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Washington Commercial Entity LLC  
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FAXED TO:

J CHRISTEN 7/22/05  
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RECEIVED

APR 26 2004

Ryan, Sells,  
Uptegraff Inc. P.S.  
Attorneys at Law

April 22, 2004

Mr. Jim Sells  
Attorney at Law  
Ryan Sells Uptegraff, Inc. P.S.  
9657 Levin Road NW, Suite 240  
Silverdale, Washington 98383

Dear Mr. Sells:

WGEP is in receipt of the Summons and Complaint titled "Residents for Preservation of Quality of Life on Hood Canal vs. Cynthia Olsen and Steve Olsen, wife and husband, and Bob Gilbert and Pam Gilbert, husband and wife," cause no. 04 2 003063 which alleges knowing violation of the open public meeting act.

Please consider the following exclusions in the Memorandum of Coverage in regards to this lawsuit:

1. WGEP refers you to Exclusion "11c" in the MOC which states: "[This coverage does not apply to] personal injury arising out of the willful violation of a penal statute or ordinance committed by or with the consent of the Member."
2. WGEP refers you to Exclusion "19" in the MOC which states: "[This coverage does not apply to] any liability arising out of any actions, demands, claims, or Suits seeking relief or redress in any form other than monetary damages, including any costs, fees or expenses."
3. WGEP refers you to Exclusion "22b" in the MOC which states: "[This coverage does not apply to] any Public Officials' Errors and Omission for any claim or Suit made against a Member arising, whole or in part, out of the willful violation of a penal code or ordinance committed by or with the knowledge or consent of any Member."
4. WGEP refers you to Exclusion "24" in the MOC which states: "[This coverage does not apply to] punitive, exemplary or multiple damages, fines or penalties, in whatever form assessed."
5. WGEP refers you to Exclusion "31" in the MOC which states: "[This coverage does not apply to] any liability arising out of an administrative or regulatory proceeding against a member."

Based on these exclusions, WGEP can not provide coverage for this lawsuit.

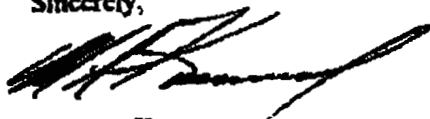
Mr. Jim Sells  
April 20, 2004  
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When coverage is denied, WGEP has an appeal process, a copy of which I've enclosed.

We reserve our right to re-evaluate our position should new or additional information become known.

Thank you for allowing us to review this claim and if you want to discuss this further or have any questions, please give me a call.

Sincerely,



Mark A. Kammers  
Executive Director

cc: Cheryl Duryea, WGEP Attorney  
Sheryl Brandt, Claims and Risk Manager