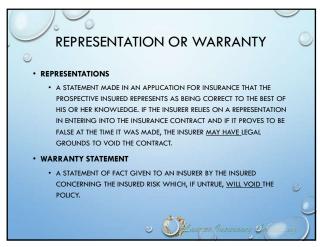


## RETENTIONS VS. DEDUCTIBLES (CONTINUED) • FOR EXAMPLE, ASSUME THAT TWO POLICIES ARE IDENTICAL, EXCEPT FOR THE FACT THAT POLICY A IS WRITTEN WITH A \$25,000 DEDUCTIBLE, WHILE POLICY B CONTAINS A \$25,000 SIR. ALSO ASSUME THAT DEFENSE AND INDEMNITY PAYMENTS FOR A GIVEN CLAIM TOTAL \$100,000. • IN THE EVENT OF A CLAIM UNDER POLICY A, THE INSURER WOULD PAY THE \$100,000 IN DEFENSE AND INDEMNITY COSTS THAT WERE INCURRED. AFTER THE CLAIM IS CONCLUDED, THE INSURER WILL BILL THE INSURED FOR THE \$25,000 IN PAYMENTS MADE ON THE INSURED WILL PAY THE FIRST \$25,000 OF DEFENSE/INDEMNITY COSTS, AFTER WHICH, THE INSURER WILL MAKE THE ADDITIONAL \$75,000 IN DEFENSE AND INDEMNITY PAYMENTS ON THE INSURED'S BEHALE.













## APPLICATION — FINAL NOTICES TRAVELERS • THE UNDERSIGNED AUTHORIZED REPRESENTATIVE OF THE APPLICANT DECLARES TO THE BEST OF HIS/HER KNOWLEDGE AND BELIEF, AFTER REASONABLE INQUIRY, THE STATEMENTS SET FORTH IN THE ATTACHED TRAVELERS NEW BUSINESS OR RENEWAL APPLICATION FOR INSURANCE ARE TRUE AND COMPLETE AND MAY BE RELIED UPON BY TRAVELERS. IF THE INFORMATION IN ANY APPLICATION CHANGES PRIOR TO THE INCEPTION DATE OF THE POLICY, THE APPLICANT WILL NOTIFY THE COMPANY OF SUCH CHANGES, AND THE COMPANY MAY MODIFY OR WITHDRAW ANY OUTSTANDING QUOTATION. THE COMPANY IS AUTHORIZED TO MAKE INQUIRY IN CONNECTION WITH THIS APPLICATION.

