable) and employment position with applicable service dates.*

b) If yes to item #20a, did this individual perform services related to the solicitation, negotiation, operation and/or administration of public contracts for the NYSTA/CC or a New York State agency?  Yes  No

*List each individual's name, business title or consulting capacity, New York State agency name (if applicable) and the consulting/advisory position with applicable service dates. List each contract name and assigned contract number.*

21. Within the past five (5) years, has the vendor, any individuals serving in a managerial or consulting capacity, principal owners, officers, major stockholder(s) (10% or more of the voting shares for publicly traded companies, 25% or more of the shares for all other companies), affiliate<sup>1</sup> or any person involved in the bidding, contracting, or leasing process:

a) i. been suspended, debarred or terminated by a local, state or federal authority in connection with a contract or contracting process;  Yes  No  
 ii. been disqualified for cause as a bidder on any permit, license, concession franchise or lease;  
 iii. agreed to a voluntary exclusion from bidding/contracting;  
 iv. had a bid rejected on a NYSTA/CC or a New York State agency contract for failure to comply with the MacBride Fair Employment Principles;  
 v. had a low bid rejected on a local, state or federal contract for failure to meet statutory affirmative action or M/WBE requirements on a previously held contract;  
 vi. had status as a Women's Business Enterprise, Minority Business Enterprise or Disadvantaged Business Enterprise denied, de-certified, revoked or forfeited;  
 vii. been subject to an administrative proceeding or civil action seeking specific performance or restitution in connection with any local, state or federal government contract;  
 viii. been denied an award of a local, state or federal government contract, had a contract suspended or had a contract terminated for non-responsibility; or  
 ix. had a local, state or federal government contract suspended or terminated for cause prior to the completion of the term of the contract?

b) been investigated, indicted, convicted, received a judgment against them or a grant of immunity for any business-related conduct constituting a crime under local, state or federal law including, but not limited to, fraud, extortion, bribery, racketeering, price-fixing, bid collusion or any crime related to truthfulness and/or business conduct?  Yes  No

**STATE OF NEW YORK  
VENDOR RESPONSIBILITY QUESTIONNAIRE**

- c)  Yes  No  
 been issued a citation, notice, violation order, or are pending an administrative hearing, proceeding or determination for violations of:
- i. federal, state or local health laws, rules or regulations, including but not limited to Occupational Safety & Health Administration (OSHA) or New York State labor law;
  - ii. state or federal environmental laws;
  - iii. unemployment insurance or workers' compensation coverage or claim requirements;
  - iv. Employee Retirement Income Security Act (ERISA);
  - v. federal, state or local human rights laws;
  - vi. civil rights laws;
  - vii. federal or state security laws;
  - viii. federal Immigration and Naturalization Services (INS) and Alienage laws;
  - ix. state for federal anti-trust laws; or
  - x. charity or consumer laws
- d)  Yes  No  
 been investigated by any federal, state or local government agency for a civil violation for any business related conduct ?

*For yes answers to any of the above, detail the situation(s), the date(s), name(s), title(s) and address(es) of any individuals involved and, if applicable, and any corrective action(s) taken by the vendor.*

22. In the past five (5) years, has the vendor or its affiliates<sup>1</sup> had any claims, judgments (satisfied or unsatisfied), injunctions, liens, fines or penalties secured by any governmental agency including, but not limited to, judgements based on taxes owed or fines or penalties assessed by any federal, state or local government agency?  Yes  No

*Indicate if this is applicable to the submitting vendor or affiliate. State whether the situation(s) was a claim, judgment, injunction, lien or other with an explanation. Provide the name(s) and address(es) of the agency, the amount of the original obligation and outstanding balance. If any of these items are open or unsatisfied, indicate the status of each item as "open" or "unsatisfied".*

23. Has the vendor (for profit and not-for-profit corporations) or its affiliates<sup>1</sup>, in the past three (3) years, had any governmental audits that revealed material weaknesses in its system of internal controls, compliance with contractual agreements and/or laws and regulations or any material disallowances?  Yes  No

*Indicate if this is applicable to the submitting vendor or affiliate. Detail the type of material weakness found or the situation(s) that gave rise to the disallowance, any corrective action taken by the vendor and the name of the auditing agency.*

24. Is the vendor exempt from income taxes under the Internal Revenue Code?  Yes  No

*Indicate the reason for the exemption and provide a copy of any supporting information.*

25. During the past three (3) years, has the vendor failed to:

a) file returns or pay any applicable federal, state or city taxes?  Yes  No  
*Identify the taxing jurisdiction, type of tax, liability year(s), and tax liability amount the vendor failed to file/pay and the current status of the liability.*

b) file returns or pay New York State unemployment insurance?  Yes  No  
*Indicate the years the vendor failed to file/pay the insurance and the current status of the liability.*

26. Have any bankruptcy proceedings been initiated by or against the vendor or its affiliates<sup>1</sup> within the past seven (7) years (whether or not closed) or is any bankruptcy proceeding pending by or against the vendor or its affiliates regardless of the date of filing?  Yes  No

*Indicate if this is applicable to the submitting vendor or affiliate. If it is an affiliate, include the affiliate's name and FEIN. Provide the court name, address and docket number. Indicate if the proceedings have been initiated, remain pending or have been closed. If closed, provide the date closed.*

27. Is the vendor currently insolvent, or does the vendor currently have reason to believe that an involuntary bankruptcy proceeding may be brought against it?  Yes  No

*Provide financial information to support the vendor's current position, for example, Current Ratio, Debt Ratio, Age of Accounts Payable, Cash Flow and any documents that will provide the NYSTA/CC with an understanding of the vendor's situation.*

28. Has the vendor been a contractor or subcontractor on any contract with any New York State agency and/or with the NYSTA/CC in the past five (5) years?  Yes  No

*List the agency name, address, and contract effective dates. Also provide state contract identification number, if known.*



**FORM E**  
**CONFIDENTIALITY NOTICE**

The data on page(s)

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of this proposal, identified by an asterisk (\*) or marked along the margin with a vertical line, contain technical or financial information which are considered to be proprietary information or trade secrets, the disclosure of which would cause substantial injury to the Proposer's competitive positions. The Proposer requests that such data be used only for the evaluation of the proposal, but understands that such data may otherwise be disclosed to the extent that the Authority determines is necessary or proper for compliance with any law, order or decree of any court or agency of competent jurisdiction, or necessary or proper in the Authority's view to show compliance with any law, order or decree of any court or agency of competent jurisdiction.

**Note:**

Proposer is urged to only designate as confidential those materials which, in its opinion, clearly represent proprietary information or trade secrets. Cost proposal information and all proposed forms shall not be considered confidential.

Proposer

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Signature of Authorized Official

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Date

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