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August 26, 1999

Madison Avenue Presbyterian Church
921 Madison Avenue
New York NY 10021

Presbytery of New York City
475 Riverside Drive
New York NY 10115

Re: Policy: 6000 278
Insured: Madison Avenue Presbyterian Church
Our File: 37 A 04893

Policy: 1149 738
Insured: Presbytery of New York City
Our File: 37 A 04880

Claimant: Elizabeth Combier

Gentlemen:

We are in receipt of Summons & Complaint No. 99115354, Supreme Court of the State of New York, County of New York, in the matter of Elizabeth Combier vs Fred Anderson, Charles Amstein, J. Richard Frey, The Session, The Trustees, The Deacons of Madison Avenue Presbyterian Church and The Presbytery of New York City.

By copy of this letter we are requesting the law firm shown below to appear for all the defendants and to protect their interests:

Law Offices of Michael E. Pressman
125 Maiden Lane
New York NY 10038
Phone 212 480 3030
Fax 212 480 2590

An attorney from that firm may contact you for purposes of obtaining signatures to pleadings or for additional documentation and information. Please be so kind as to give him/her your full cooperation.

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American Summit Insurance Company

Preliminarily, no conflicts of interest are apparent between the two insureds captioned above. However, should defense counsel determine otherwise, we will appoint separate counsel for each insured.

Although we are providing you with a defense to the entire claim, we hereby reserve our rights for the following reasons:

1. Should plaintiff recover damages from any insured on the grounds of allegations of intentional conduct and/or torts, as alleged in Paragraphs 16, 17, 19, 20, 23, 25, 27, 28, 29 and 30, no payment will be made therefor under the captioned policies because the acts so alleged do not constitute an "occurrence" as defined in the policy and are subject to Exclusion 2. a. of Coverage A – Bodily Injury and Property Damage Liability and Coverage B – Personal and Advertising Injury Liability. The applicable coverage forms are PCG 2510 (03 96) for Madison Avenue Presbyterian Church and PCG 4510 (03 96) for The Presbytery of New York City. A sample of the pertinent portions of the applicable coverage forms has been enclosed for your convenience and I now kindly refer you to it as if incorporated verbatim in the body of this letter. The complete coverage forms are found in your policy, which is in your possession, to which I refer and which should be read as a whole in conjunction with this letter.
2. Punitive damages, as sought in Paragraph 44 of the complaint, are in no event covered by the policy regardless of the basis on which they are assessed.

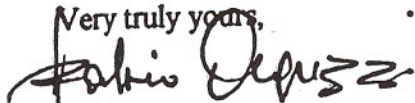
By stating the above reasons for our reservation of rights, we do not intend to waive any other defenses under the policy or at law. You have the right to retain your own attorney, at your expense, to protect your interests as to any potential exposure not covered by your policy.

By way of a preliminary investigation I would ask the Madison Avenue Presbyterian Church to provide me with copies of the entire records relating to Elizabeth Combier, such as, but not limited to, the alleged libelous writings/publications and of Combier's alleged expulsion from the Church. I would also ask that Madison Avenue Presbyterian Church appoint as spokesperson the individual most knowledgeable about this case and have that individual call me to discuss the matter.

I would ask the Presbytery of New York City to provide me with a statement as to any knowledge it may have of this matter or any involvement therein and any records that may exist in connection therewith.

Depending on the direction of the litigation and the defense strategy developed by defense counsel, I may need to engage the services of a local investigator to assist in the process of interviewing various parties and documenting our file. I will advise you of this and ask that you cooperate with our designated investigator.

Very truly yours,



Fabio Aguzzi, SCLA
Litigation Specialist
Ext. 35

Encls.

- cc: Law Offices of Michael E. Pressman
- cc: Aon Risk Services Inc. of New York
- cc: American Phoenix Corp. of New York