

PROFESSIONAL LIABILITY INSURANCE POLICY FOR-TRAVEL AGENTS

ERRORS & OMISSIONS COVERAGE

In today's litigious society, disgruntled clients are suing their travel agents for real or imaginary errors and omissions sometimes caused by the negligence of the travel vendor's employees. Mistakes can and do occur, and certainly not every client sues as a result.

Common scenarios for E&O claims involve dissatisfaction with travel arrangements, alleged failure to advise of needed travel documents, and, yes, actual booking errors; for example, ticketing a traveler to Portland, ME when he wanted to go to Portland, OR.

"Errors & Omissions" (E&O) claims do not necessarily involve an actual error on the part of a travel agent. Simply the perception of an error or omission by a client can give rise to a claim.

This is an "Errors & Omissions Only" policy. It does not include coverage for general liability claims. Therefore, this policy will not respond to claims arising from bodily injury, property damage or personal injury liability.

POLICY DETAILS AND ITH PROCEDURES

ITH has made arrangements to provide the Professional Liability Insurance Policy for Travel Agents with Connecticut Indemnity Company's Royal & Sun Alliance of Charlotte, NC.

The policy period is from: June 01, 2002 to: June 01, 2003.

The limits of liability for each incident: \$1,000,000 with the aggregate also at \$1,000,000.

The deductible for each claim: \$500.00. The deductible amount specified above applies to both damages and defense costs.

ITH is billed for the agency coverage of this policy, **plus an additional \$50.00 per each Independent Contractor per year.**

Each STAR is required to participate in the coverage and premium payment. ITH accounting personnel bills each member in June of each year for their respective \$50.00 premium. STARS members may provide their own Professional Liability Insurance, and by providing ITH management with a copy of their policy and naming ITH as co-insured, then the \$50.00 premium is waived.

TRAVEL AGENTS' PROFESSIONAL LIABILITY POLICY

The Connecticut Indemnity Company



9300 Arrowpoint Boulevard, Charlotte, NC 28201

DECLARATIONS

Item 1 Named Insured and Address	INTERNATIONAL TOURS OF HOUSTON, ET AL. 6363 RICHMOND AVENUE SUITE 200 HOUSTON, TX 77057	Policy Number TA301482
		Previous Policy No. NONE
		Agent Code 91-3005

The "named insured" is: individual ; partnership ; corporation ; joint venture ; other _____

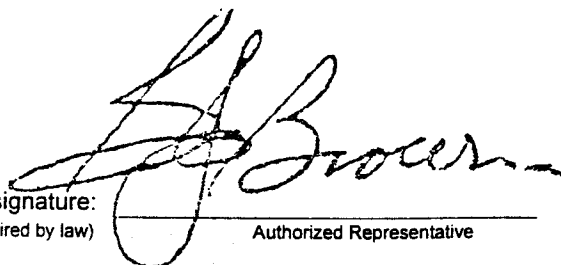
Item 2. Policy Period: From 6/1/02 - 6/1/03 12:01 A.M.; standard time at the address of the "named insured" as stated herein.

Item 3.

Coverages		Limits of Liability	Deductible Amount
Professional Errors and Omissions	each act, error or omission	<u>\$ 1,000,000</u>	<u>500</u>
	aggregate	<u>\$ 1,000,000</u>	

Form numbers of endorsements attached at issue
BE-23 SCHEDULE OF ENDORSEMENTS
40596-1 INSURING AGREEMENT (7/00)

BROKER:
BERKELY AGENCY, LTD
 Date: 5/21/02

Countersignature: 
 (if required by law) _____ Authorized Representative

ENDORSEMENT

THIS ENDORSEMENT, EFFECTIVE 12:01 A.M. 6/1/02 FORMS A PART OF POLICY NO. TA 301482 ISSUED TO INTERNATIONAL TOURS OF HOUSTON, ET AL. BY THE CONNECTICUT INDEMNITY COMPANY.

SCHEDULE OF ENDORSEMENTS

<u>FORM NO</u>	<u>EDITION</u>	<u>TITLE</u>
40546-0	(02/94)	Named Insured
40548-0	(02/94)	Non-Auditable Policy
40556-0	(02/94)	Additional Insured - Independent Contractor(s)
40564-0	(02/94)	Cross Liability Exclusion
40568-0	(02/94)	Revised Exclusion Q - Third Party Bankruptcy for Retailers
40569-0	(02/94)	Texas Complaint Notice
40570-1	(07/94)	Texas Amendatory Endorsement - Cancellation - Coverages A,B and D Deleted
40572-0	(02/94)	Pollution Exclusion



The Connecticut Indemnity Company
Security Insurance Company of Hartford
The Fire and Casualty Insurance Company of Connecticut
Connecticut Specialty Insurance Company

9 Farm Springs Road
Farmington, CT 06032
1-800-243-7060
Fax (860) 674-8686

IMPORTANT NOTICE

In the event you need additional information, claim handling or have a general inquiry:

FIRST CALL

Berkely Agency, Ltd.
100 Garden City Plaza, P.O. Box 9366
Garden City, NY 11530-9366
Phone 1-800-645-2424 • (516) 294-0220 • Fax (516) 294-1821

TRAVEL AGENTS' PROFESSIONAL LIABILITY POLICY

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Words and phrases that appear in quotation marks have special meaning. Refer to the Definition section.

In consideration of the payment of the premium in reliance upon the statements in the declarations made a part hereof and subject to all the terms of this policy, the company agrees with the "named insured" as follows:

The company will pay on behalf of the "insured" all sums which the "insured" shall become legally obligated to pay as "damages" because of:

- Coverage A** - "bodily injury" or "property damage" to which this policy applies, caused by an "occurrence" arising out of "travel agency operations" by the "named insured", or
- Coverage B** - "bodily injury" or "property damage" to which is policy applies caused by an "occurrence" arising out of the operation, maintenance or use, including loading and unloading, of a "non-owned" or "hired automobile" in the "travel agency operations" of the "named insured", or
- Coverage C** - any negligent act, error or omission of the "insured" or any other person for whose acts the "named insured" is legally liable in the conduct of "travel agency operations" by the "named insured", or
- Coverage D** - "personal injury" arising out of "travel agency operations" by the "named insured"
- and the company shall have the right and duty to defend any suit against the "insured" seeking "damages" on account of such "bodily injury", "property damage", negligent act, error or omission or "personal injury", even if any of the allegations of the suit are groundless, false or fraudulent, and may make such investigation and settlement of any claim or suit as it deems expedient, but the company shall not be obligated to pay any claim or judgement or to defend any suit after the applicable limit of the company's liability has been exhausted by payment of judgements or settlements.

Exclusions

This policy does not apply:

- (a) to liability assumed by the "insured" under any contract or agreement except an "incidental contract"; but this exclusion does not apply to a warranty that work performed by or on behalf of the "named insured" will be done in a workmanlike manner;
- (b) to "bodily injury" or "property damage" arising out of the ownership, maintenance, operation, use, loading or unloading of any "owned automobile";
- (c) to "bodily injury" or "property damage" arising out of the ownership of any watercraft; nor arising out of the maintenance, operation, use, loading or unloading of any watercraft except if the maintenance, operation, use, loading or unloading is performed for the "named insured" by independent contractors;
- (d) to "bodily injury" or "property damage" arising out of the ownership of any aircraft; nor arising out of the maintenance, operation, use, loading or unloading of any aircraft except if the maintenance, operation, use, loading or unloading is performed for the "named insured" by independent contractors who are:
 - 1) scheduled airlines 2) supplemental airlines 3) air taxis;
- (e) to "bodily injury" or "property damage" due to war, whether or not declared, civil war, insurrection, rebellion or revolution or to any act or condition incident to any of the foregoing, with respect to: 1) liability assumed by the "insured" under an "incidental contract", or 2) expenses for first aid under the Supplementary Payments provision;
- (f) to "bodily injury" or "property damage" for which the "insured" or his indemnitee may be held liable, as a person or organization engaged in the business of manufacturing, distributing, selling or serving alcoholic beverages or as an owner or lessor of premises used for such purposes, by reason of the selling, serving or giving of any alcoholic beverage
 - 1) in violation of any statute, ordinance or regulation,
 - 2) to a minor
 - 3) to a person under the influence of alcohol, or
 - 4) which causes or contributes to the intoxication of any person;
- (g) to any obligation for which the "insured" or any carrier as his insurer may be held liable under any workmen's compensation, unemployment compensation or disability benefits law, or under any similar law;
- (h) to "bodily injury" to any employee of the "named insured" arising out of and in the course of his employment by the "named insured"; but this exclusion does not apply to liability assumed by the "named insured" under an "incidental contract";
- (i) to "property damage" to
 - 1) property owned or occupied by or rented to the "insured",
 - 2) property used by the "insured", or
 - 3) property in the care, custody or control of the "insured" or as to which the "insured" is for any purpose exercising physical control; but, while left in the care of the "insured" during the course of a tour conducted by such "insured", part (3) of this exclusion does not apply with respect to (i) tickets for transportation to be provided during the course of such tour or (ii) baggage or other personal property other than accounts, bills, currency, deeds, evidences of debt, letters of credit, passports, documents, money, notes, securities or tickets of any sort except as described in (i) above;
- (j) to "bodily injury" or "property damage" arising out of the ownership, maintenance, operation, use, loading or unloading of any elevator at premises owned, rented or controlled by the "named insured"; but this exclusion does not apply to an elevator at premises which the "named insured" owns, rents or controls only in part unless the "named insured" operates, maintains or controls the elevator;
- (k) to "bodily injury" or "property damage"
 - 1) with respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - 2) resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization;
- (l) under the Supplementary Payments provision relating to first aid, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization;
- (m) to "bodily injury" or "property damage" resulting from the "hazardous properties" of "nuclear material", if
 - 1) the "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been dispersed therefrom;
 - 2) the "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an "insured"; or
 - 3) to "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat;
- (n) with respect to an "insured" described under part (d) of the Persons Insured provisions, to "bodily injury" to (a) another employee of the "named insured" arising out of or in the course of his employment or (b) the "named insured" or, if the "named insured" is a partnership or joint venture, any partner or member thereof;