

# **EXHIBIT 1**

From: James Lane  
3 November 1999 05:01 PM CST

Willis

To: JB\_Holeman@radian.com  
cc: Sally Ryan/Mil/US/WCG@WCG  
bcc:

Subject: Normandy Landfill Remediation - Phase 2, Project Professional Liability and Pollution Liability Insurance, Alpina Insurance Company Policy No. LV00305

JB

This is our "draft" response to the Fairhurst International letter dated October 22, 1999.

Our response is separated into three sections. The first deals with the initial negotiation of the insurance coverage with Zurich. It was based on the copies of the draft agreements we received in the spring on 1999. The second section deals with the letter from Fairhurst International dated May 7th 1999. Section three deals with the most recent Fairhurst letter that was dated October 22, 1999.

Section 1. - Professional Liability Insurance for this project was negotiated with Zurich Insurance Group beginning in the summer of 1998. Numerous changes were made during the negotiation period, culminating with the policy being bound effective April 14th 1999. That date was specifically requested by Radian, since construction work commenced on or about that date. However, the project policy Retroactive Date was agreed to be January 25, 1999, which was the date the contract between Radian and Solidere was officially signed.

The January 22, 1999 draft copy of the contract between Radian and Solider that was sent to Willis in early 1999, contained a number of insurance requirements. The major contractual requirements under Professional Liability Insurance included policy limits, policy period, extended reporting period, name and location of the project and named insured's. Based on the information provided to Willis, we proceeded to bind the project policy with Zurich.

The policy limits were agreed to be \$50 million per claim and \$50 million aggregate. The policy period is five years, beginning April 14th 1999. As part of the contract, the Extended Reporting Period for claims reporting was agreed to be 20 years from April 14th 2004. Since this is a project policy, the project was specifically listed on the declaration page of the policy. The named insured was agreed to be Radian International LLC, the signer of the contract with Solidere. Dames & Moore Group was added as an Additional Named Insured as requested. In addition, Societe Mouawad-Edde, S.A.R.L, was added as an additional insured.

Section 2 - Fairhurst letter dated May 7th 1999. There were five comments in their letter that Willis subsequently responded to. They were as follows:

1. Name Radian and your sub-contractor on to the policy. This was done.
2. Add Employer, Construction Manger, Consultant Engineer and the Technical Controller as additional insureds. Also, make the project policy "primary" as respects the additional insureds and include cross liability or severability of interest clause. Since this is a project policy, Zurich will not include the cross liability or severability of interest clause. We are insuring Radian, not the other entities. Also, they will not add the entities as listed in the contract. This was done to protect the ability of Solider to bring suit under the policy against Radian. By adding Solidere to the Professional Liability Policy, the risk of voiding the claim between insured parties under the project policy exists.

3. Add Solidere as named insured. This was covered in 2 above.
4. The extended reporting period begins April 14, 2004. The letter asked to have it commence October 14, 2003.
5. The policy period was requested to be January 25 1999 to October 14, 2003. As indicated previously, the policy period as requested is from April 14, 1999 to April 14 2004. The ERP goes out 20 years to April 14, 2024.

### Section 3- Fairhurst Letter of October 22, 1999 .

#### Policy Coverage Conditions:

As you know, the letter is three pages in length and has 23 comments that ask for a response.

We will comment on each one as they appear on the letter. Explanations will be provided as necessary.

1. Automatic extension of the policy - The policy was issued as requested by Radian. The policy period followed the contract requirement and was issued for 5 years with a 20 year ERP. If the contract exceeds the 5 year estimate, then Zurich would want a copy of the extension contract and could charge additional premium.
2. Requested to add Solidere, Solider joint venture companies and any future land owners, etc Zurich will not comply with this provision. The policy specifically covers the entire project and the complete remediation site.
3. Cross liability - Zurich will not provide this endorsement. again, this was not agreed to initially.
4. We need to know what is "BCD" ?
5. Nuclear radiation - The information Willis and Zurich received did not include any mention of radiation exposures. Therefore , the underwriter will not nuclear radiation to the policy.
6. Claims triggers - The letter requested an explanation of triggers that would allow claims to be paid under the policy. Obviously , this could be a lengthy answer. However, the simple response is to refer to the policy. There are 3 coverages. Professional Liability, Contractors Environmental Liability and Completed Operations Liability. The Professional Liability is triggered by a claim alleging a professional error , act or omission by Radian that causes Damages. The Environmental Liability is triggered by a release pollution or alleged pollution release caused by Radian. Completed Operations coverage is triggered by a claim resulting from covered operations by Radian.
7. World-wide coverage was requested. This is a project policy and was negotiated to only insure the activities included under the contract for Phase 2 Remediaton.
8. Request to add Solidere under Coverage A Professional Liability. The underwriter would like a further explanation of this request. It was referred to as Indemnity to Employer (Principal ) provision. This request has been discussed many times with Dames & Moore and Radian.

## Policy Drafting Considerations

1. Conflict with expiration dates on the declaration page. The Policy Period is April 14, 1999 to April 14, 2004. The notation on top of the page that shows an expiration date of April 14, 2000 should be ignored. This had to do with the issuance of the policy in terms of premium distribution. The policy does conform with Lebanese law as written and is for the full 5 year period.

2. Clarify policy numbers. The policy number is LV 00305. The reference to number 0175 328 is an internal Zurich code and should be ignored. Each endorsement will show LV 00305 plus .01 and .02, etc.

## **EXHIBIT 2**

From: Sally Ryan

17 August 1999 04:01 PM CDT

Willis

To: Kathleen.Dwyer@ZurichUS.com  
cc: James Lane/Mil/US/WCG@WCG  
bcc:

Subject: Radian - Lebanon policy

Dear Kathy,

In follow-up to our conversation yesterday, I spoke with Tim Mains at Radian and he would like the policy to be issued now (ASAP) and any additional changes that may need to be made can be made later.

However, we need to be sure that the following changes are implemented into the policy now - which they should be since we had discussed these issues several months ago and they were included in the original contract documents that were provided to Zurich almost eighteen months ago.

1. Additional insureds - including the addition of Radians client.
2. Cancellation clause amended to be only as follows "except for fraud and non-payment of premium"
3. Territory of claim handling - claim will be handled directly in Lebanon and will not be brought back to the US

Kathy, if you could please let me know ASAP when this policy will be issued including the above amendments - and expressed to Radians Lebanon office. Radians employee Amini BouOnk is now back in Lebanon so that policy would still need to be sent back to him.

Please send me an E-mail and let me know when this policy will be expressed.

Thanks for your assistance - I realize that you are on vacation but would greatly appreciate your assistance in having this policy issued and sent to Radian ASAP.

Regards,

Sally R. Ryan  
Associate Account Executive  
Environmental Risk Management & Insurance Services  
Tel: 414/203-5208  
Fax: 414/271-5264  
Email: RYAN\_SR@Willis.com

**EXHIBIT 3**



kathleen.dwyer@zurich.com on 11/03/99 10:10:50 AM

To: James Lane/Mil/US/WCG  
cc: beat.bindig@alpina.ch  
bcc:  
Subject: Radian

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Jim,

The response to the 9/22 comments is attached.

Regarding the licensing issue, our response is as follows:

Alpina Switzerland is the licensed Zurich company for Lebanon, therefore we are registered as a foreign insurance company, not a local insurance company there. This license permits us to provide and transact all classes of business except life in Lebanon on an admitted basis.

Good luck.

Kathe

(See attached file: radianresponse.doc)



- radianresponse.doc



Memo



To Jim Lane  
Willis Corroon, Milwaukee, WI  
via e-mail  
From Kathleen Dwyer, Environmental  
Date 3 November 1999

**Topic:** *Response to September 22, 1999 comments from Said Cortbawy, Solidere, regarding Normandy Landfill Remediation - Phase 2 project, Professional Liability and Pollution Insurance, Alpina Insurance Company Policy No. LV00305*

**Policy Coverage Conditions:**

- 1) This policy was provided for a 5 year time period, based on the fact that the project award period was five years. Should the project be extended, Zurich will require details regarding the reason for the extension. As premium is based on a 5 year term, any extensions, if granted, may be subject to an additional premium charge.
- 2) No. The Named Insured is Radian International, LLC; Dames & Moore. The policy was not written as a wrap up, or to respond the liability of other entities involved in the project.
- 3) The policy will not be amended to permit cross-liability suits.
- 4) Explanation of what the "BCD" is required before Zurich can respond to this request.
- 5) The policy will not be amended to include 'nuclear' radiation.
- 6) It is impossible to explain what possible claims may be. The trigger of the policy is as outlined in the policy.
- 7) What is the intent of the request that the policy covers claims brought anywhere in the world? The policy is providing coverage for a project being conducted in Lebanon. For this reason, the state of law that will respond is Lebanese.
- 8) An explanation of what is being requested here is required.

Direct Line 44-171-617-4131  
Direct Fax

Zurich Specialties London Ltd

London Underwriting Centre  
3 Minster Court, Mincing Lane  
London  
EC3R 7DD  
England

Telephone +44 (0)171 369 0450

**Policy Drafting Considerations:**

- 1) The terms 'Declarations' and 'Schedule' are synonymous.

The Declarations/Schedule page was originally issued, to allow the customer to have something in place. It should not have been distributed.

As the coverage is being provided by Alpina, and to comply with Lebanese insurance law, the schedule must be written and signed by Alpina representatives. In order to

3 November 1999

Page 2

comply with this, Alpina did issue & sign the policy Schedule that is currently in place. Thus the 'Schedule' page is the true 'Declarations' page of the policy. The times referenced here are the coverage times of the policy, as they comply with the Lebanese insurance laws and customs regarding effective coverage times.

2) The policy number is LV 00305.

"LV" is the symbol for 'public liability, thus referencing the policy to be a 'public (general) liability vs. property. The numbers "0175 328" is an internal Zurich (Alpina) code, used for processing purposes only. Radian does not need to concern themselves with these numbers.

When amendments are made to the policy, this is recorded by placing the number of the amendment behind the policy number. Hence, the number LV000305.01 on the Schedule page shows that this was the first change made to the policy (replacing the original schedule page with an Alpina drafted schedule page.

- 3) This appears to be a minor issue, and not one that it is necessary to change. The term 'declarations' or 'schedule' are common terms of art in the insurance world.
- 4) The policy is written with a retention, not a deductible. This was agreed with Radian at binding of coverage. If the policy were to be amended to a deductible it would be necessary for the Named Insured to post a LOC for the deductible amount.
- 5) Endorsement No. 8 is incorrect. The retention will apply to each and every claim.
- 6) Item 1 references the Named Insured, not the Insurer.
- 7) Typo. Will be fixed.
- 8) Typo. Will be fixed
- 9) Typo. Will be fixed.
- 10) This definition refers to waste material. As we are only insuring operations being conducted at the Normandy site, it would only provide coverage for waste from the Normandy site.
- 11) No. The policy only waives rights of subrogation against those parties that Radian, the Named Insured, has a contract in place with, provided the contract requires a waiver of subrogation.
- 12) Okay

3 November 1999  
Page 3

- 13) I do not understand the conflict here. The limits being provided are \$50,000,000 USD each claim for coverage A, B, C, with a policy term aggregate of \$50,000,000 USD
- 14) Okay. See Endorsement # 7 for conditions of 'Additional Insured'. Note that this policy only provides coverage for the liability resulting from the operations of the Named Insured.
- 15) Willis should have a copy of this application.

Hope this helps. Please call with any questions.

Regards,

Kathleen Dwyer  
Environmental

# **EXHIBIT 4**

"FINRLT (213)833-1560" <finrlt@dames.com> on 05/17/1999 04:33:41 PM



To: Sally Ryan <ryan\_sr@WilCor.com>  
cc: Alan Krusi <OKIAPK@dames.com>  
Tim Mains <Tim\_Mains@radian.com>  
Stan Porfido <Stan\_Porfido@radian.com>  
Jim Lane <lane\_jm@WilCor.com>

bcc:

Subject: Normandy Landfill Project

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Sally,

I received the insurance premium invoice for the Normandy Landfill Project, in the amount of \$668,604.

I was going to send it on to DMG A/P to be paid. However, as we discussed, Willis Corroon was going to look into the possibility of having this premium paid in two, or three parts, over the next several months.

Therefore, please let me know the status of this request.

Regards,  
RL

# **EXHIBIT 5**



**WILLIS CORROON**  
330 E. Kilbourn Avenue  
Milwaukee, WI 53202  
414/271-9800

May 13, 1999

**Mr. RL Traylor**  
Director of Risk Management  
Dames & Moore  
911 Wilshire Boulevard  
Los Angeles, CA 90017

**RE: Radian - Normandy Beirut Lebanon project**  
Professional Environmental Consultants Liability policy  
Effective April 14, 1999

Dear RL:

Enclosed please find the Binder Confirmation on for the captioned policy bound effective April 14, 1999. This policy is a project policy insuring only the Normandy Beirut Lebanon project as outlined in previously submitted contract documents.

The premium on the policy is due to Zurich Ins. Co. no later than May 26<sup>th</sup>, 1999 which means we need the moneys in our office no later than May 21<sup>st</sup>, 1999. To expedite the premium I have also sent a copy of the invoice to Radian - since I am assuming they are paying the premium on this project policy.

If you have any questions, please give me a call.

Sincerely,

**Sally R. Ryan**  
Associate Account Executive  
Environmental Risk Management & Insurance Services  
WILLIS CORROON

enclosure

cc: Tim Mains, Radian International  
James Lane, Willis

ONE LIBERTY PLAZA, 32 FLOOR  
NEW YORK, NEW YORK 10006



# Fax

<b>To:</b> Sally Ryan - Willis	<b>From:</b> Kathleen Dwyer
<b>Phone:</b>	<b>Phone:</b> 212-748-2332
<b>Fax:</b> 414-271-5264	<b>Fax:</b> 212-566-2975
(email:kathleen.dwyer@zurich.com)	
<b>Phone:</b>	<b>Date:</b> May 11, 1999
<b>Re:</b> Radian Binder	<b>CC:</b>
<input type="checkbox"/> <b>Urgent</b> <input type="checkbox"/> <b>For Review</b> <input type="checkbox"/> <b>Please Comment</b> <input type="checkbox"/> <b>Please Reply</b> <input type="checkbox"/> <b>Please Recycle</b>	

Sally,

The REAL binder from Alpina Insurance Company. Keep this policy number and the PEC policy number in a safe place. The PEC number is the 'reinsurance' number, while the Alpina number is the actual policy number.

To be redundant, I need the signed application & project number as soon as possible. Also signed contract.

Regards,

Kathe



# Alpina Insurance Company, Ltd.

*Bosch Building, 2<sup>nd</sup> Floor  
Dora Highway  
P.O. Box 9057 Jdeideh  
Beirut, Lebanon*

## Binder Confirmation

*This Binder replaces previously issued binders*

**Policy No.:** LV00305.00  
**No Flat Cancellation Permitted**

In accordance with your instructions and in reliance upon the statements made in your application, on behalf of Alpina Insurance Company Ltd. we are binding coverage as follows:

1. **Insurer:** Alpina Insurance Company, Ltd.  
**Address:** Bosch Building, 2<sup>nd</sup> Floor  
Dora Highway; P.O. Box 9057  
Jdeideh, Lebanon
2. **Name of Insured:** Radian International LLC
3. **Insured Address:** 7101 Wisconsin Avenue, Suite 700  
Bethesda, Maryland 20814
4. **Binder Period:** **From:** January 25, 1999 **To:** June 25, 1999  
(Standard Time at the address stated above. This binder will be terminated and superseded upon delivery of formal policy(ies) or certificate(s) issued to replace it.)
5. **Schedule of Bound Insurance (all figures are in U.S. Dollars):**
  - a) **Coverage:** Professional Environmental Consultant's Liability
  - b) **Limits:**
    - Professional Liability: \$50,000,000 each & every Damage
    - Contractor's Environmental Liability: \$50,000,000 each & every Loss
    - Completed Operations Liability: \$50,000,000 each & every Loss
    - Term Aggregate: \$50,000,000 total all Damage(s)/Loss(es)
  - c) **Retention:** \$1,000,000 each Damage/Loss
  - d) **Covered Operations/Professional Services:**
    - Reclamation of the land within the Phase 2 area of the Normandy Landfill,  
Beirut, Lebanon.
  - e) **Additional Named Insureds:**
    - Dames & Moore Group

f) **Additional Insureds**

Societe Mouawad - Edde, S.A.R.L.

But solely with respect to the activities of the Named Insured, and only in regards to Coverage Parts B & C of the Policy.

g) **Policy Modifications:**

- Retroactive Date of January 25, 1999
- The Extended Reporting Period of the policy will be amended to reflect a 20 year time period.
- Pending or prior litigation endorsement
- Premium fully earned at inception. Cancellation only for non-payment of premium
- Policy amended to respond to Lebanon laws.

h) **Additional Information Required:**

- Complete and signed Zurich consolidated environmental application.
- Copy of the contract between Societe Mouawad - Edde, S.A.R.L. and the Named Insured by June 18, 1999.
- Scope of work - final version by June 18, 1999.
- Copy of final contract.

6. **Policy Premium:** \$668,604  
Based on \$53,000,000 revenue base.

7. **Policy Period:** From: January 25, 1999 To: January 25, 2000  
(12:01AM Standard Time at the address stated above.)  
• and guaranteed for the four years following up until January 25, 2004.  
• Limits apply to term of policy contract.

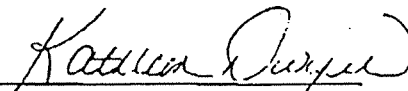
8. Forms applicable are subject in all respect to the terms, conditions, exclusions and limitations of the policy(ies) or certificate(s) in current use by the Company, unless otherwise specified.

9. **CONDITIONS:** Premium in the amount of \$ 668,604, minus commission, is due and payable to Zurich Financial Services Group by May 21, 1999. See invoice dated May 7, 1999 for processing instructions.

10. This binder automatically terminates on the last date indicated in Item 4 above unless extended by endorsement. Issuance of a policy automatically replaces this binder. The insurance under this binder can not be canceled flat.

**Producer:** Willis Corroon

**Date of Issuance:** May 11, 1999

By:   
Kathleen Dwyer, Zurich US  
On behalf of Alpina Insurance Company Ltd.

f) **Additional Insureds**

Societe Mouawad – Edde, S.A.R.L.

But solely with respect to the activities of the Named Insured, and only in regards to Coverage Parts B & C of the Policy.

g) **Policy Modifications:**

- Retroactive Date of January 25, 1999
- The Extended Reporting Period of the policy will be amended to reflect a 20 year time period.
- Pending or prior litigation endorsement
- Premium fully earned at inception. Cancellation only for non-payment of premium
- Policy amended to respond to Lebanon laws.

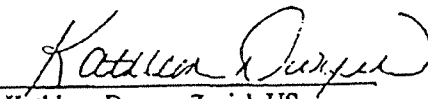
h) **Additional Information Required:**

- Complete and signed Zurich consolidated environmental application.
- Copy of the contract between Societe Mouawad – Edde, S.A.R.L. and the Named Insured by June 18, 1999.
- Scope of work – final version by June 18, 1999.
- Copy of final contract.

6. **Policy Premium:** \$668,604  
Based on \$53,000,000 revenue base.
7. **Policy Period:** From: January 25, 1999 To: January 25, 2000  
(12:01AM Standard Time at the address stated above.)
- and guaranteed for the four years following up until January 25, 2004.
  - Limits apply to term of policy contract.
8. Forms applicable are subject in all respect to the terms, conditions, exclusions and limitations of the policy(ies) or certificate(s) in current use by the Company, unless otherwise specified.
9. **CONDITIONS:** Premium in the amount of \$ 668,604, minus commission, is due and payable to Zurich Financial Services Group by May 21, 1999. See invoice dated May 7, 1999 for processing instructions.
10. This binder automatically terminates on the last date indicated in Item 4 above unless extended by endorsement. Issuance of a policy automatically replaces this binder. The insurance under this binder can not be canceled flat.

**Producer:** Willis Corroon

**Date of Issuance:** May 11, 1999

By:   
Kathleen Dwyer, Zurich US  
On behalf of Alpina Insurance Company Ltd

# **EXHIBIT 6**



# **EXHIBIT 7**



**ZURICH**  
ZURICH FINANCIAL SERVICES GROUP  
(On behalf of Alpina Insurance Company, Ltd.)

**INVOICE**

Billing Date: May 7, 1999

PRODUCER  
Willis Corroon  
330 E. Kilbourne Avenue  
Milwaukee, WI 53202  
Attention: Jim Lane/Sally Ryan

Insured:		Radian International LLC					
Gross Premium:		\$668,604					
ALPINA POLICY #	ZURICH POLICY #	EFFECTIVE DATE	NET AMOUNT	TAXES	CAPITAL FEE	COMMISSION	TOTAL
TBD	PEC 2947900	January 25, 1999	\$519,000	\$61,944	\$15,000	(\$72,660)	\$595,944
TOTAL DUE ZURICH:							\$595,944

NOTES: PLEASE REFERENCE ZURICH AND ALPINA POLICY #'S WITH PAYMENT.

WIRE PAYMENT TO: TO BE DETERMINED

*HO*  
*4/7/99*