

AGENDA

A Action
I Information
1 Attached
2 Hand Out
3 Separate Cover
4 Verbal

MEETING: Board of Directors Annual Meeting
 Schools Program Alliance
 Teleconference Meeting

DATE/TIME: August 3, 2020 at 10:00 AM PDT

LOCATION VIA TELECONFERENCE: [\(404\) 397-1516](tel:(404)397-1516) US Toll or [\(877\) 309-3457](tel:(877)309-3457) US Toll Free
 Meeting number (access code): 161 197 3399

<i>PAGE</i>	A. CALL TO ORDER, ROLL CALL, QUORUM	A	4
	B. APPROVAL OF AGENDA AS POSTED	A	4
	C. PUBLIC COMMENTS <i>The public is invited at this point to address the Board of Directors on issues of interest to them.</i>	I	4
<i>Pg. 4</i>	D. CONSENT CALENDAR <i>The Board of Directors may take action on the items below as a group except a Board Member may request an item be withdrawn from the Consent Calendar for discussion and action.</i>	A	1
	1. Minutes of SPA Board Meeting June 22, 2020		
	E. GENERAL ADMINISTRATION		
<i>Pg. 9</i>	1. SPA Service Team <i>The Board will receive an organization chart describing the group's administration and brokerage team.</i>	I	1
<i>Pg. 10</i>	2. Appointment of Chairperson/Secretary <i>The Board will appoint a Chairperson/Secretary.</i>	A	1
<i>Pg. 11</i>	3. Appointment of Managing Member <i>The Board will appoint a Managing member from any Member.</i>	A	1
<i>Pg. 12</i>	4. Conflict of Interest Code <i>The Board will review and may approve a Conflict of Interest Code.</i>	A	1
<i>Pg. 16</i>	5. Approval of Property Program and APD Cost Allocations for 20/21 <i>The Board will review and approve the allocation of program costs.</i>	A	1

Pg. 18	6. Strategic and Operational Plans <i>The Board will review and may approve as presented or revised SPA's strategic and operational plans for the next 12 months.</i>	A	1
Pg. 19	7. Claims Reporting Procedures <i>The Board will receive draft Claims Reporting Procedures and may approve as presented or revise.</i>	A	1
Pg. 28	8. SPA Memorandum of Coverage <i>The Board will review and approve the SPA Memorandum of Coverage.</i>	A	1
Pg. 101	9. Certificates of Insurance <i>Members will review and may approve a process for requesting and issuing certificates of insurance.</i>	A	1
Pg. 102	10. Banking and Funding of Retained Layer <i>The Board will discuss and may approve banking arrangements for SPA expenses and funding of retained layer losses.</i>	A	1
Pg. 103	11. Loss Control Services <i>Members will discuss and provide direction regarding loss control services and may approve a proposal for site inspections.</i>	A	1
Pg. 108	12. Adoption of SPA Meeting Schedule <i>The Board will set the dates, times and locations for the Board Meetings for the remainder of the fiscal year.</i>	A	1
Pg. 109	13. Wildfire Deductible Allocation/Property Program <i>Members will review possible wildfire scenarios involving more than one member to provide direction on allocation of the deductible.</i>	I	1
	F. INFORMATION ITEMS AND DISCUSSION <i>This is an opportunity for a Board Member to discuss a topic of interest or seek guidance and input from the group about a current issue, risk management topic or exposure the Member is experiencing.</i>	I	4
	G. ADJOURNMENT	A	4

IMPORTANT NOTICES AND DISCLAIMERS:

Per Government Code 54954.2, persons requesting disability related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Michelle Minnick at Alliant Insurance at (916) 643-2715 twenty-four (24) hours in advance of the meeting.

The Agenda packet will be posted at each member's site. Documents and material relating to an open session agenda item that are provided to the SPA members less than 72 hours prior to a regular meeting will be available for public inspection and copying at 2180 Harvard Street, Suite 460, Sacramento, CA 95815.



Schools Program Alliance

c/o Alliant Insurance Services

Corporation Insurance License No. 0C36861

2180 Harvard Street, Suite 460, Sacramento, CA 95815

Access to some buildings and offices may require routine provisions of identification to building security. However, SPA does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3.

Item No: D.

CONSENT CALENDAR

ISSUE: Items on the Consent Calendar should be reviewed by the Board, and if any item requires clarification or amendment, such item(s) should be pulled from the agenda for separate discussion.

Items pulled from the Consent Calendar will be placed back on the agenda in an order determined by the President.

RECOMMENDATION: Adoption of the Consent Calendar after review by the Board.

FISCAL IMPACT: None

BACKGROUND: Items of importance that may not require discussion are included on the Consent Calendar for adoption.

ATTACHMENTS:

1. Minutes of SPA Board Meeting June 22, 2020

SCHOOLS PROGRAM ALLIANCE June 22, 2020 Meeting Minutes

Members Present:

Butte Schools Self-Funded Programs (BSSP)	Christy Patterson
North Bay Schools Insurance Authority (NBSIA)	Janet Selby
North Bay Schools Insurance Authority (NBSIA)	Brandon Schlenker
Redwood Empire Schools Insurance Group (RESIG)	Rose Burcina
Redwood Empire Schools Insurance Group (RESIG)	Steven Fields
Redwood Empire Schools Insurance Group (RESIG)	Chris Spenser
Schools Insurance Authority (SIA)	Martin Brady
Schools Insurance Authority (SIA)	Debrah Sherrington
Schools Insurance Authority (SIA)	Brooks Rice
Schools Insurance Group (SIG)	Cindy Wilkerson

Consultants & Guests

Daniel Howell, Alliant Insurance Services
Michelle Minnick, Alliant Insurance Services

Dan Madej, Alliant Insurance Services

A. CALL TO ORDER, ROLL CALL, QUORUM

Mr. Daniel Howell called the meeting to order at 11:07 a.m. The above mentioned members were present constituting a quorum.

B. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Martin Brady

SECOND: Christy Patterson

**MOTION CARRIED
UNANIMOUSLY**

Christy Patterson – Aye

Janet Selby – Aye

Rose Burcina – Aye

Martin Brady – Aye

Cindy Wilkerson - Aye

C. PUBLIC COMMENT

There were no public comments.

D. CONSENT CALENDAR

There were no consent calendar items.

E. GENERAL ADMINISTRATION

E1. Receive and file Founding Members' Executed Joint Powers Agreements

Dan Howell presented the founding members Executed Joint Powers Agreement – he indicated we have received four of the five member's signed agreements and expect the final to be received after it has been reviewed and approved by their Board.

A motion was made to receive and file and agree to accept from SIG once approved accept and file as presented.

MOTION: Janet Selby

SECOND: Rose Burcina

**MOTION CARRIED
UNANIMOUSLY**

Christy Patterson – Aye

Janet Selby – Aye

Rose Burcina– Aye

Martin Brady – Aye

Cindy Wilkerson - Aye

E.2. Appointment of Chairperson/Secretary

Dan Howell noted that the group has been asked to name Martin Brady given his role with the managing partner SIA.

A motion was made to appoint Martin Brady as Chairperson/Secretary.

MOTION: Cindy Wilkerson

SECOND: Rose Burcina

**MOTION CARRIED
UNANIMOUSLY**

Christy Patterson – Aye

Janet Selby – Aye

Rose Burcina– Aye

Martin Brady – Aye

Cindy Wilkerson - Aye

E.3. Appoint Managing Member

Martin Brady noted that SIA is to be considered to be appointed as the managing member and thanked the group for their trust in our organization.

A motion was made to appoint of SIA as the managing member.

MOTION: Janet Selby

SECOND: Cindy Wilkerson

**MOTION CARRIED
UNANIMOUSLY**

Christy Patterson – Aye

Janet Selby – Aye

Rose Burcina– Aye

Martin Brady – Aye

Cindy Wilkerson - Aye

E.4. Approval and Delegation of Authority to Execute Brokerage/Consultant Agreement

The Board was asked to review and consider approval of Alliant Services Broker Agreement and after a brief discussion it was agreed to provide the managing member with authority.

A motion was made to approve Alliant Services and delegate managing member to execute a service agreement.

MOTION: Christy Patterson

SECOND: Cindy Wilkerson

**MOTION CARRIED
UNANIMOUSLY**

Christy Patterson – Aye

Janet Selby – Aye

Rose Burcina– Aye

Martin Brady – Aye

Cindy Wilkerson - Aye

E.5. Approval of Property Program Cost Allocation and Delegation of Authority to Bind Excess Coverage for PY 20/21

Dan Madej noted that the cost allocation was included in the agenda for the Board’s review and consideration. There was a discussion of SIA being limited to a 100% of retained losses as opposed to the 150% that is proposed for all members as they would absorb a large portion of the \$3M. It was generally agreed that members wanted to stay at 100% of retained losses with further discussion of Retrospective calculations to be addressed at a later meeting.

A motion was made to accept the cost allocation formula (as written with a one-time from each member contribution) and delegate authority to Martin Brady to bind excess coverage for PF 20/21.

MOTION: Janet Selby

SECOND: Rose Burcina

**MOTION CARRIED
UNANIMOUSLY**

Christy Patterson – Aye

Janet Selby – Aye

Rose Burcina– Aye

Martin Brady – Aye

Cindy Wilkerson - Aye

E.6. Adoption of Date, Time, and Location for SPA Annual Meeting

Monday August 3, 2020 10 A.M. was discussed as a date for the first Annual meeting.

A motion was made to approve the Annual Meeting date of August 3, 2020 at 10 A.M.

MOTION: Christy Patterson

SECOND: Rose Burcina

**MOTION CARRIED
UNANIMOUSLY**

Christy Patterson – Aye

Janet Selby – Aye

Rose Burcina– Aye

Martin Brady – Aye
Cindy Wilkerson - Aye

F. CLOSED SESSION

There were no Closed Session items

G. INFORMATION ITEMS AND DISCUSSION

Martin provided some kind words to conclude the meeting

H. ADJOURNMENT

The meeting was adjourned at 11:36 A.M.

NEXT MEETING DATE: Monday August 3, 2020 10 A.M.

Respectfully Submitted,

Martin Brady, Secretary

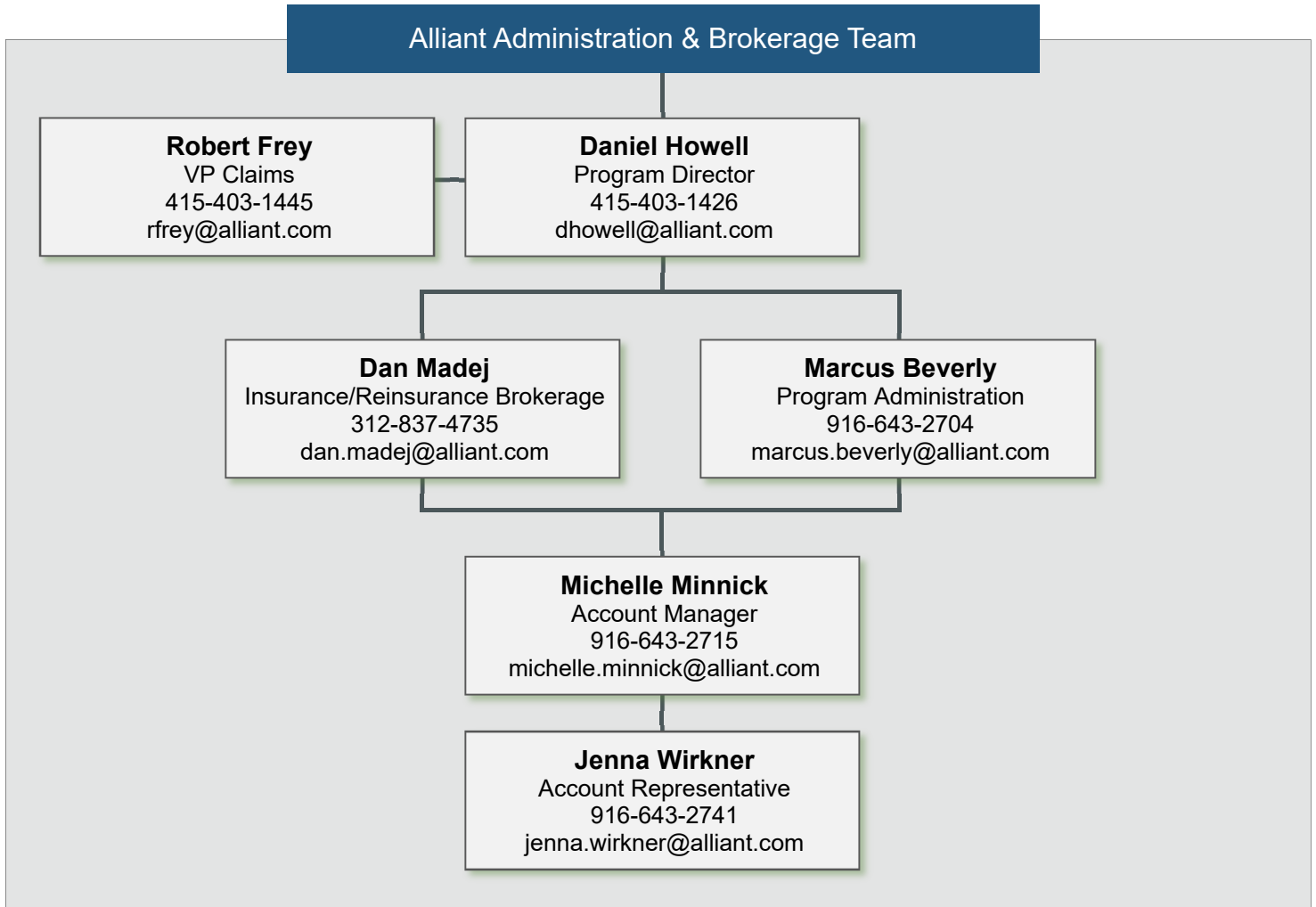
Date

DRAFT

Item No: E.1.

SPA SERVICE TEAM

ISSUE: SPA members are provided the organization chart below and a listing of the key contacts for assistance in specific areas for information and future reference.



SPA Key Contacts:

- Program Administration – Agendas, compliance, documents: Marcus Beverly, Michelle Minnick, Dan Howell
- Insurance/Reinsurance – Rating allocations, technical Coverage discussions: Dan Madej, Dan Howell
- Certificates, Invoices, Coverage Documents – Michelle Minnick, Jenna Wirkner
- Claims – Discussion after following reporting process: Bob Frey, Dan Howell

Item No: E.2.

APPOINTMENT OF CHAIRPERSON/SECRETARY

ISSUE: The SPA joint powers agreement requires the appointment of a Chairperson/Secretary as well as a Managing Member each year at its annual meeting. The Schools Insurance Authority (SIA) was approved as the initial Managing Member and SIA's Executive Director was appointed as the Chairperson/Secretary at the group's organizational meeting on June 22, 2020.

Now that the coverage program has begun and the group is holding its first annual meeting the members are required to appoint or re-appoint a Chairperson/Secretary.

RECOMMENDATION: Appoint a Chairperson/Secretary from among the Board members.

FISCAL IMPACT: None.

BACKGROUND: SPA was formed under CA Government Code Section 6500 *et seq.* as a partnership JPA. As provided in the joint powers agreement, SPA will not exist as a separate entity but rather serve as a vehicle for Contracted Services of the shared activities desired by the members. The Chairperson/Secretary acting through the Managing Member will implement the direction of the SPA Board to achieve SPA's goals.

ATTACHMENTS: None.

REFERENCE: JPA Agreement Section 3:

The Board of Directors shall hold an annual meeting at a date designated by the current Chairperson/Secretary, at which time the Board shall: (a) appoint a Chairperson/Secretary, who shall be from any Member then in current good standing, (b) set forth the strategic and operational plans for SPA's Members for the following 12 months, (c) establish the budget and allocated costs for the general administration of SPA by its Managing Member, (d) establish the budget and allocated costs, on a unanimous basis of the participating Members, for approved Contracting Activities, and (e) appoint/reappoint a Managing Member.

Item No: E.3.

APPOINTMENT OF MANAGING MEMBER

ISSUE: The SPA joint powers agreement requires the appointment of a Managing Member each year at its annual meeting. The Schools Insurance Authority (SIA) was approved as the initial Managing Member at the group's organizational meeting on June 22, 2020.

Now that the coverage program has begun and the group is holding its first annual meeting the members are required to appoint or re-appoint a Managing Member.

RECOMMENDATION: Appoint a Managing Member.

FISCAL IMPACT: None.

BACKGROUND: As provided in the joint powers agreement, SPA does not exist as a separate entity but rather serve as a vehicle for Contracted Services of the shared activities desired by the members. The Managing Member will implement the direction of the SPA Board to achieve SPA's goals. The Managing Member's duties include but are not limited to:

- Administrative activities and compliance;
- Financial administration and recordkeeping; and
- Activities delegated by the SPA Board of Directors.

ATTACHMENTS: None.



Item No: E.4.

CONFLICT OF INTEREST CODE

ISSUE: As a public agency SPA must adopt a conflict of interest code that identifies all officials, employees, and consultants that make or participate in making governmental decisions and who must therefore file Form 700s. Attached is a draft Code that identifies those persons who must file.

Note this Code requires that members file their Form 700s electronically with the FPPC and that agency will maintain the records. The draft lists SPA’s auditor and Board counsel as Designated Positions though they may not be needed or be limited in scope so as not to be required.

RECOMMENDATION: Review and approve the draft Code as presented or revised.

FISCAL IMPACT: None.

BACKGROUND: Legal counsel who helped to establish SPA advised the JPA should have a Conflict of Interest Code. Once approved by the Board the Code will be sent to the FPPC for review and approval.

ATTACHMENTS: *Draft* Conflict of Interest Code

CONFLICT OF INTEREST CODE
FOR THE
SCHOOLS PROGRAM ALLIANCE

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 California Code of Regulations Section 18730) that contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency's code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendices, designating positions and establishing disclosure categories, shall constitute the conflict of interest code of the Schools Program Alliance (Authority).

Individuals holding designated positions shall file their statements of economic interests electronically with the Fair Political Practices Commission. All statements will be retained by the Fair Political Practices Commission.

**CONFLICT OF INTEREST CODE
FOR THE
SCHOOLS PROGRAM ALLIANCE**

Appendix A-Designated Positions

<u>Designated Position</u>	<u>Assigned Disclosure Category</u>
Program Administrator	1, 2, 3, 4, 5
<i>Auditor</i>	1, 2, 3, 4, 5
<i>Board Counsel</i>	1, 2, 3, 4, 5

Note: The positions of Program Administrator, Claims Administrator, Board Counsel, and Auditor are filled by outside consultants, but act in a staff capacity.

Consultants/New Positions*

*Consultants/new positions shall be included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The Chairperson/Secretary may determine in writing that a particular consultant or new position, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to comply fully with the disclosure requirements described in this section. Such determination shall include a description of the consultant’s or new position’s duties and, based upon that description, a statement of the extent of disclosure requirements. The Chairperson/Secretary’s determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code. (Gov. Code Sec. 81008)

The following positions are not covered by the code because the positions manage public investments. Individuals holding such positions must file under Government Code Section 87200 and are listed for informational purposes only.

- Members of the Board of Directors
- Alternate Members of the Board of Directors
- Treasurer
- Consultants who manage public investments

An individual holding one of the above listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Section 87200.

**CONFLICT OF INTEREST CODE
FOR THE
SCHOOLS PROGRAM ALLIANCE**

Appendix B-Disclosure Categories

Designated positions must disclosure pursuant to the categories below.

1. Investments and business positions in business entities, and income (including receipt of loans, gifts, and travel payments), from sources of the type that contract with the Authority to supply goods, services, materials, or supplies.
2. Investments and business positions in business entities, and income (including receipt of loans, gifts, and travel payments), from sources that are engaged in the performance of work or services of the type utilized by the Authority, including insurance companies, carriers, holding companies, underwriters, brokers, solicitors, agents, adjusters, claims managers, and actuaries.
3. Investments and business positions in business entities, and income (including receipt of loans, gifts, and travel payments), from sources that have filed a claim or have a claim pending that are reviewed and administered by the Authority.
4. Interests in real property located within the Authority's jurisdiction of the type purchased or leased by the Authority for its use.
5. Investments and business positions in business entities, and income (including receipt of loans, gifts, and travel payments), which are financial institutions including banks, savings and loan associations and credit unions.

Item No: E.5.

APPROVAL OF PROPERTY PROGRAM AND APD PROGRAM COST ALLOCATIONS FOR PY 20/21

ISSUE: Alliant has taken the reinsurance marketing results combined with the prior actuarial and modeling studies to create a cost allocation methodology that includes:

- Allocation of administrative, appraisal, loss control and retained fund costs based on insured value exposure;
- Allocation of reinsurance/excess insurance costs based on exposure, modeling and market response; and,
- Application of collars to smooth allocations, balancing cost stability with loss accountability.

In addition to the property program, the members of SPA found it advantageous to group together for the marketing of an Automobile Physical Damage program.

The table below recaps the cost allocation of both programs.

Property Program					Auto Physical Damage Program			
	Final SPA Program Deposit	SPA Retained Layer Deposit Allocation	SPA Admin Cost Allocation	SPA Reinsurance Cost Allocation	APD/CE Cost	3.25% SLT&F	Excess Commission (used to reduce cost to SPA)	Revised APD/CE cost Due Alliant
	(B + C + D)							
BSSP	\$ 1,350,000	\$ 91,222	\$ 12,923	\$ 1,245,855	45,103.58	1,465.87	4,510.36	42,059.08
NBSIA	\$ 1,950,000	\$ 318,670	\$ 45,145	\$ 1,586,185	64,092.64	2,083.01	6,409.26	59,766.38
SIA	\$ 4,645,000	\$ 1,669,028	\$ 236,446	\$ 2,739,526	-	-	-	-
SIG	\$ 3,400,000	\$ 493,861	\$ 69,964	\$ 2,836,175	30,246.22	983.00	3,024.62	28,204.60
RESIG	\$ 3,330,000	\$ 427,218	\$ 60,523	\$ 2,842,259	71,815.85	2,334.02	7,181.59	66,968.28
Total	\$ 14,675,000	\$ 3,000,000	\$ 425,000	\$ 11,250,000	211,258	6,866	21,126	196,998

At the June 22, 2020 Formation Meeting, there was an agreement to modify the 1.5x factor for losses in the retrospective calculation to a factor of 1.0x. *This means each member is subject to only their Retained Layer allocation amount shown in the above chart. Depending on the losses, any amounts excess of that 1.0x factor will be shared by the SPA group in the Retained Layer.*

RECOMMENDATION: Re-confirm the SPA Property and APD Programs Allocation and retrospective adjustment and take action to adopt the allocation for PY 20/21.

FISCAL IMPACT: Members may be allowed to defer some portion of the funding of the retained layer during PY 20/21 until such time as claims may become payable. If Members choose this course some funding needs to be available and transferred to the Managing Member as working funds for initial stages of claims that might be ceded to the Retained Layer.

Item No: E.5.

continued

BACKGROUND: The proposed allocation has been shared with the Founding members and refined through the marketing process. Initially, there were discussions that members would each be responsible for 1.5x of their retained layer allocation for losses ceded to the retained layer (i.e., this could be viewed as a 150% cap on losses ceded), wherein the SPA members would participate in any loss amounts excess of the 1.5x factor. At the June 22, 2020 Formation Meeting, there was an agreement to modify the 1.5x factor for losses in the retrospective calculation to a factor of 1.0x. This means each member is subject to only their Retained Layer allocation amount shown in the above chart. Depending on loss scenarios, any amount excess of that 1.0x factor will be shared by the SPA group in the Retained Layer.

ATTACHMENTS: None.

Item No: E.6.

STRATEGIC AND OPERATIONAL PLANS

ISSUE: The SPA joint powers agreement includes a provision that the Board shall discuss the Strategic and Operational Plan at the Annual Meeting. Considering the recent formation of SPA, it will be valuable to agree on key initiatives for the coming year. Staff have identified the following areas for Board Consideration:

- **Operational Plan** – Discuss and finalize the duties of the Managing Member, banking arrangements and support services of the Broker Consultant.
- **Loss Prevention Services** – Discuss the approach to obtaining and providing these services to members and development of a program customized to the needs of the members.
- **Appraisal Services** – Discuss the approach to obtaining appraisal services from a single or multiple firms and priority of services.
- **New Member Marketing** – Discuss the approach and objectives to new member marketing.
- **New Program Services** – Discuss whether members are interested in exploring areas beyond the Property Program where SPA can serve as a vehicle to achieve other goals.

The Board may identify other strategic and operational objectives at the meeting.

RECOMMENDATION: Discuss strategic and operational objectives and give direction to staff on addressing them in a formal plan.

FISCAL IMPACT: None.

BACKGROUND: None.

ATTACHMENTS: None.

Item No: E.7.

CLAIMS REPORTING PROCEDURES

ISSUE: The Program Managers have previously provided draft claim reporting procedures that have now been updated in the attached documents to reflect the instructions and other details from the final coverage documents.

RECOMMENDATION: Review and approve the attached reporting forms as presented or revised.

FISCAL IMPACT: None.

BACKGROUND: SPA needs a set of procedures for reporting claims, to include triggers for notification, timing of reporting, and contact information for appropriate parties to be notified. Having an agreed upon set of procedures for claims reporting will assist in meeting any requirements of the (re)insurance policies for property, equipment breakdown, auto physical damage and terrorism/active assailant.

Draft procedures were released to SPA Members during the placement process. These have been updated for property/equipment breakdown, auto physical damage and terrorism/active assailant. Information which populates these procedures is pulled from the respective (re)insurance policies.

ATTACHMENTS: SPA Loss Notification Instructions and Forms

**LOSS NOTIFICATION REQUIREMENT
PROPERTY AND EQUIPMENT BREAKDOWN ONLY
SCHOOLS PROGRAM ALLIANCE (SPA)**

Claim notifications need to be sent to Robert Frey, Diana Walizada and Sandra Doig.

- I. During regular business hours (between 8:30 AM and 5:00 PM PST), First Notice of Claim should be reported to Alliant Insurance Services via telephone, fax, mail or e-mail to our San Francisco Office:

Robert A. Frey, RPA Sr. Vice President/Director, Nat'l Claims Specialty Voice: (415) 403-1445 Cell: (415) 518-2417 Email: rfrey@alliant.com	Diana L. Walizada, AIC, CPIW, RPA, AINS Vice President, Claims Unit Manager Voice:(415)403-1453 Email: dwalizada@alliant.com
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Address:	Alliant Insurance Services, Inc. 100 Pine St, 11 th Floor San Francisco CA 94111 Toll Free Voice: (877) 725-7695
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- II. Please be sure to include SPA's Claim Administrator as a CC on all Claims correspondence:

Chris Stafford McLarens Voice: (415) 228 6407 Cell: (415) 595-6263 Email: chris.stafford@mclarens.com	Karen Cristofani McLarens Voice:(415)228-6408 Email: karen.cristofani@mclarens.com
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Address:	180 Montgomery Street, Suite 2100 San Francisco, CA 94104 Voice: 415.595.6263 Email: chris.stafford@mclarens.com
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Please include the Insured /JPA name along with the following information when reporting claims:

- Time, date and specific location of property damaged
- A description of the incident that caused the damage (such as fire, theft or water damage)
- Estimated amount of loss in dollars
- Contact person for claim including name, title, voice & fax numbers
- Complete and return the Property Loss Notice for processing.
- Mortgagee or Loss Payee name, address, and account number

IN THE EVENT OF A
PROPERTY LOSS:

- 1) *Follow your organization procedures for reporting and responding to an incident*
- 2) *Alert local emergency authorities, as appropriate*
- 3) *Report the incident to Alliant Insurance Services immediately at:*

877-725-7695

All property losses must be reported as soon as practicable upon knowledge within the risk management or finance division of the insured that a loss has occurred.

Be prepared to give basic information about the location and nature of the incident, as well as steps which have been taken in response to the incident.

- 4) *Report the incident to McLarens AND your Alliant representative*

PROPERTY (AND EQUIPMENT BREAKDOWN) FIRST NOTICE OF LOSS FORM

SEND TO: Alliant Insurance Services, Inc.

BY MAIL: 100 Pine Street, 11th Floor, San Francisco, CA 94111

BY EMAIL: rfrey@alliant.com AND dwalizada@alliant.com

Carbon Copy SPA Claims Administrator: chris.stafford@mclarens.com AND karen.cristofani@mclarens.com and your Alliant representative

Today's Date: _____

Type of Claim: (check all that apply)

- Real Property Vehicles
 Personal Property Other

Insured's Name & Contact Information

Insured's Name: _____ Point of Contact: _____

Address: _____

Phone #: _____ Email Address: _____

Broker/Agent's Name & Contact Information

Company Name: Alliant Insurance Services - Claims Point of Contact: Robert A. Frey & Diana L. Walizada

Address: 100 Pine Street, 11th Floor, San Francisco, CA 94111

Phone #: 1-877-725-7695

Policy Period: _____

Loss Information

Date of Incident/Claim: _____ Location: _____

Description of Loss:

Please list all attached or enclosed documentation: (check if none provided) _____

Name of Person Completing This Form: _____

Signature: _____

Per the SPA MOC Wording, Section IV General Conditions*

J. NOTICE OF LOSS

In the event of loss or damage insured against under this Policy, the Insured shall give notice thereof to ALLIANT INSURANCE SERVICES, INC., 100 Pine Street, 11th Floor, San Francisco, CA 94111-1073. TEL NO. (877) 725-7695, FAX NO. (415) 403-1466 of such loss. Such notice is to be made as soon as practicable upon knowledge within the risk management or finance division of the insured that a loss has occurred.

*Please also refer to the ***Loss Notification Requirement*** page

AUTOMOBILE PHYSICAL DAMAGE (AND CONTRACTOR'S EQUIPMENT) LOSS NOTIFICATION

SCHOOLS PROGRAM ALLIANCE (SPA)



**Inland Marine Claims Reporting
First Notice of Loss**

You may use any of the following options to report your Inland Marine Claims:

EMAIL jerseycitycommercialproperty@aig.com (**Best Method**)

Easy Link Fax (866) 947-1331.

Telephone Reporting (888) 552-6465

Our goal is to provide the name and contact information of the adjuster handling your claim within one (1) business day. This telephone service also allows for follow-up on previously reported First Notice of Loss Reports if the name of the adjuster assigned to your claim is not known.

Key contact for the Inland Marine Claims is:

Kevin Bidney, Assistant Vice President
Telephone: (503) 323-2517
Email: kevin.bidney@aig.com

Office Mailing Address:
222 SW Columbia Blvd
7th Floor
Portland, Oregon 97201

*Please be sure to include Alliant Insurance Services via telephone, mail or e-mail to our San Francisco Office as a CC on all Claims correspondence. During regular business hours (between 8:30 AM and 5:00 PM PST):

Robert A. Frey, RPA
Senior Vice President, Regional Claims Director
Voice: (415) 403-1445 Cell: (415) 518-2417
Email: rfrey@alliant.com

Address:

Diana L. Walizada, AIC, CPIW, RPA, AINS
Vice President, Claims Unit Manager
Voice:(415)403-1453
Email: dwalizada@alliant.com

Alliant Insurance Services, Inc.
100 Pine St, 11th Floor
San Francisco CA 94111
Toll Free Voice: (877) 725-7695

**TERRORISM AND ACTIVE ASSAILANT LOSS NOTIFICATION
SCHOOLS PROGRAM ALLIANCE (SPA)**

Claim notifications need to be sent to Matthew Cocklin, the claims director at BMS-London.

Matthew Cocklin
Voice: +44(0)20 7374 5138
Email: Matthew.Cocklin@bmsgroup.com

*Please be sure to include Alliant Insurance Services via telephone, mail or e-mail to our San Francisco Office as a CC on all Claims correspondence. During regular business hours (between 8:30 AM and 5:00 PM PST):

Robert A. Frey, RPA
Sr. Vice President/Director, Nat'l Claims Specialty
Voice: (415) 403-1445 Cell: (415) 518-2417
Email: rfrey@alliant.com

Diana L. Walizada, AIC, CPIW, RPA, AINS
Vice President, Claims Unit Manager
Voice:(415)403-1453
Email: dwalizada@alliant.com

Address:

Alliant Insurance Services, Inc.
100 Pine St, 11th Floor
San Francisco CA 94111
Toll Free Voice: (877) 725-7695

**Per the Terrorism Including Sabotage Policy, Claims conditions section
(There is a Terrorism and a separate Active Assailant section below)**

TERRORISM

4. Claims conditions

a) Notification

In the event of any Occurrence likely to give rise to a claim hereunder, the Insured shall as soon as reasonably practicable notify the Insurers and/or the Broker, named for that purpose herein.

b) In the event of Damage caused by an Act of Terrorism, the Insured must deliver to the Insurers all such relevant information and evidence as may reasonably be required including:

- (i) full information in writing of the property lost, destroyed or damaged and the amount of the Damage;
- (ii) details of any other insurances on any property hereby insured;
- (iii) all such proofs and information relating to the claim including time, place and cause of loss;
- (iv) if required by Insurers, a statutory declaration of the truth of the claim and of any matters connected to it, which shall be submitted as soon as reasonably practical but in all cases this must be within 60 days of the Occurrence.

c) In the event of a claim being made under Business Interruption as included under this Contract, the Insured must deliver to the Insurers:

- (i) not later than 30 days after the expiry of the Indemnity Period or within such further time as the Insurers may allow, particulars of his claim together with details of all other insurances covering property used by the Insured at the Premises for the purpose of the Business or any part of it or any resulting Consequential Loss.
- (ii) deliver to the Insurers such books of account and other business books, vouchers, invoices, balance sheets, and other documents, proofs, information, explanation and other evidence as may reasonably be required by the Insurers for the purpose of investigating the claim together with, if demanded, a statutory declaration of the truth of the claim and of any matters connected with it.

d) The Insured must co-operate fully in the investigation or adjustment of any claim.

e) Proof of Loss

In any claim and/or action, suit or proceeding to enforce a claim for loss under this Contract, the burden of proving that the loss is recoverable under this Contract and that no limitation or exclusion of this Contract applies and the quantum of loss shall fall upon the Insured.

f) Subrogation

Any claimant under this Contract shall at the request of the Insurers take and permit to be taken all necessary steps for enforcing rights against any other party in the name of the Insured before or after any payment is made by the Insurers. In the event of a claim arising under this Contract the Insurers agree to waive any rights, remedies or relief to which they might be entitled by subrogation against:

- (i) a company standing in the relation of parent to subsidiary (or subsidiary to parent) to the Insured as defined in the Companies Act or Companies (Northern Ireland) Order (or any more applicable legislation or regulations in the country

in which the Insured is registered) current at the time of Damage or Consequential Loss.

- (ii) any company which is a subsidiary of a parent company of which the Insured are themselves a subsidiary within the meaning of the Companies Act or Companies (Northern Ireland) Order (or any more applicable legislation or regulations in the country in which the Insured is registered) current at the time of Damage or Consequential Loss.

Any release from liability entered into in writing by the Insured prior to loss hereunder shall not affect this Contract or the right of the Insured to recover hereunder. If any amount is recovered as a result of such proceedings, such amount shall be distributed in the following priorities:

- (iii) Any interest, (including the Insured's), exclusive of any excess or self insured retention, suffering a loss of the type covered by this Contract and in excess of the coverage under this Contract shall be reimbursed up to the amount of such loss (excluding the amount of the excess);
- (iv) Out of the balance remaining, the Insurers shall be reimbursed to the extent of payment under this Contract;
- (v) The remaining balance, if any, shall inure to the benefit of the Insured, or any insurer providing insurance primary to this Contract, with respect to the amount of such primary insurance, excess, self insured retention, and/or loss of a type not covered by this Contract.

The expense of all proceedings necessary to the recovery of any such amount shall be apportioned between the interests concerned, including that of the Insured, in the ratio of their respective recoveries as finally settled. If there should be no recovery and proceedings are instituted solely on the initiative of Insurers, the expense thereof shall be borne by the Insurers.

g) Payments on Account

Payments on account will be made to the Insured if the Insured wishes, subject to any necessary adjustment at the termination of such period.

ACTIVE ASSAILANT COVERAGE

Notice of Loss

The Insured must give notice of an Active Assailant Event to the Insurer as soon as reasonably practicable in writing, and in any event, within thirty (30) days from the final day of the Policy Period during which the Active Assailant Event occurred.

*Please be sure to include Alliant Insurance Services via telephone, mail or e-mail to our San Francisco Office as a CC on all Claims correspondence. During regular business hours (between 8:30 AM and 5:00 PM PST):

Robert A. Frey, RPA
Senior Vice President, Regional Claims Director
Voice: (415) 403-1445 Cell: (415) 518-2417
Email: rfrey@alliant.com

Address:

Diana L. Walizada, AIC, CPIW, RPA, AINS
Vice President, Claims Unit Manager
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Alliant Insurance Services, Inc.
100 Pine St, 11th Floor
San Francisco CA 94111
Toll Free Voice: (877) 725-7695

Item No: E.8.

SPA MEMORANDUM OF COVERAGE

ISSUE: The final SPA Memorandum of Coverage (MOC) is attached for review and approval by the Board.

Note each member of SPA may issue their own underlying MOC to the SPA MOC. Caution should be taken for any differences in the coverage terms to avoid a member inadvertently retaining risk they did not envision because of a difference in conditions.

RECOMMENDATION: Approve the attached Memorandum of Coverage for PY 20/21.

FISCAL IMPACT: None.

BACKGROUND: During the marketing phase of the SPA program, it was agreed to utilize SIA's existing MOC as a base template for the proposed SPA MOC. SIA's existing MOC was based upon an earlier version of the PEPiP form, which is generally known in the marketplace to contain broader coverage, as respects terms and limits, than other JPA related forms.

During the placement process, underwriters do scrutinize the forms, especially newly created versions. SPA's proposed MOC underwent some coverage and limit modifications, driven by the underwriters and consistent with the hard market conditions. Substantially, the final version continues to provide equal or broader coverage than previous forms.

The MOC excludes consequential damage from automated data processing and media exposures. This is a requirement of the London property market. A representative from the reinsurance brokerage will be present to discuss how this coverage limitation applies.

ATTACHMENTS:

1. SPA Memorandum of Coverage 2020-21
2. SPA Master Policy Declarations - *handout*

Schools Program Alliance
A California Joint Powers Authority

Memorandum of Coverage
July 1, 2020 to July 1, 2021

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SECTION I - GENERAL PROVISIONS

A. INSURING AGREEMENT

In consideration of the premium paid by the Named Insured to the Company, the Company agrees to insure the following per the terms and conditions herein.

B. NAMED INSURED

As shown on the Declaration page, or as listed in the Declaration Schedule Addendum attached to this policy.

Member(s), entity(ies), agency(ies), organization(s), enterprise(s) and/or individual(s) for whom the Named Insured is required or has agreed to provide coverage, or as so named in the "Named Insured Schedule" on file with Alliant Insurance Services, Inc., as their interests may appear which now exist or which hereafter may be created or acquired and which are owned, financially controlled or actively managed by the herein named interest, all jointly, severally or in any combination of their interests, for account of whom it may concern, are covered within the limits provided to the individual Named Insured.

Lessors and other party(ies) of interest in all property of every description covered hereunder are included herein as Insured's for their respective rights and interests, it being understood that the inclusion hereunder of more than one covered party shall not serve to increase the Company's limit of liability. Mortgagees to whom certificates of coverage have been issued are covered hereunder as Insured's in accordance with the terms and conditions of Form 438 BFU NS, CP12 18 1091, or equivalent as required by the mortgagee.

C. MAILING ADDRESS OF NAMED INSURED

Schools Program Alliance
c/o Schools Insurance Authority
9800 Old Placerville Road
Sacramento, CA 95827

D. POLICY PERIOD

From July 1st, 2020 to July 1st, 2021, beginning and ending at 12:01 AM

E. COVERAGE TERRITORY

The United States, its territories and possessions and Puerto Rico, including their respective coastal waters.

F. LIMITS OF LIABILITY

Subject to specific exclusions, modifications, and conditions hereinafter provided, the liability of the Company in any one occurrence regardless of the of whether one or more of the coverages of this Policy are involved shall not exceed:

1. LIMITS OF LIABILITY

The Specific Limits of Liability as described in the Declaration Page apply per occurrence unless indicated otherwise.

2. SUB-LIMITS OF LIABILITY

The following sub-limits of liability are provided as described in the Declaration Page and apply per occurrence unless indicated otherwise. Coverage is provided only if a sub-limit of liability is shown in the Declaration Page for that item, and do not increase the specific limits of liability. The absence of a sub-limit of liability amount in the Declaration Page means that no coverage is provided for that item.

\$100,000,000	Limit of Liability
\$50,000,000	Combined Business Interruption, Rental Income, Tax Interruption and Tuition income (and related fees)
\$500,000	Contingent Business Interruption
\$30,000,000	Extra Expense
No coverage provided	Per occurrence, as respects Vehicle Damage
\$5,000,000	Per occurrence, as respects Mobile Equipment
\$10,000,000	Per occurrence, and in the annual aggregate as respects the peril of flood, inclusive of
\$5,000,000	Per occurrence, and in the annual aggregate as respects the peril of flood in FEMA designated Special Flood Hazard Areas Zones A or V (SFHA) to be determined at the time of loss
Not covered	Per occurrence, and in the annual aggregate as respects the peril of earthquake shock
Included	Per occurrence, as respects the peril of earthquake sprinkler leakage
\$25,000,000	Debris Removal
\$2,500,000	Decontamination Costs
\$25,000,000	Miscellaneous Unscheduled Property
\$50,000,000	Automatic Acquisition. As per policy provisions
\$2,500,000	Outdoor Property, except \$50,000 max per item for Trees, Shrubs, Plants
Included	Electronic Data Processing Equipment and Hardware (refer to LMA5400)
\$10,000,000	Electronic Data Processing Data and Media – Physical Damage Only (refer to LMA5400)
Excluded	Cyber Act (refer to LMA5400)
\$25,000,000	Errors & Omissions

\$25,000,000	Course of Construction
\$500,000	Builders Risk Property at Temporary Storage Location
\$500,000	Builders Risk, Property in Transit
\$1,000,000	Contractor's Equipment
\$5,000,000	Soft Costs
\$2,500,000	Scheduled and Unscheduled Fine Arts (as more fully defined herein)
\$1,000,000	Accidental Contamination
\$1,000,000	Unscheduled Tunnels, bridges, dams, catwalks (except those not for public use), roadways, highways, streets, sidewalks, culverts, street lights and traffic signals unless specific values for such items have been reported as part of a member(s) / entity(ies) schedule of values held on file with this company, excluding Federal Emergency Management Agency (F.E.M.A.) and/or any State Office of Emergency Services (O.E.S.) declared disasters
Included	Demolition and Increased Cost of Construction due to the enforcement of building codes / ordinance or law
\$10,000,000	Transit including Free Onboard Shipments
\$2,500,000	Fire Fighting Expenses
\$25,000,000	Off premises services interruption including extra expense resulting from a covered peril at non-owned/operated location(s)
\$1,000,000	Claim Preparation Expenses
Included	Expediting Expense
No coverage Provided	Terrorism
\$1,000,000	Personal Property of Students and Teachers, except \$10,000 any one item
\$10,000,000	Accounts Receivable
\$10,000,000	Valuable Papers and Records
\$500,000	Leasehold Interest;
\$2,500,000	Asbestos Cleanup and Removal
\$2,500,000	Mold & Fungus
\$100,000	Reimbursement or Master Key Costs
\$2,500,000	Upgrade to Green

Excluded	Money and Securities
No coverage Provided	Communicable Disease
180 Days	Extended Period of Indemnity
\$2,500,000	Interruption by Civil or Military Authority, not to exceed 30 days (10 mile radius)
\$2,500,000	Ingress or Egress, not to exceed 30 days (10 mile radius)

BOILER AND MACHINERY SUB-LIMITS OF LIABILITY

\$100,000,000	Boiler Explosion and Machinery Breakdown
Included	Business Income Coverage Extension (BI)
180 Days	Extended Period of Indemnity
Included	Spoilage Damage Coverage Extension including Utility Interruption Spoilage (SD & Refrigerant Contamination)
24 Hours	Utility Interruption Spoilage
\$2,500,000	Off Premises Service Interruption including Service, Utility and Power
\$3,000,000	Dependent Property Coverage Extension – All Direct Suppliers Dependent Property Locations; and Receivers
\$10,000,000	Expediting Expense
\$10,000,000	Hazardous Substances, Pollutants, Decontamination
\$10,000,000	Ordinance or Law including Demolition and Increased Cost of Construction
Included	Per Occurrence for Machine or Apparatus used for Research, Diagnosis, Medication, Surgical, Therapeutic, Dental or Pathological

G. DEDUCTIBLE PROVISIONS

The Insurer shall be liable for each loss separately occurring for the sum of all losses arising from the same “occurrence” excess of USD250,000, except excess of:

- Self Insured Retention being: USD2,000,000 per occurrence and in the annual aggregate Excess of
- Additional Self-Insured Retention being: USD250,000 per occurrence and USD1,000,000 in the annual aggregate which in turn Excess of Member Deductible of USD250,000 per occurrence, except as follows:
- Wildfire: USD2,500,000 per occurrence in respect of Butte Self-Funded Programs (BUTTE) and Redwood Schools Insurance Groupe (RESIG), except USD250,000 per occurrence for all other members.

In the event that either BUTTE and/or RESIG and another member / other members are affected by the same Wildfire occurrence, both deductibles will apply to their respective loss.

- High Hazard Flood: USD500,000 per occurrence in respect of locations situated wholly or partially within a Special Flood Hazard Area (SFHA), areas as defined by the Federal Emergency Management Agency (FEMA)
- Boiler Explosion and Machinery Breakdown: USD100,000 per occurrence
- Boiler Explosion & Machinery Breakdown, Flood and Wildfire losses to not contribute to the erosion of SPA's Self-Insured Retentions.
- Service Interruption:

Coverage is provided when the duration of the interruption is in excess of twenty four (24) hours. When the waiting period has expired, insurance will apply excess of the applicable deductible.

- Boiler and Machinery: USD100,000 per occurrence

Service Interruption: Coverage is provided when the duration of the interruption is in excess of twenty four (24) hours. When the waiting period has expired, insurance will apply excess of the applicable deductible.

If two or more deductible amounts provided in the Declaration Page apply for a single occurrence the total to be deducted shall not exceed the largest per occurrence deductible amount applicable.

Deductibles are shown on the Declaration Page, or by endorsement and may vary by member of a joint powers authority (JPA) or risk sharing pool (Pool), or the coverage part pertaining to the loss.

Unless a more specific deductible is applicable for a particular loss, the "Basic Deductible" shown in the Declaration Page, shall apply per occurrence. The company will not pay for loss or damage in any one occurrence until the amount of the loss or damage exceeds the applicable deductible.

The "JPA/Pool Basic Deductible" – when applicable will be in excess of a JPA or Pool member's deductible amount. The Named Insured(s) deductible amount will be agreed upon between the JPA or Pool and its members. The "JPA/Pool Basic Deductible" shown in the Declaration Page, shall apply per occurrence. The company will not pay for loss or damage in any one occurrence until the amount of the loss or damage exceeds the applicable constituent members' deductible and the "JPA/Pool Basic Deductible", until the "JPA/Pool Annual Aggregate Amount" is exhausted.

The "JPA/Pool Annual Aggregate Amount" - when applicable is the accumulation of payments made by the JPA or Pool that are categorized as "JPA/Pool Basic Deductibles" above. Once the annual aggregate amount is reached, all subsequent losses in chronological order are subject to the "JPA/Pool Maintenance Deductible" indicated in the Declaration Page. As with the "JPA/Pool Basic Deductible" this maintenance deductible will be applicable in excess of the applicable JPA or Pool constituent member's deductible.

"Vehicle Physical Damage deductible" - if Off-Premises coverage is included/purchased, the stated deductible will apply to vehicle physical damage both on and off premises on a per occurrence basis, unless otherwise stated. If "Off-Premises" coverage is not included, On-Premises/In-Yard coverage is subject to the All Risk "Basic Deductible".

H. UNIT OF INSURANCE DEFINED

In the application of the Earthquake Shock, or specified Wind deductibles, in accordance with the provisions of this Policy, each of the following shall be considered a Separate Unit of Insurance:

1. Each Separate Building or Structure;
2. The Contents of each Building or Structure;
3. Applicable Time Element Coverage of each separate Building or Structure; and
4. Property in each Yard.

The Company shall not be liable for loss to any Unit of Insurance covered hereunder unless such loss exceeds the percentages stated in this Policy of the replacement values of such Unit of Insurance at the time when such loss shall happen, and then only for its proportion of such excess.

I. PRIORITY OF PAYMENTS

In the event of loss caused by or resulting from more than one peril or coverage, the limit of liability of the primary / underlying coverage shall apply first to the peril(s) or coverage(s) not insured by the excess layers and the remainder, if any, to the peril(s) or coverage(s) insured hereunder. Upon exhaustion of the limit of liability of the primary / underlying coverage, the excess layers shall then be liable for loss uncollected from the peril(s) or coverage(s) insured hereunder, subject to the limit of liability and the other terms and conditions as specified.

SECTION II - PROPERTY DAMAGE

A. COVERAGE

Subject to the terms, conditions and exclusions hereinafter contained, this Policy insures all property of every description both real and personal (including improvements, betterments and remodeling), of the Named Insured, or property of others in the care, custody or control of the Named Insured, for which the Named Insured is liable, or under the obligation to insure.

B. EXTENSIONS OF COVERAGE

All coverage extensions are subject to the terms, conditions and exclusions of the policy except insofar as they are explicitly providing additional coverage.

1. PERSONAL EFFECTS

This Policy is extended to cover only such personal effects and wearing apparel of any of the officials, employees, students and personal effects of the Named Insured named in this Policy for which the Named Insured may elect to assume liability while located in accordance with the coverage hereof, but loss, if any, on such property shall be adjusted with and payable to the Named Insured.

2. PROPERTY IN COURSE OF CONSTRUCTION AND ADDITIONS

It is understood and agreed that as respects course of construction projects and additions, this Policy will provide automatic coverage subject to the following conditions:

- a. Project involves only real property on new or existing locations (excluding dams, roads, and bridges).
- b. Value of the project at the location does not exceed USD as per Declaration Page. Projects that exceed this amount are subject to underwriting approval, prior to binding. However, inadvertent failure to report projects within USD as per Declaration Page shall not void coverage of said Project.

Additional Expenses - Soft Costs: This extension applies to new buildings or structures in the course of construction up to the time that the new building(s) or structure(s) is initially occupied or put to its intended use whichever occurs first.

The Company will cover the additional expenses (soft costs) of the Named Insured as defined below for up to 25% of the estimated completed value of the project which results from a delay in the completion of the project beyond the date it would have been completed had no loss or damage occurred. The delay must be due to direct physical loss or damage to property insured and be caused by or result from a peril not excluded by this Policy. The Company will pay covered expenses when they are incurred.

- a. Additional Interest Coverage – The Company will pay the additional interest on money the Named Insured borrows to finance construction or repair.
- b. Rent or Rental Value Coverage – The Company will pay the actual loss of net rental income that results from delay beyond the projected completion date. But the Company will not pay more than the reduction in rental income less charges and expenses that do not necessarily continue.

- c. Additional Real Estate Taxes or Other Assessments – The Company will pay the additional real estate taxes or other assessments the Named Insured incurs for the period of time that construction is extended beyond the completion date.
- d. Additional Advertising and Promotional Expenses – The Company will pay the additional advertising and promotional expense that becomes necessary as a result of a delay in the completion of the project.
- e. Additional Commissions Expense – The Company will pay the additional expenses, which result from the renegotiating of leases following an interruption in the project.
- f. Additional Architectural and Engineering Fees – The Company will pay the additional architectural and engineering fees that become necessary as a result of a delay in the completion of the project.
- g. Additional License and Permit Fees – The Company will pay the additional license and permit fees that become necessary as a delay in the completion of the project.
- h. Legal and Accounting Fees – The Company will pay the additional legal and accounting fees the Named Insured incurs as a result of a delay in the completion of the project.

3. FIRE FIGHTING EXPENSES

It is understood and agreed that the Company shall be liable for the actual charges of fire fighting expenses including but not limited to those charged by municipal or private fire departments responding to and fighting fire in / on, and/or protecting property included in coverage provided by this Policy.

4. OFF PREMISES SERVICES INTERRUPTION

It is understood and agreed that coverage under this Policy is extended to include physical damage, business interruption loss and/or extra expense incurred and/or sustained by the Named Insured as a result of physical damage to or destruction of property, by the perils insured against occurring during the policy period of any suppliers furnishing heat, light, power, gas, water, telephone or similar services to a Named Insured's premises. The coverage provided by this clause is sub-limited to USD as per Declaration Page, and Section 1 (General Provisions) of this form.

5. ARCHITECTS AND ENGINEERS FEES AND LOSS ADJUSTMENT EXPENSES

This Policy also insures as a direct result of physical loss or damage insured hereunder, any of the following:

- a. Architects and engineers fees
- b. Loss adjustment expenses including, but not limited to, auditors, consultants and accountants. However, the expenses of public adjusters are specifically excluded.

6. EXPEDITING EXPENSES

In the event of physical loss or damage insured hereunder, it is understood and agreed that coverage under this Policy includes the reasonable extra cost of temporary repair and of expediting the repair of such damaged property of the Named Insured, including overtime and the extra costs of express

or other rapid means of transportation. This coverage provided by this clause is sub-limited to USD as per the Declaration Page.

7. DEBRIS REMOVAL

This Policy also covers expenses incurred in the removal of debris of the property covered hereunder from the premises of the Named Insured that may be destroyed or damaged by a covered peril(s). This debris removal coverage does not apply to the cost to extract pollutants from land or water, or to remove, restore or replace polluted land or water.

8. BUILDING LAWS

This Policy is extended to include physical damage, business interruption loss, loss of interest and/or extra expense incurred and/or sustained by the Named Insured as a result of physical damage to or destruction of property, by the perils insured against occurring during the policy period and occasioned by the enforcement of any local or state ordinance or law regulating the construction, repair or demolition of buildings or structures, which is in force at the time such a loss occurs, which necessitates the demolition of any portion of the covered building not damaged by the covered peril(s).

The Company shall also be liable for loss due to the additional period of time required for repair or reconstruction in conformity with the minimum standards of such ordinance or law of the building(s) described in this Policy damaged by a covered peril.

The Company shall not be liable under this clause for more than the limit of liability as shown elsewhere in this Policy.

9. DEMOLITION COST

In the event of physical damage to property insured by a covered peril, this policy is extended to cover the cost of demolishing any undamaged portion of the covered property including the cost of clearing the site thereof, caused by loss from any covered peril(s) under this Policy and resulting from enforcement of any local or state ordinance or law regulating the construction, repair or demolition of buildings or structures and in force at the time of loss which necessitates such demolition.

10. INCREASED COST OF CONSTRUCTION

In the event of physical damage to property insured by a covered peril, this Policy is extended to cover the increased cost of repair or replacement occasioned by the enforcement of any local or state ordinance or law including written guidelines used by the department of corrections in any state regulating the construction, repair or demolition of buildings or structures, which is in force at the time such a loss occurs or which comes into force within 6 months after such a loss occurs, which necessitates in repairing or replacing the building covered hereunder which has suffered damage or destruction by the covered peril(s) or which has undergone demolition, limited, however, to the minimum requirements of such ordinance or law.

11. DECONTAMINATION COSTS

Notwithstanding the provisions of any exclusion contained herein or any provision respecting pollution and/or contamination, if property insured is contaminated as a result of direct physical loss, damage or destruction by a peril insured by this Policy and there is in force at the time of the loss any law or ordinance regulating contamination, including but not limited to the presence of

pollutants or contaminants, this Policy insures, as a result of enforcement of such law or ordinance, the increased cost of decontamination and/or removal of such contaminated property insured in a manner to satisfy such law or ordinance. This provision applies only to that part of insured property contaminated as a result of insured direct physical loss, damage or destruction by a peril insured by this Policy.

12. ERRORS & OMISSIONS

No unintentional errors or unintentional omissions in description, location of property or valuation of property will prejudice the Named Insured's right of recovery but will be reported to the Company as soon as practicable when discovered. The coverage provided by this clause is sub-limited to USD as per Declaration Page, and Section 1 (General Provisions) Clause E of this form. This extension does not increase any more specific limit stated elsewhere in this policy or Declaration.

13. VALUABLE PAPERS

This policy is extended to cover Valuable Papers or the cost to reconstruct valuable papers (including but not limited to research, redrawing or duplicating) physically lost or damaged by a peril insured against during the term of this Policy.

14. TRANSIT

This policy is extended to cover Personal Property of the Named Insured or property held by the Named Insured in trust or on commission or on consignment for which the Named Insured may be held legally liable while in due course of transit, worldwide, against all risks of Direct Physical Loss or Damage not excluded by this Policy to the property insured occurring during the period of this Policy. The coverage provided by this clause is sub-limited to USD as per Declaration Page, and Section 1 (General Provisions) Clause E. of this form.

15. VEHICLES WHILE ON INSURED PREMISES

This policy is extended to cover vehicles while on premises of the Insured against physical loss or damage by a peril insured against during the term of this Policy.

16. ASBESTOS CLEAN UP AND REMOVAL

This policy specifically excludes asbestos materials clean up or removal, unless asbestos is itself damaged by a peril covered by this policy, then asbestos cleanup or removal within the damaged area, and applicable time element coverages, will be covered by this policy.

In no event will coverage be extended to cover undamaged asbestos, including undamaged asbestos in any portion of the building mandated by any governmental direction or request declaring that asbestos material present in any undamaged portion of the Named Insured's property must be removed or modified, or;

- a) any loss or expense including investigation or defense costs, caused by, resulting from, or arising out of asbestos, exposure to asbestos, or any product containing asbestos, or;
- b) any loss or expense normally provided by demolition, increased cost or building ordinance.

The Named Insured must report to Underwriters the existence of the damage as soon as practicable after the loss. However, this Policy does not insure any such damage first reported to the Underwriters more than thirty six (36) months after the expiration, or termination, of this policy.

17. PROTECTION AND PRESERVATION OF PROPERTY

In the event of loss likely to be covered by this Policy, the Named Insured shall endeavor to protect covered property from further damage and shall separate the damaged and undamaged personal property and store in the best possible order, and shall furnish a complete inventory of the destroyed, damaged and undamaged property to the Insurer.

In case of actual or imminent physical loss or damage of the type insured against by this Policy, the expenses incurred by the Named Insured in taking reasonable and necessary actions for the temporary protection and preservation of property insured hereunder shall be added to the total physical loss or damage otherwise recoverable under the Policy and be subject to the applicable deductible and without increase in the limit provisions contained in this Policy.

Due to the unique nature of Health Care Facilities and Jails where it is deemed necessary to evacuate patients or inmates from the premises in order to reduce the physical loss potential from an actual or imminent loss or damage by a peril not excluded herein, all terms and conditions of this clause will apply to the expenses incurred as a result of the evacuation.

18. LEASEHOLD INTEREST

In the event of physical loss or damage of the type insured against by this Policy to real property of the type insured this Policy, which is leased by the Named Insured, this Policy is extended to cover:

- (1) If as a result of such loss or damage the property becomes wholly un-tenantable or unusable and the lease agreement requires continuation of the rent, the Company shall indemnify the Named Insured for the actual rent payable for the unexpired term of the lease; or
- (2) If as a result of such loss or damage the property becomes partially un-tenantable or unusable and the lease agreement requires continuation of the rent, the Company shall indemnify the Named Insured for the proportion of the rent applicable thereto; or
- (3) If as a result of such loss or damage the lease is cancelled by the lessor pursuant to the lease agreement or by operation of law, the Company shall indemnify the Named Insured for its Lease Interest for the first three months following such loss or damage and for its Net Lease Interest for the remaining unexpired term of the lease;

provided, however, that the Company shall not be liable for any increase in the amount recoverable hereunder resulting from the suspension, lapse or cancellation of any license, or from the Named Insured exercising an option to cancel the lease; or from any act or omission of the Named Insured which constitutes a default under the lease; and provided further that the Named Insured shall use any suitable property or service owned or controlled by the Named Insured or obtainable from another source to reduce the loss hereunder.

The following definitions shall apply to this coverage:

- (1) Lease Interest means the excess rent paid for the same or similar replacement property over actual rent payable plus cash bonuses or advance rent paid (including any maintenance or operating charges) for each month during the

unexpired term of the Named Insured's lease.

(2) Net Lease Interest means that sum which placed at 8% interest compounded annually would equal the Lease Interest (less any amounts otherwise payable hereunder).

19. AUTOMATIC ACQUISITION AND REPORTING CONDITIONS

With respect to Automatic Coverage for Newly Acquired Locations, if the values at an individual newly acquired "location" exceed **USD50,000,000**, the Insured shall report these values to the Insurer within **(120) consecutive days** after they become known to the First Named Insured's Contact identified in Declarations. No adjustment in premium shall be made unless the total values so reported represent an increase of **USD100,000,000** within a semi-annual six-month reporting period (either 7/1/2020 through 12/31/2020 or 1/1/2021 through 7/1/2021) or more over the total values declared at inception or, if applicable, used for the last semi-annual premium adjustment. If the values do exceed **USD100,000,000** above the values declared at inception, or if applicable, used for the last semi-annual premium adjustment, the Insurer agrees to charge a pro-rata (as to time and value) additional premium. Once reported, such additional "location(s)" shall be subject to the full limits of this Policy. If not reported to the Insurer within the time defined above, such "locations" shall be subject to the "miscellaneous unreported location" sub-limit in the Limits of Liability.

Similarly, if the values of a divested individual "location" exceed **USD50,000,000** the Insured shall report these values to the Insurer as soon as practicable. No adjustment in premium shall be made unless the total values so reported represent a decrease of **USD100,000,000** within a semi-annual six-month reporting period (either 7/1/2020 through 12/31/2020 or 1/1/2021 through 7/1/2021) or more below the total values declared at inception or, if applicable, used for the last semi-annual premium adjustment. If the values do exceed **USD100,000,000** below the values declared at inception, or if applicable, used for the last semi-annual premium adjustment, the Insurer agrees to charge a pro-rata (as to time and value) return premium.

If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V. In the event that coverage for Flood for any location situated in Flood Zones A or V is required, it is to be agreed by the Company prior to attachment hereunder.

The addition of new members must be reported at the time of binding.

This coverage extension does not apply to the peril of Earthquake Shock in the States of California, or Alaska except as follows:

(1) At Policy inception, for those Named Insureds that purchase the earthquake shock peril, per the sub-limit that appears on the Declaration Page, automatic coverage applies for the peril of earthquake shock for a period of 30 days from date of contractual requirement by any bond, certificate of participation or any similar investment, for any new locations where there is such a contractual requirement to provide earthquake shock coverage. Otherwise there is no Automatic Coverage for Earthquake Shock for any other new locations in California and Alaska.

20. MISCELLANEOUS UNNAMED LOCATIONS

Coverage is extended to include property at locations (including buildings or structures, owned, occupied or which the Named Insured is obligated to maintain insurance) located within the territorial limitations set by this policy. Coverage provided by this clause is limited to any sub-limit noted on the Declaration Page attached to this form, and by terms and conditions of this policy form.

This coverage extension does not apply to the peril of Earthquake in the states of California, or Alaska. If Flood coverage is purchased for scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.

21. ACCIDENTAL CONTAMINATION

This Policy is hereby extended to cover Business Interruption and Property Damage loss as a result of accidental contamination, discharge or dispersal from any source to Covered Property, including expenses necessarily incurred to clean up, remove and dispose of contaminated substances so as to restore the Covered Property to the same condition as existed prior to loss. The coverage provided is sub-limited to \$1,000,000 per occurrence as per Declaration page.

If such contamination or dispersal is itself caused by fire, lightning, impact from aircraft, explosion, riot, civil commotion, smoke, collapse, vehicles, windstorm, hail, vandalism, malicious mischief or leakage and accidental discharge from automatic fire protective systems whereupon this extension shall provide coverage up to full limit of liability provided by this Policy.

For the purposes of this Accidental Contamination clause only, the term "Covered Property", as covered by this Policy, is held to include Land (and Land Values) on which Covered Property is located whether or not the same are excluded by this Policy.

It is further understood and agreed that this coverage clause shall not override anything contained in Asbestos Clean Up and Removal in this Policy.

C. PROPERTY NOT COVERED

Except as for that which may be provided as an Extension of Coverage, this policy does not cover:

1. Aircraft, Watercraft over 27 feet in length (other than watercraft held for sale by the insured), and rolling stock, except scheduled watercraft, and rolling stock, light rail vehicles, subway trains and related track maintenance vehicles for light rail and subway lines.
2. Standing timber, bodies of water, growing crops.
3. Land (including land on which covered property is located), and land values (except athletic fields, landscaping, artificial turf, sand traps, tees and greens).
4. Property in due course of ocean marine transit.
5. Shipment by mail after delivery into the custody of the United States Post Office.
6. Power transmission lines and feeder lines more than 1,000 feet from the premises of the Insured unless scheduled and specifically approved by the Company.
7. Underground pipes more than 1,000 feet from the premises of the Insured unless scheduled and specifically approved by the Company.
8. Offshore property, oilrigs, underground mines, caverns and their contents. Railroad track is excluded unless values have been reported by the Named Insured.
9. Waterborne shipments to and from the U.S. mainland, Puerto Rico, United States Virgin Islands, Alaska, Hawaii; and shipments via Panama Canal.

10. Motor vehicles licensed for highway use except while at an insured location.
11. Furs, jewelry, precious metals and precious stones.
12. Earthen dikes and dams.
13. Money.
14. Unmanned aircraft.

D. LOSS PAYMENT BASIS / VALUATION

In case of loss to property of a Named Insured covered hereunder, the basis of adjustment shall be as of the time and place of loss as follows:

1. On all real and personal property, including property of others in the care or control of the Named Insured at the replacement cost (as defined below) at the time of the loss without deduction for depreciation. If property is not replaced within a reasonable period of time, then the actual cash value shall apply.
2. On improvements and betterments at the replacement cost at time of loss without deduction for depreciation. If property is not repaired or replaced within a reasonable period of time, then the actual cash value shall apply. If replaced or repaired by others for the use of the Named Insured, there shall be no liability hereunder. The Company agrees to accept and consider the Named Insured as sole and unconditional owner of all improvements and betterments, any contract or lease the Named Insured may have made to the contrary notwithstanding.
3. On manuscripts, mechanical drawings, patterns, electronic data processing media, books of accounting and other valuable papers, the full replacement cost of the property at the time of loss (including expenses incurred to recreate the information lost, damaged or destroyed, except as may be limited by any separate policy provision) or what it would then cost to repair, replace or reconstruct the property with other of like kind and quality. If not repaired, replaced or reconstructed within a reasonable period of time, then not to exceed the cost of blank or unexposed material.
4. On antique, restored or historical buildings, the cost of acquisition, relocation to the site and renovation or reconstruction. In the event of a partial loss, replacement cost for antique, restored or historical buildings shall mean the cost of repairing, replacing, constructing or reconstructing (whichever is less) the property on the same site using materials of like kind and quality necessary to preserve or maintain a buildings' historical significance without deduction for depreciation.
5. On property of others for which the Named Insured is liable under contract or lease agreement the Company's liability in the event of loss is limited to the Named Insured's obligation as defined in said contract or lease agreement but not to exceed the replacement cost.
6. On Vehicles, on or off premises, where Replacement Cost (New) values are specified, loss or damage shall be based on 100% of the Replacement Cost (New) at the time of loss. Partial losses shall be based on the cost of repairing or replacing the damaged portion, up to the fair market value of the Vehicle and/or Equipment. However, should these costs exceed the fair market value then recovery shall be based upon the Replacement Cost (New).

If the values, provided by the Named Insured, provides a valuation based on Replacement Cost (New), then recovery will be on the same basis, if replaced. If not replaced, the basis of recovery shall be Actual Cash Value.

8. Landscaping, artificial turf, sand traps, tees, putting greens and athletic fields; the actual replacement cost of sod, shrubs, sand, plants and trees; however the Company's liability for replacement of trees, plants and shrubs will be limited to the actual size of the destroyed plant, tree or shrub at the time of the loss up to a maximum size of 25 gallons per item but not to exceed USD50,000 per item.

For the purpose of determining coverage under this policy landscaping, trees, plants and shrubs are only insured if their position and planting was undertaken by human agency for cosmetic effect.

The aforementioned valuations shall also be used for the purpose of any minimum earned premium and/or quarterly adjustments incurred.

Wherever the term "actual cash value" is used as respects real property or improvements and betterment's in this clause, or elsewhere herein, it shall mean replacement cost less depreciation.

"Replacement Cost" shall mean the cost of repairing, replacing, constructing or reconstructing (whichever is the least) the property on the same site, using new materials of like kind and quality and for like occupancy without deduction for depreciation, subject to the following:

- (i) Until the property is actually repaired, replaced or reconstructed, the maximum amount recoverable shall be the actual cash value of the lost or damaged property;
- (ii) Replacement shall be effected by the Named Insured with due diligence and dispatch;
- (iii) Replacement need not be on same site, or of same or similar construction or occupancy provided that the Company shall not be liable for any additional costs that are directly attributable to the inclusion of this provision.
- (iv) For historical buildings as more specifically defined in this Section.
- (v) In no event shall the Company's liability exceed the amount actually and necessarily expended in repairing or replacing (whichever is less) Covered Property or any part thereof.

It is understood and agreed that as respects replacement cost, the Named Insured shall have the option of replacement with electrical and mechanical equipment having technological advantages and/or representing an improvement in function and/or forming part of a program of system enhancement provided that such replacement can be accomplished without increasing the Company's liability. The Company shall be allowed to dispose of, as salvage, any non-proprietary property deemed unusable by the Named Insured.

In the event the Named Insured should fail to comply with any of the foregoing provisions settlement shall be made as if this Replacement Cost provision had not been in effect.

E. UPGRADE TO GREEN

The coverages and valuation provision provided by this endorsement only apply if direct physical loss or damage to covered real and/or personal property is caused by any of the perils covered by the Policy and replacement cost valuation applies. This coverage does not apply to: (1) personal property of others in

the Insured's care, custody, and control, (2) leased personal property, and/or (3) finished or unfinished stock.

In no event, does this endorsement increase or change the per occurrence limit of liability shown in the declarations or the annual aggregate for specified perils.

1. Notwithstanding the Valuation Provision of this Policy or limits of liability applicable to specific locations or perils, if replacement cost valuation applies to real and/or personal property, then the Company's liability for loss applicable to this endorsement shall be the cost to repair or replace the covered damaged property, subject to the applicable limit of liability, plus the least of the following amounts:

- A. The reasonable and necessary amount to upgrade to green the covered damaged property as described in Coverage Section A - Non-LEED® Certified Coverage or as described in Coverage Section B - LEED® Certified Coverage, whichever is applicable; or
- B. An additional 25% of the applicable limit of liability for the building and/or business personal property shown in the Statement of Values or similar schedule to upgrade to green; or
- C. \$2,500,000 to upgrade to green.

At the Insured's sole discretion, the Insured may elect not to upgrade to green any or all property for which upgrade to green coverage is provided under this endorsement. In such case, the Company will adjust the claim in accordance with the standard provisions of the Policy, as modified by all other applicable endorsements.

Subject to the least of A., B., or C. above, if business interruption coverage is provided as part of this Policy, if necessary, the Period of Restoration shall be increased to allow for additional time to upgrade to green the damaged property plus up to an additional two week period to meet the requirements set forth in 4.B.

2. COVERAGE SECTION A: NON-LEED CERTIFIED COVERAGE

In the event of direct physical loss or damage by any of the perils covered by the Policy to a building that is not LEED certified at the time of the loss, or to the personal property within such a building, the Company will pay to repair or replace damaged or destroyed:

A. Loss Settlement for Personal Property

- (1) "Appliances" or "Office Equipment" with products of like kind and quality that have been identified as "ENERGY STAR®" or equivalent products of such energy efficiency. If there are no such products available at the time of the loss, this upgrade to green coverage does not apply.
- (2) "Systems Furniture" or "Seating", with products of like kind and quality that are certified as GREENGUARD Indoor Air Quality Certified® or products with similar emissions characteristics. If there are no such products available at the time of the loss, this upgrade to green coverage does not apply.

B. Loss Settlement for Your Building

- (1) Interior Finish Materials Upgrade

- a. Lower Emissions Products Upgrade Coverage
"Defined Building Materials" with products of like kind and quality that have "Lower Emissions". If there are no such products available at the time of the loss, this upgrade to green coverage does not apply.
- b. Environmentally Preferable Products Upgrade Coverage
Interior wood, carpeting and flooring with products of like kind and quality that have "Lower Emissions", are "Sustainably Produced", are "Rapidly Renewable" or include "Recycled Content". If there are no such products available at the time of the loss, this upgrade to green coverage does not apply.

(2) Interior Plumbing Systems Upgrade Coverage

Interior plumbing fixtures including, but not limited to, toilets, shower heads, and lavatory faucets with products of like kind and quality that are more "Water Efficient". If there are no such products available at the time of the loss, this upgrade to green coverage does not apply. For damaged or destroyed faucets, the Company will also pay to install occupant sensors to reduce the potable water demand.

(3) Lighting Systems Upgrade Coverage

Lighting systems, with products of like kind and quality that have been identified as "ENERGY STAR" or equivalent products of such energy efficiency. If there are no such products available at the time of the loss, this upgrade to green coverage does not apply. The Company will also pay to repair or replace damaged light bulbs with light bulbs which have low mercury content.

(4) Efficient Heating and Cooling Equipment Upgrade Coverage

- (5) "Heating and cooling equipment" with products of like kind and quality that have been identified as "ENERGY STAR" or equivalent products of such energy efficiency. If there are no such products available at the time of the loss, this upgrade to green coverage does not apply.

(6) Building Reconstruction Following Total Loss

- a. Solely with respect to a "Total Loss" to a building, the Company will pay to replace the building on its existing foundation using the most cost effective techniques, products and materials that should satisfy the prerequisites and earn the minimum number of points required to qualify for LEED Silver certification using the LEED New Construction (LEED NC®) Rating System.

- b. Certification Expenses

The Company will pay the reasonable and necessary registration and certification fees charged by the United States Green Building Council (USGBC) that the Insured incurs should the Insured decide to seek LEED Silver certification. However, the Company will not pay to modify the reconstructed structure if it is not certified.

The Sublimit of Insurance for this coverage is \$50,000.

3. COVERAGE SECTION B: LEED CERTIFIED COVERAGE

In addition to all Coverages provided in Coverage Section A (with the exception of 2.B. (5) Building Reconstruction Following a Total Loss) and in the event of direct physical loss or damage by any of the perils covered by the Policy to a building that is LEED certified at the time of the loss, or to the personal property within such building, the Company will pay to repair or replace damaged or destroyed:

A. Loss Settlement for Trees, Shrubs, and Vegetative Roofs

- (1) Trees and shrubs planted specifically to secure the Heat Island Effect: Non-Roof point as described in LEED NC. For the purposes of this coverage only, notwithstanding any other provision of the Policy to the contrary, trees and shrubs are Covered Property. The sublimit of insurance for this coverage is \$3,000 per tree or \$3,000 per shrub up to a maximum of \$50,000.
- (2) Vegetative roofs on LEED certified buildings. Notwithstanding any other provision of the Policy to the contrary, vegetative roofs are Covered Property.

B. Loss Settlement for Your Building

(1) Recertification Expenses

- a. In the event of direct physical loss or damage by any of the perils covered by the Policy that necessitates recertification of the damaged building, the Company will pay the reasonable and necessary registration and certification fees charged by the USGBC that the Insured incurs as a result of the recertification process.
- b. The Sublimit of Insurance for this coverage is \$50,000.

(2) Building Reconstruction Following Total Loss

- a. Solely with respect to a "Total Loss" to a building that is LEED certified at the time of the loss, the Company will pay to replace the building on its existing foundation using the most cost effective techniques, products and materials that would satisfy the prerequisites and should earn the minimum number of points required to qualify for LEED certification at two levels above the certification in effect at the time of the loss using the LEED NC Rating System.

b. Certification Expenses

The Company will pay the reasonable and necessary registration and certification fees charged by the USGBC that the Insured incurs should the Insured decide to seek LEED certification. However, the Company will not pay to modify the reconstructed structure if it is not certified.

The Sublimit of Insurance for this coverage is \$50,000.

4. COVERAGES INCLUDED WITHIN COVERAGE SECTIONS A OR B AND APPLICABLE TO LEED® AND NON-LEED® CERTIFIED BUILDINGS

In the event of direct physical loss or damage by any of the perils covered by the Policy to a LEED or Non-LEED certified building:

A. Recycling Expenses

- (1) The Company will pay the Insured's expenses to clean-up, sort, segregate, and transport debris from the Insured's damaged building to recycling facilities, if such debris can be recycled.
- (2) The Sublimit of Insurance for this coverage is \$50,000 and is in addition to the debris removal expense sublimit provided by the Policy, if any.
- (3) Any income or remuneration derived from this recycling shall be used to reduce the loss.

B. Air Testing and Outdoor Air Ventilation of the Reconstructed Space

- (1) In accordance with the requirements for the Construction IAQ Management Plan: Before Occupancy Credit as described in the LEED NC rating system (hereinafter, "Construction IAQ"), the Company will pay to conduct air testing and a building flush-out (if required because of a failure to meet air quality standards set forth in the Construction IAQ) and follow-up air testing for a total period of time not to exceed two weeks.
- (2) After the two week period of increased outdoor air ventilation of the reconstructed space, the Company will pay to replace the filtration media with new media.
- (3) The Sublimit of Insurance for this coverage is \$50,000.

C. Professional Services

The Company will pay reasonable and necessary expenses to hire a LEED Accredited architect or engineer to participate in the design and/or construction administration of the damaged portion of the building or the entire building, whichever is applicable.

The Sublimit for this coverage is \$50,000.

D. Building Commissioning Expenses

In the event of direct physical loss or damage to mechanical, electrical, or electronic building systems, by any of the perils covered by the Policy which necessitates the commissioning or re-commissioning of those systems, the Company will pay reasonable and necessary expenses of a Professional Engineer to commission or re-commission those damaged systems in accordance with LEED protocols.

The Sublimit of Insurance for this coverage is \$50,000.

5. Additional Definitions

- A. "Appliances" means products including, but not limited to, dishwashers, refrigerators, freezers, ovens, microwave ovens, room air conditioners, room air cleaners and water heaters.
- B. "Defined Building Materials" means: (1) all carpet and floor coverings, including, adhesives to affix them to the floor, (2) all interior paints, architectural coatings, primers, undercoatings, adhesives, sealants, and (3) permanently installed composite wood fixtures, including, counters, cabinets, and partitions.

- C. "ENERGY STAR" means any product that has been identified by the United States Government Department of Energy, Environmental Protection Agency as ENERGY STAR qualified at the time of the loss.
- D. "Heating and Cooling Equipment" means products including, but not limited to, heat pumps, boilers, central air conditioning, ceiling fans, dehumidifiers, exhaust fans, furnaces, thermostats, and ventilating fans.
- E. "Lower emissions" means:
 - (1) With respect to adhesive and sealant products, such as, general construction adhesives, flooring adhesives, fire-stopping sealants, caulking, duct sealants, plumbing adhesives, and cove base adhesives, products that meet the requirements of South Coast Air Quality Management District (SCAQMD) Rule #1168; with respect to aerosol adhesives, products that meet Green Seal Standard GS-36 requirements;
 - (2) With respect to architectural paints, coatings, and primers, products that do not exceed the volatile organic compound (VOC) content limits established in Green Seal Standard GS-11, with respect to anti-corrosive and anti-rust paints, products that do not exceed the VOC content limits established in Green Seal Standard GS-03; and with respect to clear wood finishes, floor coatings, stains, and shellacs, products that do not exceed the VOC content limits established by SCAQMD Rule #1113;
 - (3) With respect to carpet and carpet cushion, products that meet the requirements of the Carpet and Rug Institute's Green Label Plus Program; and
 - (4) With respect to composite wood and agrifiber products such as particleboard, medium density fiberboard (MDF), plywood, wheatboard, strawboard, panel substrates and door cores as well as laminating adhesives used to fabricate on-site and shop-applied composite wood and agrifiber assemblies, products that contain no added urea- formaldehyde resins.
- F. "Office Equipment" means electronic products including, but not limited to, desktop computers, laptop computers, monitors, printers, fax machines, scanners, copiers, and telephones.
- G. "Recycled Content" means those products that contain at least 20% postconsumer recycled content.
- H. "Rapidly Renewable" means products that are made from plant resources that are harvested within a ten-year cycle or shorter, including, but not limited to, bamboo, eucalyptus, wheat straw, sunflower hulls, cork oak, wheatboard, linoleum, and sorghum.
- I. "Seating" means task and guest chairs used with "System Furniture".
- J. "Sustainably Produced" means those products certified by the Forest Stewardship Council ("FSC").
- K. "System Furniture" means either a panel-based workstation comprised of modular interconnecting panels, hang-on components and drawer/filing components of a freestanding grouping of furniture items and their components that have been designed to work in concert.

L. "Total Loss" means:

1. The covered building is completely destroyed regardless of whether any damage is done to the foundation or slab, or
2. The covered building is in such condition after the loss that the standard method of rebuilding or repairing the covered building is to raze the structure except for the foundation or slab or including all or part of the foundation or slab and rebuild the entire structure, whether such structure is actually rebuilt or not.

M. "Water Efficient" means dry fixtures such as composting toilet systems and non-water using urinals, flush toilets using no more than 1.6 gallons of water per flush, and shower heads and faucets with a flow rate of no more than 2.2 gallons per minute.

SECTION III - BUSINESS INTERRUPTION

Subject to the terms, conditions and exclusions stated elsewhere herein, this Policy provides coverage for:

A. COVERAGE

1. BUSINESS INTERRUPTION

Against loss resulting directly from interruption of business, services or rental value caused by direct physical loss or damage, as covered by this Policy to real and/or personal property insured by this Policy, occurring during the term of this Policy.

In the event of such loss or damage the Company shall be liable for the actual loss sustained by the Named Insured for gross earnings as defined herein and rental value as defined herein resulting from such interruption of business, services, or rental value; less all charges and expenses which do not necessarily continue during the period of restoration. Due consideration shall be given to the continuation of normal charges and expenses including payroll expenses to the extent necessary to resume operations of the Named Insured with the same quality of service which existed immediately preceding the loss.

With respect to business interruption for power generation facilities, the coverage provided hereunder is sub-limited to USD as per Declaration Page.

Notwithstanding the foregoing it is hereby understood and agreed that solely as respects Universities, hospitals or other institutions of learning the following shall apply:

In determining the amount of tuition income and related fees covered hereunder for the purpose of ascertaining the amount of loss sustained, due consideration shall be given to:

- (i) Tuition income and related fees which are prevented from being earned or received. (ii) Other income derived from:
 - (a) routine and special services;
 - (b) other operating and non-operating revenues, including but not limited to:
 - (1) research grants
 - (2) income under research contracts all dependent on continued operations.
- (iii) Donations and fund raising proceeds:
 - (a) If a regularly scheduled fund raising drive for the sole benefit of the Named Insured occurs during the period of interruption of operations, the revenue produced by such drive shall be considered as follows in determining the amount of loss:
 - (1) If the drive fails to produce an amount at least equal to the same drive in the most recent prior solicitation, the shortage, to the extent that it can be attributed to the interruption of the Named Insured's operations, shall be considered as loss of income;
 - (2) If the drive produces an amount equal to the same drive in the most recent prior solicitation, there shall be considered no loss of income from this source of revenue;

- (3) If the drive produces an amount larger than the same drive in the most recent prior solicitation, the excess shall be applied to reduce the loss from other sources of revenue;
- (4) If the drive is cancelled or postponed, such loss of revenue shall not be considered as loss of income.

(b) The following shall be disregarded in determining the amount of loss:

- (1) Donations and contributions which are a direct result of the interruption of the Named Insured's operations and are received by the Named Insured during the period of interruption.
- (2) Proceeds for fund raising drives or solicitations which are for the sole benefit of the Named Insured and occur as a result of interruption of the Named Insured's operations.

2. **EXTRA EXPENSE**

This Policy is extended to cover the necessary and reasonable extra expenses at any location as hereinafter defined, incurred by the Named Insured in order to continue as nearly as practicable the normal operation of the Named Insured's business following damage to or destruction of covered property by a covered peril occurring during the term of this policy which is on premises owned, leased or occupied by the Named Insured. In the event of such damage or destruction, the Company shall be liable for such necessary extra expense incurred for only such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace such part of the property as has been damaged or destroyed commencing with the date of damage or destruction and not limited by the date of expiration of this Policy (hereinafter referred to as the period of restoration).

B. **EXTENSIONS OF COVERAGE**

1. **INGRESS / EGRESS**

This Policy is extended to insure the actual loss sustained during the period of time not exceeding 30 days when, as a direct result of physical loss or damage caused by a covered peril(s) specified by this Policy and occurring at property located within a 10 mile radius of covered property, ingress to or egress from the covered property covered by this Policy is prevented. Coverage under this extension is subject to a 24-hour waiting period.

2. **INTERRUPTION BY CIVIL AUTHORITY**

This Policy is extended to include the actual loss sustained by the Named Insured, as covered hereunder during the length of time, not exceeding 30 days, when as a direct result of damage to or destruction of property by a covered peril(s) occurring at property located within a 10 mile radius of covered property, access to the covered property is specifically prohibited by order of a civil authority. Coverage under this extension is subject to a 24-hour waiting period.

3. **DEMOLITION AND INCREASED TIME TO REBUILD**

The Company shall, in the case of loss covered under this Policy, be liable also for loss to the interest covered by the Policy, occasioned by the enforcement of any local or state ordinance or law regulating the construction, repair or demolition of buildings or structures and in force at the time

such loss occurs, which necessitates the demolition of any portion of the described building(s) not damaged by the covered peril(s). The Company shall also be liable for loss due to the additional period of time required for repair or reconstruction in conformity with the minimum standards of such ordinance or law of the building(s) described in this Policy damaged by a covered peril.

THE COMPANY SHALL NOT BE LIABLE UNDER THIS CLAUSE FOR:

- a. More than the limit of liability as shown elsewhere in this Policy.
- b. Any greater proportion of any loss to the interest covered by this Policy than the amount covered under this Policy on said interest bears to the total insurance and coverage on said interest, whether all such insurance contains this clause or not.
- c. Any cost necessitated by the enforcement of any law or ordinance regulating any form of pollutants or contaminants.

4. **CONTINGENT TIME ELEMENT COVERAGE**

Business interruption, rental income, tuition income and extra expense coverage provided by this Policy is extended to cover loss directly resulting from physical damage to property of the type not otherwise excluded by this Policy at direct supplier or direct customer locations that prevents a supplier of goods and/or services to the Named Insured from supplying such goods and/or services, or that prevents a recipient of goods and/or services from the Named

Insured from accepting such goods and/or services. The coverage provided by this clause separately as respects each of these coverage's is sub-limited to USD as per Declaration Page.

5. **TAX REVENUE INTERRUPTION**

Except as hereinafter or heretofore excluded, this Policy insures against loss resulting directly from necessary interruption of sales, property or other tax revenue including, but not limited to Tribal Incremental Municipal Services Payments collected by or due the Named Insured caused by damage or destruction to property which is not operated by the Named Insured and which wholly or partially prevents the generation of revenue for the account of the Named Insured.

The Company shall be liable for the actual loss sustained for only the length of time as would be required with exercise of due diligence and dispatch to rebuild, replace or repair the contributing property commencing with the date of damage to the contributing property, but not limited by the expiration date of this Policy.

If the Named Insured has reported Tax Revenue Interruption values for which premium has been charged, such loss recovery after deductible shall be limited to whichever is the least of:

1. The limit insured on the Policy;
2. The actual loss sustained;

If the Named Insured has not reported Tax Revenue Interruption values, such loss recovery after deductible shall be limited to whichever is the least of:

1. The limit insured on the Policy;
2. The actual loss sustained;

DEDUCTIBLE: Each loss or series of losses arising out of one event at each location shall be adjusted separately and from the aggregate amount of all such losses 2.50% of the annual revenue value shall be deducted.

6. EXTENDED PERIOD OF INDEMNITY

Business interruption including rental income, tax interruption, tuition income and extra expense coverage provided by this Policy is extended for the additional length of time required to restore the business of the Named Insured to the condition that would have existed had no loss occurred commencing on either;

- a. the date on which the Company's liability would otherwise terminate or;
- b. the date on which rebuilding, repairing or replacement of such property as has been lost, damaged or destroyed is actually completed, whichever is later.

The Company's liability under this extension shall terminate no later than the number of days indicated in the Declaration Page for this item.

7. EXPENSES TO REDUCE LOSS

This Policy also covers such expenses as are necessarily incurred for the purpose of reducing loss under this section (except incurred to extinguish a fire); but in no event to exceed the amount by which loss is thereby reduced.

C. EXCLUSIONS

1. The Company shall not be liable for any increase of loss which may be occasioned by the suspension, lapse, or cancellation of any lease or license, contract or order, unless such suspension, lapse, or cancellation results directly from the interruption of business caused by direct physical loss or damage covered by this policy and, then the Company shall only be liable for such loss as affects the Named Insured's earnings during and limited to, the period of indemnity covered under this Policy.
2. With respect to loss resulting from damage to or destruction of media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, including data thereon, by the perils insured against, the length of time for which the Company shall be liable hereunder shall not exceed:
 - i. Thirty (30) consecutive calendar days or the time required with exercise of due diligence and dispatch to reproduce the data thereon from duplicates or from originals of the previous generation, whichever is less; or,
 - ii. the length of time that would be required to rebuild, repair or replace such other property herein described as has been damaged or destroyed, but not exceeding eighteen (18) calendar months, whichever is the greater length of time.

D. CONDITIONS APPLICABLE TO THIS SECTION

If the Named Insured could reduce the loss resulting from the interruption of business:

1. by complete or partial resumption of operation of the property whether or not such property be lost or damaged, or;

2. by making use of merchandise or other property at the Named Insured's location or elsewhere; such reduction shall be taken into account in arriving at the amount of the loss hereunder.

E. DEFINITIONS

1. GROSS EARNINGS

"Gross Earnings" is defined as the sum of:

- a. total net sales and;
- b. other earnings derived from the operation of the business less the cost of;
- c. merchandise sold including packaging materials and;
- d. materials and supplies consumed directly in supplying the service(s) sold by the Named Insured, and;
- e. service(s) purchased from outside (not employees of the Named Insured) for resale that does not continue under contract.

No other cost shall be deducted in determining gross earnings.

In determining gross earnings, due consideration shall be given to the experience of the business before the date of loss or damage and the probable experience thereafter, had no loss occurred.

In the event that Real and/or Personal Property that does not normally produce an income, sustains damage covered under this policy, the actual recovery under this policy shall be the continuing fixed charges and expenses directly attributable to such non-productive property.

2. MERCHANDISE

Shall be understood to mean, goods kept for sale by the Named Insured, which are not the products of manufacturing operations conducted by the Named Insured.

3. EXTRA EXPENSE

The term "extra expense", whenever used in this Policy, is defined as the excess (if any) of the total cost incurred during the period of restoration chargeable to the operation of the Named Insured's business over and above the total cost that would normally have been incurred to conduct the business during the same period had no damage or destruction occurred. Any salvage value of property obtained for temporary use during the period of restoration, which remains after the resumption of normal operations, shall be taken into consideration in the adjustment of any loss hereunder.

4. RENTAL VALUE

The term "rental value" is defined as the sum of:

- a. the total anticipated gross rental income from tenant occupancy as furnished and equipped by the Named Insured, and;

- b. the amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of the Named Insured, and;
- c. the fair rental value of any portion of said property which is occupied by the Named Insured, and;
- d. any amount in excess of a., b. and c. (above) which is an obligation due under the terms and conditions of any revenue bond, certificate of participation or other financial instrument.

In determining rental value, due consideration shall be given to the experience before the date of loss or damage and the probable experience thereafter had no loss occurred.

5. PERIOD OF RESTORATION

The period during which business interruption and or rental interruption applies will begin on the date direct physical loss occurs and interrupts normal business operations and ends on the date that the damaged property should have been repaired, rebuilt or replaced with due diligence and dispatch, but not limited by the expiration of this policy.

SECTION IV - GENERAL CONDITIONS

A. PERILS COVERED

Subject to the terms, conditions and exclusions stated elsewhere herein, this Policy provides insurance against all risk of direct physical loss or damage occurring during the period of this Policy.

B. EXCLUSIONS

This Policy does not insure against any of the following:

1. Loss or damage caused by or resulting from moths, vermin, termites, or other insects, inherent vice, latent defect, faulty materials, error in design, faulty workmanship, wear, tear or gradual deterioration, rust, corrosion, wet or dry rot, unless physical loss or damage not otherwise excluded herein ensues and then only for such ensuing loss or damage.
2. Physical loss or damage by normal settling, shrinkage or expansion in building or foundation.
3. Delay or loss of markets (this exclusion shall be inapplicable to the extent inconsistent with any time element coverage provided elsewhere herein).
4. Breakdown or derangement of machinery and/or steam boiler explosion, unless physical loss or damage not otherwise excluded herein ensues and then only for such ensuing loss.
5. Loss or damage caused by or resulting from misappropriation, conversion, inventory shortage, unexplained disappearance, infidelity or any dishonest act on the part of the Named Insured, its employees or agents or others to whom the property may be entrusted (bailees and carriers for hire excepted) or other party of interest.
6. Loss or damage caused by or resulting from electrical injury or disturbance from artificial causes to electrical appliances, devices of any kind or wiring, unless physical loss or damage not otherwise excluded herein ensues and then only for such ensuing loss. This exclusion does not apply to data processing equipment or media.
7. Loss or damage to personal property resulting from shrinkage, evaporation, loss of weight, leakage, breakage of fragile articles, marring, scratching, exposure to light or change in color, texture or flavor, unless such loss is caused directly by fire or the combating thereof, lightning, windstorm, hail, explosion, strike, riot, or civil commotion, aircraft, vehicles, breakage of pipes or apparatus, sprinkler leakage, vandalism and malicious mischief, theft, attempted theft, flood or earthquake shock (Earthquake Shock, and Flood, in the states of Alaska, or California shall only apply to locations that are scheduled for Earthquake Shock and Flood).
8. Loss or damage caused by rain, sleet or snow to personal property in the open (except in the custody of carriers or bailees for hire).
9. Loss caused directly or indirectly, by:
 - a. War, hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack
 - i. by any government or sovereign power (de jure or de facto), or by any Authority maintaining or using military, naval or air forces; or

- ii. by military, naval or air forces; or
 - iii. by an agent of any such government, power, authority or forces;
 - b. any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
 - c. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental Authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.
10. Nuclear reaction or nuclear radiation or radioactive contamination from any cause, all whether direct or indirect, controlled or uncontrolled, proximate or remote, or is contributed to or aggravated by a Covered Cause of Loss. However:
- a. If fire not otherwise excluded results, the Company shall be liable for the direct physical loss or damage by such resulting fire, but not including, any loss or damage due to nuclear reaction, nuclear radiation, or radioactive contamination, and
 - b. This Policy does insure against physical loss or damage caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted on the Named Insured premises, provided that, at the time of such loss or damage, there is neither a nuclear reactor nor any new or used nuclear fuel on the Named Insured premises.
11. As respects course of construction, the following exclusions shall apply:
- a. The cost of making good: faulty or defective workmanship, materials, construction and/or design, but this exclusion shall not apply to damage by a peril not excluded resulting from such faulty or defective workmanship, materials, construction and/or design.
 - b. The cost of non-compliance of, or delay in completion of contract.
 - c. The cost of non-compliance with contract conditions.
 - d. Contractors' equipment or tools not a part of or destined to become a part of the installation.
12. Loss or damage caused by Earthquake Shock unless a limit is shown on the Declarations for Earthquake Shock this exclusion will apply.
13. Loss or damage caused by Flood unless a limit is shown on the Declarations for Flood this exclusion will apply.
14. Loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

- a. the recognition, interpretation, calculation, comparison, differentiation, sequencing or processing of data involving one or more dates or times, by any computer system, hardware, program or software, or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Named Insured or not; or
- b. any change, alteration, correction or modification involving one or more dates or times, to any such computer system, hardware, program or software, or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Named Insured or not.

Except as provided in the next paragraph, this Electronic Date Recognition Clause shall apply regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

If direct physical loss or damage not otherwise excluded by this Policy results, then subject to all its terms and conditions, this Policy shall be liable only for such resulting loss or damage. Such resulting loss or damage shall not include physical loss or damage to data resulting directly from a) or b) above, nor the cost, claim or expense, whether preventative, remedial, or otherwise, arising out of or relating to any change, alteration, correction or modification relating to the ability of any damaged computer system, hardware, program or software, or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment to recognize, interpret, calculate, compare, differentiate sequence or process any data involving one or more dates or times.

- 15. Loss or damage in the form of, caused by, arising out of, contributed to, or resulting from fungus, mold(s), mildew or yeast; or any spores or toxins created or produced by or emanating from such fungus, mold(s), mildew or yeast;
 - a. fungus includes, but is not limited to, any of the plants or organisms belonging to the major group fungi, lacking chlorophyll, and including mold(s), rusts, mildews, smuts and mushrooms;
 - b. mold(s) includes, but is not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms, and fungi that produce mold(s);
 - c. spores means any dormant or reproductive body produced by or arising or emanating out of any fungus, mold(s), mildew, plants, organisms or microorganisms, regardless of any other cause or event that contributes concurrently or in any sequence to such loss.

“This exclusion shall not apply to any loss or damage in the form of, caused by, contributed to or resulting from fungus, mold(s), mildew or yeast, or any spores or toxins created or produced by or emanating from such fungus, mold(s), mildew or yeast which the Insured establishes is a direct result of a Covered Loss not otherwise excluded by the Policy, provided that such fungus, mold(s), mildew or yeast loss or damage is reported to the Company within twelve months from the expiration date of the Policy.”

- 16. Loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.
- 18. Loss, damage, costs or expenses in connection with any kind or description of seepage and/or pollution and/or contamination, direct or indirect, arising from any cause whatsoever. Except as provided in Section II Property Damage, B. Extension of Coverage, 21. Accidental Contamination.

Nevertheless if fire is not excluded from this Policy and a fire arises directly or Indirectly from seepage and/or pollution and/or contamination, any loss or damage covered under this Policy arising directly from that fire shall (subject to the terms, conditions and limitations of the Policy) be covered.

However, if the covered property is the subject of direct physical loss or damage for which the Company has paid or agreed to pay, then this Policy (subject to its terms, conditions and limitations) insures against direct physical loss or damage to the property covered hereunder caused by resulting seepage and/or pollution and/or contamination.

The Named Insured shall give notice to the Company of intent to claim NO LATER THAN TWELVE (12) MONTHS AFTER THE DATE OF THE ORIGINAL PHYSICAL LOSS OR DAMAGE.

Notwithstanding the provisions of the preceding exclusions or any provision respecting seepage and/or pollution and/or contamination, and/or debris removal and/or cost of clean up in the Policy, in the event of direct physical loss or damage to the property covered hereunder, this Policy (subject otherwise to its terms, conditions and limitations, including but not limited to any applicable deductible) also insures, within the sum covered:

- (a) expenses reasonably incurred in removal of debris of the property hereunder destroyed or damaged from the premises of the Named Insured; and/or;
- (b) cost of clean up at the premises of the Named Insured made necessary as a result of such direct physical loss or damage;

PROVIDED that this Policy does not insure against the costs of decontamination or removal of water, soil or any other substance on or under such premises.

19. Authorities Exclusion:

Fines, penalties or cost incurred or sustained by the Named Insured or imposed on the Named Insured at the order of any Government Agency, Court or other Authority, in connection with any kind or description of environmental impairment including seepage or pollution or contamination from any cause.

20. The following exclusion applies to Terrorism:

Any act of terrorism. An act of terrorism means an act, including but not limited to the use of the force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purpose including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This Policy also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to the paragraph above.

If the Company allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Named Insured.

In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect. All other terms and conditions remain unaltered.

21. Loss or damage caused by errors in manufacturing, processing, renovating, testing, packaging as part of operations; recall.
22. Loss or damage resulting from indirect or remote loss.
23. Loss or damage resulting from fraudulent or dishonest acts committed by officer, director or employee.

C. STATUTES

If any of the articles of this Policy conflict with the laws or statutes of any jurisdictions in which this Policy applies this Policy is amended to conform to such laws or statutes.

D. TERRITORIAL LIMITS

This Policy insures Real and Personal Property within the United States of America. The coverage provided by this clause for Personal Property is sub-limited to USD as per Declaration Page.

E. REINSTATEMENT

Any reduction in the amount insured hereunder due to payment of any loss or losses shall be automatically reinstated for the balance of the term of this contract except as respects to the perils of Earthquake Shock and Flood.

F. FREE ON BOARD (F.O.B.) SHIPMENTS

The Company shall be liable for the interest of the Named Insured at sole option of the Named Insured, the interest of the consignee in merchandise, which has been sold by the Named Insured under terms of F.O.B. point of origin or other terms usually regarded as terminating shippers' responsibility short of point of delivery.

G. BREACH OF CONDITIONS

If any breach of a clause, condition or warranty of this Policy shall occur prior to a loss affected thereby under this Policy, such breach shall not void the Policy nor avail the Company to avoid liability unless such breach shall exist at the time of such loss under this contract or Policy, and be a contributing factor to the loss for which claim is presented hereunder, it being understood that such breach of clause or condition is applicable only to the property affected thereby. Notwithstanding the foregoing, if the Named Insured establishes that the breach, whether contributory or not, occurred without its knowledge or permission or beyond its control, such breach shall not prevent the Named Insured from recovering under this Policy.

H. PERMITS AND PRIVILEGES

Anything in the printed conditions of this Policy to the contrary notwithstanding, permission is hereby granted:

1. to maintain present hazards and hazards which are consistent with the current operation of insured facilities;
2. to make additions, alterations, extensions, improvements and repairs, to delete, demolish,

construct and reconstruct, and also to include all materials, equipment and supplies incidental to the foregoing operations of the property covered hereunder, while in, on and/or about the premises or adjacent thereto;

3. for such use of the premises as usual and/or incidental to the business as conducted therein and to keep and use all articles and materials usual and/or incidental to said business in such quantities as the exigencies of the business require;
4. to be or become vacant or unoccupied. If a building becomes vacant or unoccupied, notice is to be given to the Company prior to the one-hundred twentieth (120th) consecutive day of vacancy or lack of occupancy. The giving, or failure to give such notice will not constitute a condition precedent to the Company's liability, but the Named Insured shall make a reasonable effort to comply with such requirement.

This Policy shall not be prejudiced by:

1. any error in stating the name, number, street, or location of any building(s) and contents covered hereunder, or any error or omission involving the name or title of the Named Insured;
2. any act or neglect of the owner of the building, if the Named Insured hereunder is not the owner, or of any occupant of the within described premises other than the Named Insured, when such act or neglect is not within the control of the Named Insured, named herein; or
3. by failure of the Named Insured to comply with any of the warranties or conditions endorsed hereon in any portion of the premises over which the Named Insured has no control.

I. PROTECTIVE SAFEGUARDS

The Named Insured shall exercise due diligence in maintaining in complete working order all protective safeguard equipment and services.

J. NOTICE OF LOSS

In the event of loss or damage insured against under this Policy, the Named Insured shall give notice thereof to ALLIANT INSURANCE SERVICES, INC., 100 Pine Street, 11th Floor, San Francisco, CA 94111-1073. TEL NO. (877) 725-7695, FAX NO. (415) 403-1466 of such loss. Such notice is to be made as soon as practicable upon knowledge within the risk management or finance division of the insured that a loss has occurred.

K. ARBITRATION OF VALUE

In case the Named Insured and the Company shall fail to agree as to the amount of loss, then, on the written demand of either, each shall select a competent and disinterested appraiser and notify the other of the appraisers selected. The appraiser shall first select a competent and disinterested umpire, and failing to agree upon such umpire, then, on request of the Named Insured or the Company such umpire shall be selected by judge of a court of record in the state in which the property covered is located.

The appraisers shall as soon as practicable, appraise the loss stating separately the loss of each item and failing to agree, shall submit their differences only to the umpire. An award in writing so itemized, of any two appraisers when filed with the Company shall determine the amount of loss. The party selecting him shall pay each appraiser and the expenses of appraisal and umpire shall be paid by the parties equally.

L. PROOF OF LOSS

The Named Insured shall render a signed and sworn proof of loss as soon as practical after the occurrence of a loss, stating the time, place and cause of loss, the interest of the Named Insured and of all others in the property, the value thereof and the amount of loss or damage thereto.

M. SUBROGATION

In the event of any loss payment under this Policy, the Company, shall be subrogated to all the Named Insured's rights of recovery thereof against any person or organization and the Named Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. As respects subrogation it is agreed that, after expenses incurred in subrogation are deducted, the Named Insured and the Company shall share proportionately to the extent of their respective interests as determined by the amount of their net loss. Any amount thus found to be due to either party from the other shall be paid promptly.

Notwithstanding the above wording, the Named Insured has the right to enter into an agreement that releases or waives the Named Insured's right to recovery against third parties responsible for the loss if made before the loss occurred.

N. CANCELLATION

This Policy may be cancelled by the Named Insured at any time by written notice or surrender of this Policy. This Policy may also be cancelled by or on behalf of the Company by delivering to the Named Insured or by mailing to the Named Insured, by registered, certified or other first class mail at the Named Insured's address as shown in this Policy, written notice, not less than ninety (90) days prior to the effective date of cancellation. The mailing of such notice as aforesaid shall be sufficient proof and this Policy and shall terminate at the date and hour specified in such notice. Notwithstanding what has been stated above, however, should this Policy be cancelled for non- payment of assessment, the Company shall only be required to give the Named Insured ten (10) days notice.

If this insurance in total shall be cancelled by the Named Insured, the Company shall retain the customary short rate proportion of the premium hereon. If the Company elects to cancel coverage mid-term, then such cancellation shall be handled on a pro-rata basis without short rate penalty.

In the event of cancellation the aggregate retention and specific limit amount shall be applied pro rata with the balance, if any, to be paid to the Named Insured.

Payment or tender of any unearned premium by the Company shall not be condition precedent to the effectiveness of cancellation but such payment shall be made forthwith.

Cancellation shall not affect coverage on any shipment in transit on date of cancellation. Coverage will continue in full force until such property is safely delivered and accepted at place of final destination.

It is understood and agreed that if the Named Insured cancels this Policy, the Policy is subject to 25% minimum earned premium regardless of the length of time coverage is in force.

O. ABANDONMENT

There shall be no abandonment to the Company of any property.

P. ASSIGNMENT

Assignment or transfer of this Policy shall not be valid except with the written consent of the Company.

Q. SALVAGE

When, in connection with any loss hereunder, any salvage is received prior or subsequent to the payment of such loss, the loss shall be figured on the basis on which it would have been settled had the amount of salvage been known at the time the loss was originally determined. The salvage value will be deducted from the claim or returned to the Company.

R. OTHER INSURANCE

Permission is hereby granted to the Named Insured to carry more specific insurance on any property covered under this Policy. This Policy shall not attach or become insurance upon any property which at the time of loss is more specifically described and covered under any other policy form until the liability of such other insurance has first been exhausted and shall then cover only the excess of value of such property over and above the amount payable under such other insurance, whether collectible or not. This Policy, subject to its conditions and limitations, shall attach and become insurance upon such property as respects any peril not covered by such other insurance and not otherwise excluded herein.

In the event of a loss that is covered by other insurance, wherein this Policy is excess of any amount paid by such other insurer, the other insurance shall be applied to the deductible amount stated elsewhere. Should the amount paid by such other insurance exceed these deductibles, no further deductibles shall be applied under this Policy.

S. EXCESS INSURANCE

Permission is granted for the Named Insured to maintain excess insurance over the limit of liability set forth in this Policy without prejudice to this Policy and the existence of such insurance, if any, shall not reduce any liability under this Policy. Also it is understood and agreed as respects earthquake shock or flood, that in the event of reduction or exhaustion of the aggregate limits of liability under the underlying Policy(s) by reason of loss(es) hereunder, this Policy shall:

1. in the event of reduction, pay out excess of the reduced underlying limit and;
2. in the event of exhaustion, continue in force as the underlying Policy.

T. RIGHT TO REVIEW RECORDS FOLLOWING AN INSURED LOSS

The Named Insured as often as may be reasonably required, shall submit and so far as within their power, cause all other persons interested in the property or employees to submit to examination under oath by any person named by the Company relative to any and all matters in connection with a claim, and produce for examination all books of account, bills, invoices and other vouchers or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by the Company or their representatives and shall permit extracts and copies thereof to be made.

U. CONCEALMENT AND FRAUD

This entire Policy shall be void, if whether before or after a loss, the Named Insured has willfully concealed or misrepresented any material facts or circumstance concerning this Policy of the subject thereof, or the interest of the Named Insured therein, or in case of any fraud or false swearing by the Named Insured relating thereto.

V. FULL WAIVER

The terms and conditions of this form and any approved endorsements supersede any policy jacket that may be attached hereto.

W. SUIT AGAINST COMPANY

No suit, action or proceeding for the recovery of any claim under this Policy shall be sustainable in any court of law or equity unless the Named Insured shall have complied with all the requirements of this Policy, nor unless the suit is commenced within twelve (12) months after the date that the Company has made its final offer of settlement or denial of the loss.

However, that if under the laws of the jurisdiction in which the property is located such limitation is invalid, then any such claims shall be void unless such action, suit or proceedings be commenced within the shortest limit of time permitted by the laws of such jurisdiction.

X. LENDER'S LOSS PAYABLE

The following provisions (or equivalent) apply as required by "mortgages" and "lenders" to whom certificates of coverage have been issued.

1. Loss or damage, if any, under this policy, shall be paid to the Payee named on the first page of this policy, its successors and assigns, hereinafter referred to as "the Lender", in whatever form or capacity its interests may appear and whether said interest be vested in said Lender in its individual or in its disclosed or undisclosed fiduciary or representative capacity, or otherwise, or vested in a nominee or trustee of said Lender.
2. The insurance under this policy, or any rider or endorsement attached thereto, as to the interest only of the Lender, its successors and assigns, shall not be invalidated nor suspended:
 - (a) by any error, omission, or change respecting the ownership, description, possession, or location of the subject of the insurance or the interest therein, or the title thereto;
 - (b) by the commencement of foreclosure proceedings or the giving of notice of sale of any of the property covered by this policy by virtue of any mortgage or trust deed;
 - (c) by any breach of warranty, act, omission, neglect, or non-compliance with any of the provisions of this policy, including any and all riders now or hereafter attached thereto, by the Named Insured, the borrower, mortgagor, trustor, vendee, owner, tenant, warehouseman, custodian, occupant, or by the agents of either or any of them or by the happening of any event permitted by them or either of them, or their agents, or which they failed to prevent, whether occurring before or after the attachment of this endorsement, or whether before or after a loss, which under the provisions of this policy of insurance or of any rider or endorsement attached thereto would invalidate or suspend the insurance as to the Named Insured, excluding here from, however, any acts or omissions of the Lender while exercising active control and management of the property.
3. In the event of failure of the Named Insured to pay any premium or additional premium which shall be or become due under the terms of this policy or on account of any change in occupancy or increase in hazard not permitted by this policy, the Company agrees to give written notice to the Lender of such non-payment of premium after sixty (60) days from and within one hundred and twenty (120) days after due date of such premium and it is a condition of the continuance of the rights of the Lender hereunder that the Lender when so notified in writing by this

Company of the failure of the Named Insured to pay such premium shall pay or cause to be paid the premium due within ten (10) days following receipt of the Company's demand in writing therefore. If the Lender shall decline to pay said premium or additional premium, the rights of the Lender under this Lender's Loss Payable Endorsement shall not be terminated before ten (10) days after receipt of said written notice by the Lender.

4. Whenever the Company shall pay to the Lender any sum for loss or damage under this policy and shall claim that as to the Named Insured no liability therefore exists, the Company, at its option, may pay to the Lender the whole principal sum and interest and other indebtedness due or to become due from the Named Insured, whether secured or unsecured, (with refund of all interest not accrued), and the Company, to the extent of such payment, shall thereupon receive a full assignment and transfer, without recourse, of the debt and all rights and securities held as collateral thereto.
5. If there be any other insurance upon the within described property, the Company shall be liable under this policy as to the Lender for the proportion of such loss or damage that the sum hereby insured bears to the entire insurance of similar character on said property under policies held by, payable to and expressly consented to by the Lender. Any Contribution Clause included in any Fallen Building Clause Waiver or any Extended Coverage Endorsement attached to this contract of insurance is hereby nullified, and also any Contribution Clause in any other endorsement or rider attached to this contract of insurance is hereby nullified except Contribution Clauses for the compliance with which the Named Insured has received reduction in the rate charged or has received extension of the coverage to include hazards other than fire and compliance with such Contribution Clause is made a part of the consideration for insuring such other hazards. The Lender upon the payment to it of the full amount of its claim, will subrogate the Company (pro rata with all other insurers contributing to said payment) to all of the Lender's rights of contribution under said other insurance.
6. The Company reserves the right to cancel this policy at any time, as provided by its terms, but in such case this policy shall continue in force for the benefit of the Lender for ten (10) days after written notice of such cancellation is received by the Lender and shall then cease.
7. This policy shall remain in full force and effect as to the interest of the Lender for a period of ten (10) days after its expiration unless an acceptable policy in renewal thereof with loss there under Payable to the Lender in accordance with the terms of this Lender's Loss Payable Endorsement, shall have been issued by some insurance company and accepted by the Lender.
8. Should legal title to and beneficial ownership of any of the property covered under this policy become vested in the Lender or its agents, insurance under this policy shall continue for the term thereof for the benefit of the Lender but, in such event, any privileges granted by this Lender's Loss Payable Endorsement which are not also granted the Named Insured under the terms and conditions of this policy and/or under other riders or endorsements attached thereto shall not apply to the insurance hereunder as respects such property.
9. All notices herein provided to be given by the Company to the Lender in connection with this policy and this Lender's Loss Payable Endorsement shall be mailed to or delivered to the Lender at its office or branch described on the first page of the policy.

Approved: Board of Fire Underwriters of the Pacific; California Bankers' Association – Committee on Insurance

Y. SEVERAL LIABILITY NOTICE

The subscribing insurers' obligations under contracts of insurance to which they subscribe are several, not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations.

Z. LOSS PAYABLE PROVISIONS

A. LOSS PAYABLE

For covered property in which both insured and a Loss Payee have an insurable interest, the Company will:

1. Adjust losses with the Named Insured, and;
2. Pay any claim for loss or their damage jointly to the Named Insured and the Loss Payee, as interests may appear.

B. LENDER'S LOSS PAYABLE

1. The Loss Payee is a creditor, including a mortgage holder or trustee, whose interest in Covered Property is established by such written instruments as:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading;
 - d. Financing statements or;
 - e. Mortgages, deeds of trust or security agreements.
2. For Covered Property in which both the Named Insured and a Loss Payee have an insurable interest:
 - a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
 - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
 - c. If the Company deny the Named Insured claim because of the insured act or because the Named Insured have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this Coverage Part at our request if the Named Insured have failed to do so;
 - (2) Submits a signed, sworn proof of loss within ninety (90) days after receiving notice from us of the Named Insured failure to do so, and;

- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.

- d. If the Company pays the Loss Payee for any loss or damage and deny payment to the Named Insured because of the Named Insured acts or because the Named Insured have failed to comply with the terms of this Coverage Part:

- (1) The Loss Payee's rights will be transferred to us to the extent of the amount the Company pays and;
- (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, the Company may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, the Named Insured will pay the insureds' remaining debt to us.

3. If the Company cancels this policy, the Company will give written notice to the Loss Payee at least:
 - a. Ten (10) days before the effective date of cancellation if the Company cancels for the insured non-payment of premium or;
 - b. Thirty (30) days before the effective date of cancellation if the Company cancels for any other reason.
4. If the Company elects not to renew this policy, the Company will give written notice to the Loss Payee at least ten (10) days before the expiration date of this policy.

C. CONTRACT OF SALE

1. The Loss Payee is a person or organization the Named Insured have entered a contract with for the sale of Covered Property.
2. For Covered Property in which both the Named Insured and the Loss Payee have an insurable interest the Company will:
 - a. Adjust losses with the Named Insured and;
 - b. Pay any claim for loss or damage jointly to the Named Insured and the Loss Payee, as interests may appear.
3. The following is added to the OTHER INSURANCE Condition:

For Covered Property that is the subject of a contract of sale, the word "the Insured" includes the Loss Payee.

AA. ELECTRONIC DATA

1. Electronic Data Exclusion

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

- a. This Policy does not insure, loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA from any cause whatsoever (including but not limited to COMPUTER VIRUS) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes program, software, and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to "Trojan Horses", "worms" and "time or logic bombs".

- b. However, in the event that a peril listed below results from any of the matters described in paragraph a) above, this Policy, subject to all its terms, conditions and exclusions will cover physical damage occurring during the Policy period to property insured by this Policy directly caused by such listed peril.

- Listed Perils
- Fire; explosion; smoke; direct impact of vehicle, vandalism or malicious mischief; leakage or accidental discharge of fire protection equipment; collapse; falling objects; water damage; "Boiler and Machinery"; sudden and accidental discharge, leakage, backup, or overflow of liquids or molten material from confinement within piping, plumbing systems, tanks, equipment or other containment located at the insured "location"; "Flood."

2. Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any ELECTRONIC DATA contained thereon, providing such media is repaired, replaced or restored. Such cost of reproduction shall include all reasonable and necessary amounts, not to exceed **USD10,000,000** any one loss, incurred by the Named Insured in recreating, gathering and assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media.

However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Named Insured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

BB. LOSS ADJUSTMENT SERVICES

McLarens Young, International, 180 Montgomery Street, Suite 2100, San Francisco, California 94104-4231 is hereby authorized to represent the Company in the investigation and adjustment of any loss or damage under this Policy at the expense of the Company and without regard to the amount of loss or damage and/or applicable deductible if any.

However, the Company reserves the right to utilize other adjusting firms at its discretion.

CC. SERVICE OF SUIT CLAUSE (USA) APPLICABLE TO EXCESS CARRIERS

It is agreed that in the event of the failure of the Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Named Insured (or Reinsured), will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States. It is further agreed that service of process in such suit may be made upon:

1. FLWA Service Corp, c/o Foley and Lardner LLP, 555 California Street, Suite 1700, San Francisco, CA 94104-1520 (applicable to all markets except as noted below)
2. Counsel, Legal Department, Lexington Insurance Company, 99 High Street, Boston, Massachusetts, 02110 (applicable to Lexington Insurance Company)

and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured (or Reinsured) to give a written undertaking to the Insured (or Reinsured) that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefore, Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured (or Reinsured) or any beneficiary hereunder arising out of this contract of insurance (or reinsurance), and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

DD. DEFINITIONS

1. OCCURRENCE

Each occurrence is defined as a loss, incident or series of losses or incidents not otherwise excluded by this Policy and arising out of a single event or originating cause and includes all resultant or concomitant insured losses. When the term applies to loss or losses from earthquake shock, flood and/or windstorm, the following provisions shall apply:

a. Windstorm

Each loss by windstorm shall constitute a single claim hereunder; provided, if more than one windstorm shall occur within any period of one hundred sixty-eight (168) hours during the term of this Policy, such windstorm shall be deemed to be a single windstorm within the meaning thereof. The Named Insured may elect the moment from which each of the aforesaid periods of one hundred sixty-eight (168) hours shall be deemed to have commenced but no two such one hundred sixty-eight (168) hour periods shall overlap. The Company shall not be liable for any loss occurring before the effective date and time of the Policy. The Company will be liable for any losses occurring for a period of up to one hundred sixty-eight (168) hours after the expiration of this Policy provided that the first windstorm loss or damage within that one hundred sixty-eight (168) hours occurs prior to the date and time of expiration of this Policy.

In the event of there being a difference of opinion between the Named Insured and the Company as to whether or not all windstorm losses sustained by the Named Insured during an elected period of one hundred sixty-eight (168) hours arose out of, or was caused by a single atmospheric disturbance, the stated opinion of the National Weather Service or comparable Authority in any other country or locality shall govern as to whether or not a single atmospheric disturbance continued throughout the period at the location(s) involved.

b. Flood

Each loss by flood shall constitute a single loss hereunder.

1. If any flood occurs within a period of the continued rising or overflow of any river(s) or stream(s) and the subsidence of same within the banks of such river(s) or stream(s) or;
2. If any flood results from any tidal wave or series of tidal waves caused by any one disturbance;

such flood shall be deemed to be a single occurrence within the meaning of this Policy.

Should any time period referred to above extend beyond the expiration date of this Policy and commence prior to expiration, the Company shall pay all such flood losses occurring during such period as if such period fell entirely within the term of this Policy.

The Company shall not be liable, however, for any loss caused by any flood occurring before the effective date and time of this Policy or commencing after the expiration date and time of this Policy.

Flood shall mean a general condition of partial or complete inundation of normally dry land area from:

1. overflow of inland or tidal water;
2. unusual and rapid accumulation or run off of surface waters from any natural source.

Flood shall also mean mudslide or mudflow, which is a river or flow of liquid mud caused by flooding as defined in 1. or 2. above.

The definition of flood does not include ensuing loss or damage by fire, explosion, or sprinkler leakage.

c. Flood Zone A and V

Flood zones A and V as referenced in this policy is defined by FEMA as being inclusive of all 100 year high risk flood areas. A one-hundred-year flood is a flood event that has a 1% probability of occurring in any given year.

d. Earthquake Shock

The term earthquake shock is defined as: earth movement meaning natural faulting of land masses, but not including subsidence, landslide, rock slide, earth rising, earth sinking, earth shifting or settling and tsunami unless as a direct result of such earth movement. The definition of earthquake shock does not include ensuing loss or damage by fire, explosion or sprinkler leakage. Further Earthquake Sprinkler Leakage is covered outside of the "Earthquake Shock" definition and subject to the basic peril deductible.

e. Wildfire

As regards wildfires, firestorms, brush fires and any other fires or series of fires, irrespective of origin, which spread through trees, grassland or other vegetation (hereinafter "fire(s)"), all individual losses sustained by the Insured arising out of and directly occasioned by fire(s) which occur during any period of one hundred sixty eight (168) hours.

The term wildfire is defined as: A wildfire is a fire at some time burning uncontained or uncontrolled on lands covered wholly or in part by timber, brush, grass, grain or other flammable vegetation but which also may consume structures or other human developments, and is declared as a major disaster or emergency pursuant to the Stafford Disaster Relief and Emergency Assistance Act of 1988.

2. PERSONAL PROPERTY OF OTHERS

Means, any property (other than real property) belonging to others for which a Named Insured has assumed liability. This includes but is not limited to:

- Articles of Clothing
- Jewelry
- Sound Equipment
- Fine Arts (up to the sub-limit of unscheduled fine arts)
- EDP Media & Hardware
- Valuable Papers
- Portable Electronic Equipment
- Employee Tools

3. IMPROVEMENTS AND BETTERMENTS

Means, additions or changes made by a Named Insured / lessee at their own expense to a building they are occupying that enhance the building's value.

4. VALUABLE PAPERS AND RECORDS

Means, all inscribed, printed, or written; documents, manuscripts or records; including but not limited to abstracts, books, deeds, drawing, films, maps, or mortgages. Valuable Papers are not money, securities, stamps or converted data program or instructions used in the Named Insured's data processing operations including the materials on which data is recorded.

5. TIER I WINDSTORM COUNTIES

State	Tier I Counties, Parishes or Independent Cities
Alabama	Baldwin, Mobile
Florida	Entire State, All Counties
Georgia	Bryan, Camden, Chatham, Glynn, Liberty, McIntosh,
Hawaii	Entire State, All Counties
Louisiana	Assumption, Calcasieu, Cameron, Iberia, Jefferson, Lafourche, Livingston, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John the Baptist, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermilion
Mississippi	Hancock, Harrison, Jackson
North Carolina	Beaufort, Bertie, Brunswick, Camden, Carteret, Chowan, Columbus, Craven, Currituck, Dare, Hyde, Jones, New Hanover, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Tyrell, Washington
South Carolina	Beaufort, Berkley, Charleston, Colleton, Georgetown, Horry, Jasper
Texas	Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Harris (entire County), Jackson, Jefferson, Kenedy, Kleberg, Liberty, Matagorda, Newton, Nueces, Orange, Refugio, San Patricio, Victoria, Willacy

EE. ADDITIONAL INSURED'S / LOSS PAYEES

It is hereby understood and agreed that the interest of Additional Insured's and/or Loss Payees is automatically included, as per schedule held on file with Alliant Insurance Services, Inc.

SECTION V - FINE ARTS

A. COVERAGE

This policy insures against all risks of physical loss of or damage except as hereafter excluded occurring during the policy period to fine arts, which are the property of the Named Insured or the property of others in the custody or control of the Named Insured while on exhibition or otherwise within the limits of the United States.

If any of the property covered by this Section is also covered under any other provisions of the Policy of which this Section is made a part, those provisions are hereby amended to exclude such property, the intent being that the coverage under this Section is the sole coverage on such property.

1. PROPERTY COVERED

Objects of art of every kind and description, and property incidental thereto, which are the property of the Named Insured, or the property of others in the custody and control of the Named Insured, or in transit at the Named Insured's risk, and property in which the Named Insured shall have a fractional ownership interest which are owned by or have been leased, loaned, rented or otherwise made available to the Named Insured. "Property" shall mean paintings, drawings, etchings, prints, rare books, manuscripts, rugs, tapestries, furniture, pictures, bronzes, potteries, porcelains, marbles statuary and all other bonafide works of art and other objects of rarity, historic value, cultural interest or artistic merit, which are part of the collections of the Named Insured, or in the care, custody or control of the Named Insured, and their frames, glazing and shadow boxes.

2. "WALL TO WALL" ("NAIL TO NAIL") COVERAGE

This Section covers the Named Insured's property on a "Wall to Wall" ("Nail to Nail") basis, or domicile to domicile basis, as applicable, from the time said property is removed from its normal repository incidental to shipment until returned thereto or other point designated by the owner or owner's agent prior to return shipment, including while in transit to or from points of consolidation or deconsolidation, packing, repacking or unpacking, while at such locations during such processes or awaiting shipment.

Coverage shall terminate upon arrival of the covered property at the final destination designated by the owner or owner's agent, or upon expiration of this Policy, whichever may occur first, except that expiration of this Policy shall not prejudice coverage of any risk then in transit.

B. EXCLUSIONS

1. Loss or damage occasioned by: wear and tear, gradual deterioration, insects, vermin, inherent vice or damage sustained due to and resulting from any repairing, restoration or retouching process;
2. Loss or damage caused by or resulting from:
 - a. War, hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack;
 - i. by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces or;
 - ii. by military, naval or air forces; or
 - iii. by an agent of any such government, power, authority or forces;

- b. Any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
 - c. Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.
3. Nuclear reaction or nuclear radiation or radioactive contamination from any cause, all whether direct or indirect, controlled or uncontrolled, proximate or remote, or is contributed to or aggravated by a Covered Cause of Loss. However:
- a. If fire not otherwise excluded results, the Company shall be liable for the direct physical loss or damage by such resulting fire, but not including, any loss or damage due to nuclear reaction, nuclear radiation, or radioactive contamination, and
 - d. This Policy does insure against physical loss or damage caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted on the Named Insured premises, provided that, at the time of such loss or damage, there is neither a nuclear reactor nor any new or used nuclear fuel on the Named Insured premises.
4. Any dishonest, fraudulent or criminal act by the Named Insured, a partner therein or an officer, director employee or trustee thereof, whether acting alone or in collusion with others. For the purpose of this exclusion an act of vandalism or malicious damage by an employee shall not constitute a dishonest, fraudulent or criminal act.

C. LOSS PAYMENT BASIS / VALUATION

The valuation of each article of property covered by this Section shall be determined as follows:

- a. Property of the Named Insured shall be covered for and valued at the current fair market value of each article indicated on the books and records of the Named Insured prior to loss, according to the Named Insured's valuation of each object covered.
- b. Property of others loaned to the Named Insured and for which the Named Insured may be legally liable, or which the Named Insured has been instructed to insure, shall be covered for and valued at the amount agreed upon for each article by the Named Insured and owner(s) as recorded on the books and records of the Named Insured prior to loss.
- c. Otherwise, in the absence of recorded current fair market values or agreed values for each article covered, the Company shall not be liable beyond the fair market value of the property at the time any loss or damage occurs. Said value shall be ascertained by the Named Insured and the Company or, if they differ, then the amount of value or loss shall be determined as provided in the following appraisal clause.

D. SPECIAL CONDITIONS

- 1. Misrepresentation and Fraud: This entire Section shall be void if, whether before or after a loss, the Named Insured has concealed or misrepresented any material fact or circumstance concerning this Policy or the subject thereof, or the interest of the Named Insured therein, or in case of any fraud or false swearing by the Named Insured relating thereto.

2. **Notice of Loss:** The Named Insured shall as soon as practicable report in writing to the Company or its agent every loss, damage or occurrence which may give rise to a claim under this Section and shall also file with the Company or its agent within ninety (90) days from the date of discovery of such loss, damage or occurrence, a detailed sworn proof of loss.
3. **Examination under Oath:** The Named Insured, as often as may be reasonably required, shall exhibit to any person designated by the Company all that remains of any property herein described, and shall submit, and insofar as is within its power cause its employees, Named Insured and others to submit to examination under oath by any person named by the Company and subscribe the same; and, as often as may be reasonably required, shall produce for examination all writings, books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by the Company or its representative and shall permit extracts and copies thereof to be made. No such examination under oath or examination of books or documents, nor any act of the Named Insured or any of its employees or representatives in connection with the investigation of any loss or claim hereunder, shall be deemed a waiver of any defense which the Named Insured might otherwise have with respect to any loss or claim, but all such examinations and acts shall be deemed to have been made or done without prejudice to the Company's liability.
4. **Settlement of Loss:** All adjusted claims shall be paid or made good to the Named Insured within sixty (60) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the Company. No loss shall be paid or made good if the Named Insured has collected the same from others.
5. **No Benefit to Bailee:** This Section shall in no way inure directly or indirectly to the benefit of any carrier or other bailee.
6. **Subrogation or Loan:** If in the event of loss or damage the Named Insured shall acquire any right of action against any individual, firm or corporation for loss of, or damage to, property covered hereunder, the Named Insured will, if requested by the Company, assign and transfer such claim or right of action to the Company or, at the Company's option, execute and deliver to the Company the customary form of loan receipt upon receiving an advance of funds in respect of the loss or damage; and will subrogate the Company to, or will hold in trust for the Company, all such rights of action to the extent of the amount paid or advanced, and will permit suit to be brought in the Named Insured's name under the direction of and at the expense of the Company.
7. **Loss Clause:** Any loss hereunder shall not reduce the amount of this Section, except in the event of payment of claim for total loss of an item specifically scheduled hereon.
8. **Protection and Preservation of Property:** In case of actual or imminent physical loss or damage of the type insured against by this Policy, the expenses incurred by the Named Insured in taking reasonable and necessary actions for the temporary protection and preservation of property insured hereunder shall be added to the total physical loss or damage otherwise recoverable under the Policy and be subject to the applicable deductible and without increase in the limit provisions contained in this Policy.
9. **Appraisal:** If the Named Insured and the Company fail to agree as to the amount of loss, each shall on the written demand of other, made within sixty (60) days after receipt of proof of loss by the Company, select a competent and disinterested appraiser, and the appraisal shall be made at a reasonable time and place. The appraisers shall first select a competent and disinterested umpire, and failing for fifteen (15) days to agree upon such umpire, then on the request of the Named Insured or the Company, such umpire shall be selected by a judge of a court of record in the state in which such appraisal is pending. The appraisers shall then appraise the loss, stating separately the

fair market value at the time of loss and the amount of loss, and failing to agree shall submit their differences to the umpire. An award in writing of any two shall determine the amount of loss. The Named Insured and the Company shall each pay their chosen appraiser and shall bear equally the other expenses of the appraisal and umpire. The Named Insured shall not be held to have waived any of its rights by any act relating to appraisal.

10. Civil Authority: Property covered under this Section against the peril of fire is also covered against the risk of damage or destruction by Civil authority during a conflagration and for the purpose of retarding the same; provided that neither such conflagration nor such damage or destruction is caused or contributed to by a peril otherwise excluded herein.
11. Changes: Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this Section or stop the Named Insured from asserting any right under the terms of this Section, nor shall the terms of this Section be waived or changed except by endorsement issued to form a part of this Section.
12. Additional Covered Party(ies): Corporations, associations, firms, institutions, museums, persons and others who own or control collections, objects or articles who make them available to the Named Insured, and temporary borrowers or custodians (but not carriers, packers or shippers) of property covered, are additional Named Insured(s) hereunder, but only as respects coverage afforded to said Named Insured's property.
13. Packing: It is agreed by the Named Insured that the property covered hereunder be packed and unpacked by competent packers.
14. Other Insurance: This fine arts floater Section is excess coverage over any other valid and collectible insurance which may apply to any objects of art for which coverage would apply under this Policy.
15. Pair And Set: In the event of the total loss of any article or articles which are a part of a set, the Company agrees to pay the Named Insured the full amount of the value of such set and the Named Insured agrees to surrender the remaining article or articles of the set to the Company.

SECTION VI - CONTRACTORS EQUIPMENT

A. COVERAGE

This Policy insures contractors equipment, whether self propelled or not, including equipment thereof while attached thereto or located thereon, such as bulldozers, drag lines, power shovels, derricks, drills, concrete mixers and other machinery of a similar nature, and not subject to motor vehicle registration.

If any of the property covered by this Section is also covered under any other provisions of the Policy of which this Section is made a part, those provisions are hereby amended to exclude such property, the intent being that the coverage under this Section is the sole coverage on such property.

B. PERILS EXCLUDED

This Section insures against all risks of direct physical loss or damage occurring during the policy period to the above described property from any external cause except as provided below.

1. Loss or damage due to wear, tear, rust, corrosion, latent defect, mechanical breakage or improper assemblage.
2. Loss or damage due to the weight of the load imposed on the machine exceeding the capacity for which such machine was designed.
3. Loss or damage to crane or derrick boom(s) and jib(s) of lattice construction while being operated unless directly caused by fire, lightning, hail, windstorm, earthquake shock, explosion, riot, riot attending a strike, civil commotion, actual physical contact with an aircraft or airborne missile including objects falling therefrom, collision with other vehicles or other contractors equipment whether or not such other equipment is covered hereunder, landslide, or upset of the unit of which it is a part (but only when and to the same extent that such other perils are covered by the Policy).
4. Loss or damage due to explosion arising from within steam boilers.
5. Loss or damage to dynamos, exciters, lamps, switches, motors or other electrical appliances or devices, including wiring, caused by lightning or other electrical currents (artificial or natural) unless fire ensues and then for the loss by fire only.
6. Loss or damage due to dishonesty of Named Insured's employees or persons to whom the Named Insured's property is entrusted.
7. Loss or damage caused by or contributed to failure of the Named Insured to keep and maintain the property in a thorough state of repair.
8. Loss or damage caused by or resulting from:
 - a. War, hostile or warlike action in time of peace or, including action in hindering, combating or defending against an actual, impending or expected attack;
 - i. by any government or sovereign power (de jure or de facto) or by any authority maintaining using military, naval or air forces or;
 - ii. any military, naval or air forces or;
 - iii. by an agent of any such government, power, authority or forces;

- b. any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
- c. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;
- d. Loss by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by the peril(s) covered against in this endorsement; however, subject to the foregoing and all provisions of this Policy, direct loss by fire resulting from nuclear reaction or nuclear radiation or radioactive contamination is covered against by this Policy.

C. PROPERTY EXCLUDED

- 1. Automobiles, motorcycles, motor trucks, or parts thereof.
- 2. Buildings
- 3. Machinery or equipment or building materials to be installed in any building for the purpose of becoming a part thereof; nor on any property which has become a permanent part of any structure.
- 4. Property that is located underground.
- 5. Property while waterborne except while being transported on any regular ferry.
- 6. The storage risk of property not owned or required to be insured by the Named Insured at premises controlled or leased by the Named Insured, except where incidental to the regular or frequent use of the equipment or property.
- 7. Plans, blue prints, designs or specifications.
- 8. Piers, docks and wharves.

D. LOSS PAYMENT BASIS / VALUATION

On Contractors Equipment (whether self propelled or not), on or off premises, where Replacement Cost (New) values are specified, loss or damage shall be based on 100% of the Replacement Cost (New) at the time of loss. Partial losses shall be based on the cost of repairing or replacing the damaged portion, up to the fair market value of the Contractors Equipment.

However, should these costs exceed the fair market value then recovery shall be based upon the Replacement Cost (New).

If the values, provided by the Named Insured, provides a valuation based on replacement cost, then recovery will be on the same basis, if replaced. If not replaced, the basis of recovery shall be actual cash value.

E. SPECIAL CONDITIONS

This section covers property only within the limits of the United States of America. It is a condition of this Policy that all articles covered hereunder are in sound condition at the time of attachment of this Policy.

SECTION VII - ACCOUNTS RECEIVABLE

A. COVERAGE

This Policy covers the loss of or damage resulting from insured perils to the Named Insured's records of accounts receivable as defined below, occurring during the Policy period.

B. EXCLUSIONS

In addition to the exclusions in the General Conditions, this coverage does not apply:

1. To loss due to any fraudulent, dishonest or criminal act by the Named Insured, a partner therein, or an officer, director, employee or trustee thereof, while working or otherwise and whether acting alone or in collusion with others.

For the purpose of this exclusion an act of vandalism or malicious damage by an employee shall not constitute a dishonest, fraudulent or criminal act.

2. To loss due to bookkeeping, accounting or billing errors or omissions.
3. To loss, the proof of which as to factual existence, is dependent upon an audit of records or an inventory computation; but this shall not preclude the use of such procedures in support of claim for loss which the Named Insured can prove through evidence wholly apart therefrom, is due solely to a risk of loss to records of accounts receivable not otherwise excluded hereunder.
4. To loss due to alteration, falsification, manipulation, concealment, destruction or disposal of records of accounts receivable committed to conceal the wrongful giving, taking, obtaining or withholding of money, securities or other property, but only to the extent of such wrongful giving, taking, obtaining or withholding.

C. LOSS PAYMENT BASIS / VALUATION

When there is proof that a loss covered by this Policy has occurred but the Named Insured cannot accurately establish the total amount of accounts receivable outstanding as of the date of such loss, such amount shall be based on the Named Insured's monthly statements and shall be computed as follows:

- a. Determine the amount of all outstanding accounts receivable at the end of the same fiscal month in the year immediately preceding the year in which the loss occurs;
- b. Calculate the percentage of increase or decrease in the average monthly total of accounts receivable for the twelve (12) months immediately preceding the month in which the loss occurs as compared with such average for the months of the preceding year;
- c. The amount determined under (a) above, increased or decreased by the percentage calculated under (b) above, shall be the agreed total amount of accounts receivable as of the last day of the fiscal month in which said loss occurs;
- d. The amount determined under (c) above shall be increased or decreased in conformity with the normal fluctuations in the amount of accounts receivable during the fiscal month involved, due consideration being given to the experience of the business since the last day of the last fiscal month for which statement has been rendered.

There shall be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged or otherwise established or collected by the Named Insured, and an amount to allow for probable bad debts which would normally have been uncollectible by the Named Insured. All unearned interest and service charges shall be deducted.

D. DEFINITIONS:

ACCOUNTS RECEIVABLE

- a. All sums due to the Named Insured from customers provided the Named Insured is unable to effect collection thereof as the direct result of loss or damage to records of accounts receivable.
- b. Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by such loss or damage.
- c. Collection expense in excess of normal collection cost and made necessary because of such loss or damage.
- d. Other expenses, when reasonably incurred by the Named Insured, in re-establishing records of accounts receivable following such loss or damage.

SECTION VIII - BOILER AND MACHINERY BREAKDOWN EXTENSION

1. Perils Insured

In consideration of the premium paid and subject to the terms, conditions and Exclusions of the policy to which this Extension is attached, and to the following terms and conditions, this Insurance is extended to cover direct damage to Covered Property caused by a Covered Cause of Loss.

2. Additional Coverage

(a) Hazardous Substance

The additional expense incurred for cleanup, repair or replacement or disposal of damaged, contaminated or polluted property as a result of an Accident, which causes property to become damaged, contaminated or polluted by a substance declared hazardous to health by an authorized governmental agency. The coverage provided by this clause is sub-limited to USD as per Declaration Page. For the purpose of this coverage "Additional expense" means any expense that would not have incurred, if no substance hazardous to health had been involved in the accident

(b) Ammonia Contamination

The loss, including salvage expense, incurred with respect to damage by ammonia contacting or permeating property under refrigeration or in process requiring refrigeration, as a result of any one Accident to one or more Objects. The coverage provided by this clause is sub-limited to USD as per Declaration Page.

(c) Water Damage

The loss, including salvage expense, with respect to property damaged by water, resulting from any one Accident. The coverage provided by this clause is sub-limited to USD as per Declaration Page.

(d) Media Coverage

The loss to all forms of electronic, magnetic and optical tapes and discs used in any electronic computer or electronic data processing equipment directly damaged by an Accident to an Object. The coverage provided by this clause is sub-limited to USD as per Declaration Page. For the purpose of this coverage, the valuation basis for "Media" is as follows:

- i. For "Media" that are mass-produced and commercially available, at the replacement cost.
- ii. For all other "Media", at the cost of blank material for reproducing the records.

(e) Consequential Damage

The "Consequential Damage" to refrigerated and frozen goods of the Named Insured or for which the Named Insured is legally liable or under the Named Insured's care, custody or control caused solely by an Accident to an Object. For the purpose of this coverage, "Consequential Damage" is defined as loss due to spoilage from lack of power, light, heat, steam or refrigeration, resulting from Accident. The coverage provided by this clause is sub-limited to USD as per Declaration Page.

(f) Utility Interruption

The loss caused by an Accident to an Object that is owned, operated or controlled by a public or private entity that the Named Insured has contracted with to furnish them with electrical utility service including all direct electrical suppliers. The coverage provided by this clause is sub-limited to USD as per Declaration Page.

(g) CFC Refrigerants and Halon

The replacement of any CFC (chlorofluorocarbon) refrigerant used in refrigeration or air conditioning equipment or Halon used in a fire suppression system due to an "Accident" to an Object.

(h) Ordinance or Law

If an Accident to an Object at the Named Insured's location damages a building that is "Covered Property", the Company will pay for

- i. Loss to the Undamaged Portion of the Building, meaning loss to the undamaged portion of the building caused by enforcement of any ordinance or law that:
 - a. Requires the demolition of parts of the same building not damaged by the Accident to an Object; or
 - b. Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the location of the building.
- ii. Demolition Cost meaning the cost to demolish and clear the site of undamaged parts of the building, caused by the enforcement of building, zoning, or land ordinance or use.
- iii. Increased Cost of Construction, meaning the increased cost to:
 - a. Repair or reconstruct damaged portions of the building; and
 - b. Reconstruct or remodel undamaged portions of the building whether or not demolition is required;

when the increased cost is a consequence of enforcement of building, zoning or land use ordinance or law. But the Company will only pay for this increased cost if the building is repaired, reconstructed or remodeled. Also, if the building is repaired, reconstructed or remodeled, it must be intended for similar occupancy as the current building, unless such occupancy is not permitted by zoning or land use ordinance or law.

Insurance under this section only applies with respect to ordinance or law that is in force at the time of the Accident to an Object. Insurance under this section does not apply to:

- a. Costs associated with the enforcement of any ordinance or law which requires any Named Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of substances declared to be hazardous to health by a governmental agency; or
- b. Loss due to any ordinance or law that:

- i. The Named Insured was required to comply with before the Accident to an Object even if the building was undamaged; and
- ii. The Named Insured failed to comply with.

The coverage provided by this clause is sub-limited to USD as per Declaration Page.

3. Definition of Accident

Accident shall mean a sudden and accidental breakdown of the Object, or a part thereof, which manifests itself at the time of its occurrence by physical damage to the Object that necessitates repair or replacement of the Object or part thereof; but Accident shall not mean:

- a. depletion, deterioration, corrosion, or erosion of material;
- b. wear and tear;
- c. leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
- d. the breakdown of any vacuum tube, gas tube or brush;
- e. the breakdown of any structure or foundation supporting the Object or any part thereof;
- f. the functioning of any safety device or protective device.

4. Definition of Object

Except as otherwise specifically designated herein, Object as described below shall mean any equipment or apparatus which is owned by, leased by or operated under the control of the Named Insured subject to the Exclusions and Special Provisions specified herein:

- a. Any boiler, any fired vessel, any unfired vessel subject to vacuum or internal pressure other than static pressure of contents, any refrigerating and air conditioning vessels, or any piping and its accessory equipment, but such Object shall not include:
 1. Any boiler setting, any insulating or refractory material,
 2. Any sewer piping, any underground gas piping, any piping forming a part of a sprinkler system or any water piping other than
 - (a) Feed water piping between any boiler and its feed pumps or injectors
 - (b) Boiler condensate returning piping
- b. Any mechanical or electrical machine or electrical apparatus used for the generation, transmission or utilization of mechanical or electrical power, but Object shall not include
 1. Any structure or foundation other than a bedplate of a machine,
 2. Any vehicle, elevator, crane, hoist, power shovel or drag line, but not excluding any electrical equipment used with said machine or apparatus,
 3. Any refractory material, or

4. Any penstock or draft tube.

5. Covered Cause of Loss

A Covered Cause of Loss is an "Accident" to an Object insured hereon. An Object must be in use or connected ready for use at the time of the Accident.

6. Covered Property

Covered Property, as used in this Extension, means any property that:

- a. The Named Insured owns; or
- b. Is in the Named Insured's care, custody or control and for which they are legally liable

7. Special Provisions

- a. As respects any boiler, fired or unfired vessel, refrigerating system or piping, the Company shall not be liable for loss from an Accident while said Object is undergoing a hydrostatic, pneumatic or gas pressure test that exceeds manufacturers recommended limits.
- b. As respects any boiler of fired vessel, the Company shall not be liable for loss from an explosion of gas or unconsumed fuel within the furnace of such Object or within the passages from the furnace to the atmosphere, whether or not such explosion (a) is contributed to or aggravated by an Accident to any part of said Object that contains steam or water, or (b) is caused in whole or in part, directly or indirectly, by any Accident to any Object, or part thereof, nor shall the Company be liable for any loss from an Accident caused directly or indirectly by such explosion.
- c. As respects any unfired vessel which is used for the storage of gas or liquid and which is periodically filled, moved, emptied and refilled in the course of its normal service, such vessel shall be considered as "connected ready for use" within the terms of this Extension of the Policy.
- d. As respects any Object or part of an Object that is being dismantled, reassembled or is in storage, will be considered as "connected ready for use" within the terms of this Extension of the Policy.
- e. As respects any gas turbine of the internal combustion type, (a) the combustor or such Object shall not be considered to be a "furnace" as the word is used in the Definition of Accident or in Special Provision 2 above and (b) the Definition of Accident shall not mean the cracking of any part of the Turbine exposed to the production of combustion.
- f. As respects new turbine generator units, coverage shall not apply until the unit has been contractually accepted by the Named Insured, that all tests required by the contractor have been performed and satisfied and the unit has been placed in commercial operation.

9. Valuation

- a. The Company will pay the Named Insured the amount the Named Insured spends to repair or replace the property directly damaged by an Accident. The Company payment will be the smallest of:
 - 1) The Limit of Insurance;
 - 2) The cost at the time of the Accident to repair the damaged property with property of like kind, capacity, size and quality;

- 3) The cost at the time of the Accident to replace the damaged property on the same site with other property:
 - a) Of like kind, capacity, size and quality; and
 - b) Used for the same purpose
 - 4) The amount the Named Insured actually spends that is necessary to repair or replace the damaged property.
- b. As respects any Object if the cost of repairing or replacing only a part of the Object is greater than:
- 1) the cost of repairing the Object; or
 - 2) the cost of replacing the entire Object on the same site;
- The Company will pay only the smaller of (1) or (2). The repair parts or replacement Object must be:
- 1) of like kind, capacity, size and quality; and
 - 2) used for the same purpose.
- c. The Company will not pay:
- 1) if the loss or damage is to property that is obsolete or useless to the Named Insured; or
 - 2) for any extra cost if the Named Insured decides to repair or replace the damaged property with property of a better kind or quality or of larger capacity,
- d. If the Named Insured does not repair or replace the damaged property within 18 months after the date of the Accident then the Company will pay on the smaller of the:
- 1) cost it would have taken to repair; or
 - 2) actual cash value;
- at the time of the "accident".

Paragraph (d) does not apply to any time period beyond the 18 months that the Company agrees to in writing.

- e. As respects CFC (chlorofluorocarbon) refrigerant or Halon, the following valuation basis is applicable:
- 1) If the CFC refrigerant or Halon is replaceable, the Named Insured may, at their option, elect to:
 - a) Repair or replace the damaged refrigeration equipment, air conditioning equipment or fire suppression system and replace the lost CFC refrigerant or Halon subject to it being of like kind, capacity, size and quality and used for the same purpose; or
 - b) Change the refrigeration equipment, air conditioning equipment or fire suppression system, through modification or replacement, to:

- i. Refrigeration or air conditioning equipment that uses an approved non-CFC refrigerant;
or
- ii. A fire suppression system that uses an approved non – Halon agent.

But this option is available only if the change to the equipment or system is made within 18 months after the date of the Accident or within any extended time period that the Company agrees to in writing.

If Option 1) b) above is elected, the Company will not pay more than the least of the following amounts:

- a) The Limit of Insurance;
 - b) The cost at the time of the Accident to repair the damaged refrigeration equipment, air conditioning equipment or fire suppression system, retrofit the equipment or system to accept non – CFC refrigerant or non – Halon fire suppressant, and charge the equipment or system with that refrigerant or fire suppressant;
 - c) The cost at the time of the Accident to replace the damaged refrigeration equipment, air conditioning equipment or fire suppression system with equipment or a system that is functionally equivalent and uses an approved non – CFC refrigerant or non – Halon fire suppressant;
 - d) The amount that the Named Insured actually spend that is necessary to change the refrigeration equipment, air conditioning equipment or fire suppression system, through modification or replacement, to equipment or a system that uses an approved non – CFC refrigerant or non – Halon fire suppressant; or
 - e) One hundred twenty-five percent (125%) of the amount the Company otherwise would have paid for loss to the refrigeration equipment, air conditioning equipment or fire suppression system.
- f. If the CFC refrigerant or Halon is not replaceable and:
- (1) The Named Insured repairs or replaces the damaged equipment within 18 months after the date of the Accident or within any extended time that the Company agrees to in writing, the Company will pay the least of the following amounts:
 - (a) The Limit of Insurance;
 - (b) The cost at the time of the Accident to repair the damaged refrigeration equipment, air conditioning equipment or fire suppression system, retrofit the equipment or system to accept non – CFC refrigerant or non – Halon fire suppressant, and charge the equipment or system with that refrigerant or fire suppressant;
 - (c) The cost at the time of the Accident to replace the damaged refrigeration equipment, air conditioning equipment or fire suppression system with equipment or a system that is functionally equivalent and uses an approved non – CFC refrigerant or non – Halon fire suppressant;
 - (d) The amount that the Named Insured actually spend that is necessary to change the refrigeration equipment, air conditioning equipment or fire suppression system, through modification or replacement, to equipment or a system that uses an approved non – CFC refrigerant or non – Halon fire suppressant.

- (2) If the Named Insured does not replace the damaged equipment within 18 months after the date of the Accident or within the extended time period that the Company agrees to in writing, the Company will not pay more than the lesser of:
- (a) The amount that the Company would have paid if repair or replacement of the damaged equipment had been made as determined in F 1 above; or
 - (b) The actual cash value of the damaged equipment at the time of the Accident.
- g. As respects Insurance under Ordinance and Law, the most the Company will pay as a result of any one Accident for:
- a) Loss to the Undamaged portion of the building is included in the Limit of Insurance that otherwise applies to the damaged building. But in no event will the amount the Company pay for loss to the building, including the loss in value of the undamaged portion of the building due to enforcement of an ordinance or law to which this coverage applies, exceed:
 - i. The amount that the Named Insured actually spend to repair, rebuild or replace the building, but not more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
 - ii. The actual cash value of the building at the time of loss if the building is not repaired or replaced.
 - b) Demolition and Increased Cost of Construction is USD as per Declaration Page, subject to the following:
 - i. With respect to the coverage provided for Demolition Cost, the Company will not pay more than the amount the Named Insured actually spend to demolish and clear the site of the undamaged parts of the building;
 - ii. With respect to the coverage provided for Increased Cost of Construction:
 - (a) We will not pay for the Increased Cost of Construction:

Until the building is actually repaired or replaced at the same or another premises; and Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed 18 months. We may extend this period in writing during the 18 months.
 - (b) If the building is repaired or replaced at the same location, or if the Named Insured elect to rebuild at another location, the most the Company will pay for the increased cost of construction is the increased cost of construction at the same location.
 - (c) If the ordinance or law requires relocation to another location, the most the Company will pay for the increased cost of construction is the increased cost of construction at the new location.
- h. If a claim or "suit" is brought against the Named Insured alleging that the Named Insured is liable for damage to property of another that was caused by an Accident to an Object, the Company will either:

1. Settle the claim or “suit”, or
2. Defend the Named Insured against the “suit” but reserve the right for themselves to settle at any point.

10. Exclusions

- a. To loss:
 - 1) from explosion of an Object other than:
 - a) Any steam boiler, steam piping, steam turbine, gas turbine, steam engine, or
 - b) Any machine when such loss is caused by centrifugal force or mechanical breakdown,
- b. Nuclear reaction or radiation or radioactive contamination however caused, however this exclusion shall not apply to nuclear medicine at covered hospitals,
- c. From fire concomitant with or following an Accident.
- d. From an Accident caused directly or indirectly by fire
- e. From a combustion explosion outside the Object concomitant with or following an Accident,
- f. From an Accident caused directly or indirectly by a combustion explosion outside an Object

11. Conditions:

- a. Inspection

The Company shall be permitted but not obligated to inspect the Named Insured’s property and operations at any reasonable time. Neither the right to make inspections nor the making thereof nor any advice or report resulting therefrom shall constitute an undertaking, on behalf of or for the benefit of the Named Insured or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

- b. Suspension

Upon the discovery of a dangerous condition with respect to any Object, Alliant Insurance Services, Inc., may immediately suspend the insurance, with respect to an Accident to said Object, by written notice mailed or delivered to the Named Insured at the address of the Named Insured stated in the Declaration Page, or at the location of the Object, as stated for it in a schedule or endorsement. The insurance so suspended may be reinstated by the Company but only by an endorsement issued to form a part of this Policy. The Named Insured shall be allowed the unearned portion of the premium paid for such suspended insurance, pro- rata for the period of suspension.

- c. Notice of Accident and Adjustments

When an Accident occurs, written notice shall be given to the Company as soon as practicable. The Company shall be given like notice of any claim made on account of such Accident. The Company or their representative shall have reasonable time and opportunity to examine the property, and the Named Insured’s Location of Risk, before repairs are undertaken or physical evidence of the Accident is removed, except for protection or salvage. Proof of loss shall be made in such form as the

Company may require. If suit is brought against the Named Insured for loss to which this Section of the Policy is applicable, any summons or other process served upon the Named Insured shall be forwarded immediately to the Company.

d. Deductible

In the event of an Accident to an Object as insured under this Extension that is concomitant with or followed by physical loss or damage incurred under the All Risks policy that this Extension attaches to, the deductible to be applied to the total loss shall be the applicable Boiler & Machinery deductible.

**PROGRAM AND/OR NAMED INSURED AND/OR DECLARATION SPECIFIC
ENDORSEMENTS TO BE PROVIDED AFTER THE ABOVE PAGE**

ENDORSEMENT NO. 1 - COVERAGE TERRITORY ENDORSEMENT

This endorsement modifies insurance provided by the Policy:

The Insurer shall not be deemed to provide cover and the Insurer shall not be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose the Insurer, its parent company or its ultimate controlling entity to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union or the United States of America.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

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ENDORSEMENT NO. 2 - WAR AND TERRORISM EXCLUSION ENDORSEMENT

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

- (1) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
- (2) any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (1) and/or (2) above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Assured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

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ENDORSEMENT NO. 3 - COMMUNICABLE DISEASE ENDORSEMENT

This endorsement modifies insurance provided by the Policy:

1. This policy, subject to all applicable terms, conditions and exclusions, covers losses attributable to direct physical loss or physical damage occurring during the period of insurance. Consequently and notwithstanding any other provision of this policy to the contrary, this policy does not insure any loss, damage, claim, cost, expense or other sum, directly or indirectly arising out of, attributable to, or occurring concurrently or in any sequence with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease.
2. For the purposes of this endorsement, loss, damage, claim, cost, expense or other sum, includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor or test:
 - 2.1. for a Communicable Disease, or
 - 2.2. any property insured hereunder that is affected by such Communicable Disease.
3. As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:
 - 3.1. the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and
 - 3.2. the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and
 - 3.3. the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property insured hereunder.
4. This endorsement applies to all coverage extensions, additional coverages, exceptions to any exclusion and other coverage grant(s).

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

ENDORSEMENT NO. 4 - PROPERTY CYBER AND DATA ENDORSEMENT

This endorsement modifies insurance provided by the Policy:

- 1 Notwithstanding any provision to the contrary within this Policy or any endorsement thereto this Policy excludes any:
 - 1.1 Cyber Loss, unless subject to the provisions of paragraph 2;
 - 1.2 loss, damage, liability, claim, cost, expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any Data, including any amount pertaining to the value of such Data, unless subject to the provisions of paragraph 3;

regardless of any other cause or event contributing concurrently or in any other sequence thereto.
- 2 Subject to all the terms, conditions, limitations and exclusions of this Policy or any endorsement thereto, this Policy covers physical loss or physical damage to property insured under this Policy caused by any ensuing fire or explosion which directly results from a Cyber Incident, unless that Cyber Incident is caused by, contributed to by, resulting from, arising out of or in connection with a Cyber Act including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any Cyber Act.
- 3 Subject to all the terms, conditions, limitations and exclusions of this Policy or any endorsement thereto, should Data Processing Media owned or operated by the Insured suffer physical loss or physical damage insured by this Policy, then this Policy will cover the cost to repair or replace the Data Processing Media itself plus the costs of copying the Data from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling the Data. If such media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank Data Processing Media. However, this Policy excludes any amount pertaining to the value of such Data, to the Insured or any other party, even if such Data cannot be recreated, gathered or assembled.
- 4 In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.
- 5 This endorsement supersedes and, if in conflict with any other wording in the Policy or any endorsement thereto having a bearing on Cyber Loss, Data or Data Processing Media, replaces that wording.

Definitions

- 6 Cyber Loss means any loss, damage, liability, claim, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any Cyber Act or Cyber Incident including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any Cyber Act or Cyber Incident.
- 7 Cyber Act means an unauthorised, malicious or criminal act or series of related unauthorised, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any Computer System.
- 8 Cyber Incident means:

- 8.1 any error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any Computer System; or
- 8.2 any partial or total unavailability or failure or series of related partial or total unavailability or failures to access, process, use or operate any Computer System.
- 9 Computer System means:
- 9.1 any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility,
- owned or operated by the Insured or any other party.
- 10 Data means information, facts, concepts, code or any other information of any kind that is recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a Computer System.
- 11 Data Processing Media means any property insured by this Policy on which Data can be stored but not the Data itself.

LMA5400
11 November 2019

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

Item No: E.9.

CERTIFICATES OF INSURANCE

ISSUE: SPA Members were polled recently to ascertain their existing process for issuing Certificates of Insurance and Loss Payee Endorsements and provide direction on a future SPA process, if appropriate. The responses are listed below:

	Form/Process		Flow	
	Use existing form/process	Create/Use SPA version	Member to Alliant	Member to JPA to Alliant
Butte	X		X	
North Bay	X			X
RESIG	X			X
SIA		X		X
SIG	X			X
Butte:	Form: Have form in place			
	Flow: Prefer direct request to Alliant with CC to Butte			
	Go Forward: Open to SPA form being developed. Prefer current flow.			
North Bay:	Form: Don't use a specific form, per se; Collect needed info from Member and NB will email to Alliant			
	Flow: Members go through NB; NB submits to Alliant			
	Go Forward: Open to flow of Member going to Alliant, if processes are ironed out (with creation of a SPA form)			
	Until/Unless then, stick with current approach			
RESIG	Form: Have form in place			
	Flow: Members go through RESIG; RESIG submits to Alliant			
	Go Forward: Prefer current process to avoid confusion with members at this point			
SIA	Form: Have form in place			
	Flow: Members go through SIA; SIA submits to Alliant			
	Go Forward: Thinks a consistent method would be beneficial to SPA, long term			
SIG	Form: Have form in place			
	Flow: Member sends form to Woodruff Sawyer; WS will send to Alliant (cc SIG)			
	Go forward: Prefer this approach currently			

RECOMMENDATION: Discuss and determine a preferred approach for PY 20/21.

FISCAL IMPACT: No direct fiscal impact is expected from action at today's meeting.

BACKGROUND: Each SPA Member has an existing process and procedure in place for issuing Certificates of Insurance and Loss Payee Endorsements. Requests for these documents are common for members of JPAs to evidence coverage and limits to interested 3rd parties, generally to satisfy a contractual requirement.

ATTACHMENTS: None.

Item No: E.10.

BANKING AND FUNDING OF RETAINED LAYER

ISSUE: Members are asked to provide input and direction regarding banking procedures and funding of the JPA's retained layer. Since SIA is the Managing Member and funds are to be deposited with them the Program Managers expect the banking arrangements will be similar to their current practice. The ability to provide regular check registers for Board approval and account reconciliation are the key needs.

Regarding the funding of the \$3M retained layer, members have advised they are funding their full allocation. All members, with the exception of North Bay, have advised they will also transfer their funded amounts fully to the Managing Member. North Bay will transfer 50% of their funded amounts to the Managing Member and withhold 50% on their own account, until the time in which the funds are needed.

Any investment income will need to be allocated to members based on their account balances over the subject time period. Initially the investments will be short-term with potential over time to invest some funds longer term depending on surplus and cash flow needs.

RECOMMENDATION: Discuss banking and funding procedures and provide direction regarding account maintenance and investment income.

FISCAL IMPACT: TBD – possible bank charges. Difference in interest on member's funds held on account expected to be minimal.

BACKGROUND: None.

ATTACHMENTS: None.

Item No: E.11.

LOSS CONTROL SERVICES

ISSUE: The SPA administration budget includes \$200,000 for services equivalent to one full time person. Members are asked to consider their service needs and provide direction regarding options, including the attached proposal from AIG. They propose to conduct site surveys of eighteen high schools over a three-year period at a cost of \$24,000 (\$1,333 each).

Members may wish to expand the list of locations, shorten the timeline for inspections, add additional services, and/or consider other types of services or consultants. Business recovery services provided by Agility Recovery have been mentioned as one option based on a member's experience with them. Other members likely have suggestions and resources for discussion based on their own experiences and desire to continue valued services.

RECOMMENDATION: Review and discuss loss control service needs and provide direction and/or approval of attached proposal as presented or revised.

FISCAL IMPACT: \$24,000 is the proposed service, out of a budget of \$200,000.

BACKGROUND: In forming SPA members discussed the need and desire to include loss control services in addition to the jurisdictional boiler and machinery inspections (see attached for service instructions).

ATTACHMENTS:

1. AIG Client Service Plan Proposal
2. Jurisdictional B&M Inspection – Service Instructions



Client Service Plan

Schools Program Alliance



Overview

This Client Service Plan (CSP) is focused on a limited number of objectives designed to meet specific mutual goals. For additional information on other services and solutions available through AIG visit: <http://www.aig.com/landing-pages/client-risk-solutions>

Scope of Work

Janneth Velazquez is your Account Engineer, and is your primary point of contact and will be responsible for developing and executing your customized service plan.

Below are proposed objectives and action items for consideration. Once your CSP is agreed upon, Janneth Velazquez will ensure it is regularly reviewed and adjusted to accommodate changes as necessary.

Objective:

Evaluate, quantify and prioritize Schools Program Alliance risk exposures.

Action Items	Responsible Party	Target Completion Date	Comments
<ul style="list-style-type: none"> # Property Surveys 	Account Risk Engineer (ARE)	<i>Target for this activity should be 4-months before renewal date</i>	The loss control surveys are a comprehensive review of your property and the associated risks, including fire protection, construction and emergency response along with any natural catastrophe and other special hazards. Please refer to Appendix document Property Engineering Service List for list of service sites and the Special Servicing & Distribution Instructions for agreed to details on servicing and reporting details.

<ul style="list-style-type: none"> Perform all state mandated jurisdiction object certifications 	ARE	Target will depend on object due date	Servicing will be performed by our strategic partner s OneCIS/Arise. Any issue or questions should be directed to the ARE.
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Fees and Expenses

The fee for the services as outlined in the Scope of Work is \$24,000, which is inclusive of all travel costs, expenses, taxes and Account Risk Engineering time to manage the needs and requirements of this engineering program.

Additional services requested beyond the defined Scope of Work must be agreed prior to the commencement of these services.

Primary Contact for AIG Program

AIG Account Risk Engineer: Janneth Velazquez-Cano
 T:951-288-7850
 Janneth.VelazquezRosales@aig.com

AIG Underwriter: Cody Elliott
 T: 213-689-3547
 Cody.Elliott@aig.com

Broker Consultant / Engineer:
 T:

We take our commitment to excellence very seriously. Client Risk Solutions is dedicated to responding to our customers by soliciting their feedback. Please provide comments to your CRS Lead or directly to CRS@aig.com

Appendices

Property Engineering Service List – Frequency of site surveys will be reviewed based on risk quality and servicing benefit.

Location Name	2020-2021	2021-2022	2022-2023
American Canyon High School (\$86M)	X		
Santa Rosa High School (\$76M)	X		
Antelope High School (\$71M)	X		
Armijo High School (\$69M)	X		
Rancho Cotate High School (\$92M)	X		
C.K. McClatchy High School (\$54M)	X		
Casa Grande High School (\$52M)		X	
Cordova High School (\$66M)		X	
Cosumnes Oaks High School (\$63M)		X	

Folsom High School (\$74M)		X	
Hiram W. Johnson High School (\$66.8M)		X	
Inderkum High School (\$70M)		X	
John F. Kennedy High School (\$70M)			X
Laguna Creek High School (\$45M)			X
Luther Burbank High School (\$70M)			X
Bella Vista High School (\$42M)			X
Rosemont High School (\$83M)			X
Analy High School (\$52M)			X

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Jurisdictional B&M Inspection SERVICE INSTRUCTIONS

Jurisdictional B&M Inspections

As allowed by regulations, Hartford Steam Boiler (HSB) should be contacted to arrange jurisdictional B&M inspections in USA and Canada. For all jurisdictional B&M inspections required for equipment such as boilers and other pressure vessels where allowed by state requirements, contact Hartford Steam Boiler (HSB) to discuss needs and inspection requirements. Be sure to include the contact name, phone number, address and time frame inspection is needed by, when discussing an inspection.



HSB Inspection Hotline Telephone: 1-800-333-4677 (1-800-333-INSP)



HSB Fax: 1-800-298-4083



HSB E-mail: NSCINSP_HOTLINE@hsb.com



HSB Online Request Form: <https://www.munichre.com/HSB/services/engineering/inspection/inspection-request/index.html>

How Do I Request an Inspection?

Hartford Steam Boiler customers can contact our Inspection Hot Line, toll-free at 1-800-333-4677 (1-800-333-INSP), between 8 a.m. and 9 p.m. EST, Monday through Friday. Please have the following information available when you call:

- Contact name
- Company
- Location address
- Phone number
- Certificate expiration dates (if any)

If you call after hours, leave your name, phone number, company, location address requiring service, and the best time to call you the next business day. You may also complete HSB's online Inspection Request Form.

Item No: E.12.

ADOPTION OF SPA MEETING SCHEDULE

ISSUE: The SPA joint powers agreement calls for an annual meeting to adopt the budget and other administrative activities. The Program Administrators recommend the Annual Meeting be held in May to be able to present a budget and appoint or re-appoint the Chairperson/Secretary and Managing Member.

During this initial Program Year more regular meetings are recommended to establish operating procedures as needed and solidify the strategic goals and objectives identified earlier.

The following months are offered for discussion, with the regular date TBD based on member schedules: September, October, November, January, March, May and June (if necessary).

Setting for a certain day and week of the month is recommended to avoid other regular meeting conflicts. The time and location TBD – likely videoconference until further notice.

RECOMMENDATION: Discuss and agree on a meeting schedule for PY 20/21.

FISCAL IMPACT: None.

BACKGROUND: None.

ATTACHMENTS: None.

Item No: E.13.

WILDFIRE DEDUCTIBLE ALLOCATION/PROPERTY PROGRAM

ISSUE: Members may need to determine a method of allocating the Property Program's wildfire deductible in the event of a loss involving more than one member.

Given the various loss scenarios the reinsurance intermediaries have prepared a spreadsheet to illustrate how the deductibles may apply and suggestions for allocation. The spreadsheet will be shared with the members and reviewed together during the meeting.

RECOMMENDATION: Review and provide direction regarding developing an allocation method.

FISCAL IMPACT: None at this time.

BACKGROUND: The SPA coverage has varying deductibles for the 5 members:

1 – London's 40% placement has a \$2.5M WF deductible for all but NBSIA. NBSIA is the only one to have a 250K WF deductible from London.

2 – AIG/Starr's 60% placement has \$250K WF deductibles for all but RESIG and BSSP. RESIG and Butte have \$2.5M deductibles, each, for WF.

So, this results in:

- NBSIA will have a \$250K deductible this year, for any WF loss
- RESIG and BSSP will have a \$2.5M deductible, each, for any WF loss
- SIA and SIG will each have a \$1.15M deductible, the product of the calculation in 1&2 above (40% of 2.5M = 1M and 60% of 250K = 150K)

ATTACHMENTS: None.