

NEW YORK STATE DISABILITY BENEFITS LAW (DBL) INSURANCE POLICY

This Policy is Governed by the Laws of The State of New York

TABLE OF CONTENTS

	Page
I. INSURING CLAUSE	1
II. DEFINITIONS	1
III. POLICY TERMS AND CONDITIONS	2
IV. ASSIGNMENT BY POLICYHOLDER	2
V. CANCELLATION OF THE POLICY	2
VI. PROVISIONS REQUIRED BY STATUTE	3
VII. INFORMATION REQUIRED FROM POLICYHOLDER	3
VIII. CLAIM NOTICES	3
IX. PREMIUM & PREMIUM RATES	3
X. STATUTORY ASSESSMENTS	4
XI. EFFECTIVE DATE OF EMPLOYEE'S COVERAGE	4

I. INSURING CLAUSE

In return for payment of the stated premiums by the policyholder named in the application attached to this policy, AmGUARD Insurance Company (the Company) will pay disability benefits to each employee in a listed class as required under Section 204 of the New York State Disability Benefits Law (New York State Workers' Compensation Law Article 9), subject to the terms and conditions stated in this policy and the statements in the attached application.

II. DEFINITIONS

- **Board:** The Workers' Compensation Board of the State of New York.
- **Company:** AmGUARD Insurance Company.
- **Disability:** If during employment, the inability of an employee, as a result of injury or sickness not arising out of and in the course of an employment, to perform the regular duties of his employment with the Policyholder or the duties of any other employment which an employer may offer him at his regular wages. If during unemployment, the inability of an employee, as a result of injury or sickness not arising out of and in the course of employment, to perform the duties of any employment for which he is reasonably qualified by training and experience. Disability also includes disability caused by or in connection with a pregnancy.
- **Employer:** The policyholder, or any additional employer named in a rider attached to this policy.
- **Law:** The Disability Benefits Law of the State of New York, Article 9 of the Workers' Compensation Law. The term "Law" includes any amendments or supplements to the Law which may take effect while this policy is in force.
- **Policy:** The written contract of insurance between the Company and Policyholder. This policy, and attached riders and endorsements, and the signed master application are the entire contract of insurance.
- **Policyholder:** The corporation, proprietorship, sole proprietor, or other organization or entity to which this policy is issued.

DISABILITY BENEFITS LAW (DBL) COVERAGE

III. POLICY TERMS AND CONDITIONS

This policy provides benefits only:

1. for a disability which begins during the term of this policy; or
2. for any employee whose employment with the policyholder terminates during the term of this policy, for a disability that begins within 4 weeks after termination of his employment and prior to the first day employee performs any work for remuneration, profit or benefit received, for an employer other than the policyholder or a subsidiary or an affiliate of the policyholder; provided the new employer is a covered employer under the Law.

See **XI. EFFECTIVE DATE OF EMPLOYEE'S COVERAGE** for specific information on the date coverage begins.

This policy becomes effective at 12:01 a.m. Eastern Time on the date shown in the master application. Policy anniversaries will be 12:01 a.m. Eastern Time each year after the policy effective date. Policies are continuous; renewal dates are for premium information only.

This policy is signed at the Home Office of the Company in Wilkes-Barre on the date of issue.

This policy is subject to all of the terms contained in the following pages. All provisions of the Law are considered a part of this policy, as if the provisions were contained herein, so far as those provisions apply to the disability benefits provided by the policy.

The policyholder may act for or on behalf of any and all employers named in the master application attached to this policy in all matters pertaining to this policy. Any act taken by the policyholder shall be binding on those employers named in the master application.

This policy, and attached riders and endorsements, and the signed master application are the entire contract of insurance. Any statement made in connection therewith by an applicant, policyholder, or insured, absent fraud, will be deemed a representation and not a warranty. No statement made by an insured will reduce benefits or void the insurance, unless that statement is contained in a written document, signed by the policyholder or insured, and the policyholder or insured is or has been furnished with a copy of the document.

No change or amendment to the terms of this policy will be valid unless it has been approved by the President, a Vice President, or the Secretary of the Company and is shown by an endorsement to this policy or is attached hereto. Any changes or amendments to the policy made by the Company without the consent of the policyholder will be effective 30 days after the date stated in a written notice provided by the Company to the policyholder. No agent has the authority to change this policy or waive any of its provisions; to accept any premiums in arrears; to extend the due date of any premium; to waive any notice of claim required by this policy; or to extend the date for submission of a notice of claim.

IV. ASSIGNMENT BY POLICYHOLDER

This policy shall not be assigned or transferred without the written consent of the President, a Vice President, or the Secretary of the Company.

V. CANCELLATION OF THE POLICY

The Company may cancel this policy for non-payment of premium with respect to an employee of the policyholder or any one or more employers at any time or times by furnishing written Notice of Cancellation:

1. to the policyholder;
2. to the employer(s) of the employee for which such Notice of Cancellation will be effective; and
3. to the Chairman of the Workers' Compensation Board of the State of New York.

Any such Notice of Cancellation must state when cancellation will be effective, *provided that* the effective date of such cancellation may not be less than ten (10) days after the furnishing of such notice to the Chairman and to each employer.

DISABILITY BENEFITS LAW (DBL) COVERAGE

Cancellation for any reason other than non-payment of premium will not be effective until at least thirty days (30) after a written Notice of Cancellation of this policy, on a date specified in such Notice, has been filed in the Office of the Chairman of the Workers' Compensation Board of the State of New York and also served on the policyholder and any employers of any employees for which such Notice of Cancellation will be effective; *provided, however*, that in either case should insurance with another insurance carrier become effective prior to the effective date of cancellation stated in any notice furnished under this paragraph, the cancellation will be effective as of the effective date of such other insurance, rather than as of the date stated in such notice.

Cancellation of this policy as provided above may be carried out by the Company on its own behalf, or upon the written request of the policyholder or of any employer of an employee for which such cancellation is to be effective.

Upon receipt by the Company, not less than forty (40) days prior to any premium due date, of a written request either:

1. from the policyholder that this policy be cancelled with respect to its employees or the employees of any one or more employers; or
2. directly from an employer that this policy be cancelled with respect to its employees,

the Company will carry out such cancellation in accordance with this section. In the event of such a request, the Company will state, in written Notice of Cancellation distributed in connection with such cancellation, that premium due date as the date such cancellation is to be effective.

The policyholder will be responsible for all unpaid premiums for insurance on employees of the policyholder and any employer of an employee for which such cancellation is to be effective. If the Company cancels on its own behalf, earned premiums will be computed pro-rata. If the Company cancels upon the written request of the policyholder or an employer, earned premium shall be computed in accordance with the short rate table and procedure; *provided, however*, that if this policy is being cancelled because the employer or the policyholder is ceasing to do business, earned premiums shall be computed pro-rata. Any refund will be made to the policyholder as soon as possible.

VI. PROVISIONS REQUIRED BY STATUTE

An employee who suffers a disabling injury or illness and gives notice to his employer shall be deemed to have given notice to the Company. For the purpose of the Law and this policy, jurisdiction shall be deemed to be New York State. The Company shall be bound in all actions pertaining to this policy by the Law, and the orders, findings, or decisions rendered in connection with the payment of benefits under that law and the New York State Insurance Law and Regulations hereunder.

The Chairman of the Board shall have the right to enforce any provision of this policy on behalf of an employee entitled to benefits under this policy. Enforcement shall be by filing of a separate application or by making the Company a party to the original application. Payment in whole or in part of any benefits by the policyholder, any named employer, or the Company shall be a bar to recovery against the non-paying policyholder, named employer, or the Company.

Bankruptcy or insolvency of the policyholder or named employer shall not relieve the Company of any of its obligations under this policy.

In accordance with the requirements of the Law, when this policy is terminated, any excess of employee contributions applied to the cost of the insurance but not used to pay premiums to the date of termination shall be used by the policyholder only as set forth in Section 216 of the Law. Rules governing the distribution of these excess employee contributions are set by the Chairman of the Board.

All benefits payable under this policy or under any attached rider or endorsement shall be payable in accordance with the provisions of the Law. Any provision of this policy which is contrary to the Law shall be null and void as to that provision only; all other provisions shall remain in effect.

VII. INFORMATION REQUIRED FROM POLICYHOLDER

The policyholder will give to the Company all information which the Company may reasonably require with regard to this policy. All documents, books, and records which pertain to this policy shall be open for inspection by the Company at all reasonable times during the continuance of this policy and for 6 years after the final termination of this policy.

DISABILITY BENEFITS LAW (DBL) COVERAGE

VIII. CLAIM NOTICES

Written notice of a claim must be given to the policyholder or named employer and sent to the Company within 30 days after the start of the disability. The notice must contain all information necessary to identify the policyholder or the named employer. The notice must also specify the employee's name and address, and the time, place, circumstances, and nature of the disability. No benefits shall be required to be paid for any period more than 2 weeks prior to the date on which required proof of disability is provided to the Company unless it is shown to the satisfaction of the Chairman of the Board to be not reasonably possible for the insured to have provided proof sooner and such proof was provided as soon as possible. No benefits shall be paid unless the required proof of disability is provided to the Company within 26 weeks of the start of the period of disability.

IX. PREMIUM & PREMIUM RATES

Premiums will be calculated and must be paid on the basis specified in the attached application. The Company will bill for each premium after the initial premium. The policy anniversary date shall be 12 months following the first day of the calendar quarter coinciding with or next following the effective date of this policy. There is a grace period of 31 days from the premium due date for all payments except the initial payment. The policy remains in effect during the grace period. All premiums due under this policy are to be remitted to the Company by the policyholder.

The Company may establish new premium rates as of the effective date of any amendment to the Law which affects or alters the Company's obligation under this policy. Any such change will be set forth in a rider to be attached to this policy. The Company reserves the right to change the premium rates after this policy has been in effect for 12 calendar months, or on any premium due date thereafter, by notifying the policyholder in writing at least 31 days in advance of the date the rate change becomes effective. If the policyholder does not pay the new premium, this policy will automatically terminate for non-payment 31 days after the due date of the first premium payment reflecting the rate change.

In the case of a rating plan billed annually in advance, an audit will be conducted at the end of that calendar year or at cancellation, whichever occurs earlier. Any difference between the premium reported and the premium developed by audit will be adjusted in arrears.

X. STATUTORY ASSESSMENTS

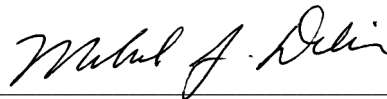
The Company will pay any assessments levied on the total payrolls of employees covered under this policy pursuant to Sections 214-2, 214-3, and 228 of the Law.

XI. EFFECTIVE DATE OF EMPLOYEE'S COVERAGE

Each employee eligible for insurance under this policy shall become insured as of the date of his eligibility to be placed in a class of employees. An employee who returns to work for the same employer/policyholder after an agreed and specified leave of absence or unpaid vacation shall become eligible for benefits immediately upon return to work.



Sy Foguel, Chief Executive Officer & President



Michael J. Dulin, General Counsel and Secretary