

FLORIDA SURPLUS LINES NOTICE

THIS INSURANCE IS ISSUED PURSUANT TO THE FLORIDA SURPLUS LINES LAW. PERSONS INSURED BY SURPLUS LINES CARRIERS DO NOT HAVE THE PROTECTION OF THE FLORIDA INSURANCE GUARANTY ACT TO THE EXTENT OF ANY RIGHT OF RECOVERY FOR THE OBLIGATION OF AN INSOLVENT UNLICENSED INSURER.

SURPLUS LINES INSURERS' POLICY RATES AND FORMS ARE NOT APPROVED BY ANY FLORIDA REGULATORY AGENCY.



POLICY NUMBER: PR006UV18
RENEWAL OF: PR006UV17

COMMON POLICY DECLARATIONS

Insured Name & Mailing Address

Sandpiper Towers Condominium Association, Inc.
205 Hwy A1A
Satellite Beach, FL 32937

Effective Date: 06/30/2018

Broker Name & Mailing Address

Hugh Wood, Inc.
55 Broadway 24Th Flr
New York, NY 10006

Expiration Date: 06/30/2019

12:01 A.M. Standard Time at the location of the Covered Property

Business Description:

Condominium

Coverage Forms Applicable:

Coverage form schedule as more specifically outlined in Aspen Form ASPPR006,
Schedule of Applicable Forms



POLICY NUMBER: PR006UV18
RENEWAL OF: PR006UV17

COMMON POLICY DECLARATIONS

| | |
|---------------------------------------|--|
| Named Insured | Sandpiper Towers Condominium Association, Inc. |
| Surplus Lines Broker Name: | David J. Topoleski |
| Surplus Lines Broker Address: | 200 South Broad Street Philadelphia, PA 10006 |
| Surplus Lines Broker License No.: | P229326 |
| Surplus Lines State Taxes were filed: | FL |

Issued Date:

A handwritten signature in black ink, appearing to read "DJT", is positioned above a horizontal line.

Authorized Representative

Aspen Specialty Insurance Company



IN WITNESS WHEREOF, the Insurer has caused this Policy to be signed by its President and Secretary and countersigned where required by law on the Declarations page by its duly Authorized Representative.

A handwritten signature in black ink, appearing to read "Kevin Bond", written over a horizontal line.

Secretary

A handwritten signature in black ink, appearing to read "D. O. C.", written over a horizontal line.

President

SCHEDULE OF APPLICABLE FORMS

The following forms are attached to and are a part of this policy:

| <u>Form Number</u> | <u>Form Name</u> |
|--------------------|---|
| SNFL 0314 | FLORIDA SURPLUS LINES NOTICE |
| ASPPR011DEC 1017 | COMMON POLICY DECLARATIONS |
| ASPCO098 0213 | SIGNATURE PAGE |
| ASPPR006 0404 | SCHEDULE OF APPLICABLE FORMS |
| ASPPR067DEC 0511 | COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS |
| MANUSCRIPT | LIMITS OF LIABILITY MANUSCRIPT POLICY FORM |
| MANUSCRIPT | MANUSCRIPT POLICY FORM (pages 1-42, including Endorsements 1-9) |
| ASPCO1128 0616 | DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT |
| IL0952 0115 | CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM |
| ASPPR005 0917 | EARNED PREMIUM ENDORSEMENT |
| ASPPR035 0205 | GENERAL PRE EXISTING DAMAGE EXCLUSION ENDORSEMENT |
| ASPPR068 0217 | OCCURRENCE LIMIT OF LIABILITY ENDORSEMENT |
| ASPPR072 0807 | MINIMUM EARNED PREMIUM CLAUSE |
| ASPPR086 0312 | LOSS ADJUSTMENT ENDORSEMENT |
| ASPPR138 0112 | COMMON POLICY CONDITIONS |
| CP0090 0788 | COMMERCIAL PROPERTY CONDITIONS |
| CP1270 0996 | JOINT OR DISPUTED LOSS AGREEMENT |
| IL0255 0316 | FLORIDA CHANGES – CANCELLATION AND NONRENEWAL |
| IL0935 0702 | EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES |
| NMA2915 0101 | ELECTRONIC DATA ENDORSEMENT |
| ASPPR100 0916 | POLICYHOLDER'S GUIDE TO REPORTING A PROPERTY CLAIM |



POLICY NUMBER: PR006UV18
RENEWAL OF: PR006UV17

COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS

NAMED INSURED: Sandpiper Towers Condominium Association, Inc. **EFFECTIVE DATE:** 06/30/2018

DESCRIPTION OF PREMISES

| Prem. No | Bldg. No | Location Address |
|----------|----------|--|
| ** | ** | 205 Hwy A1A, Satellite Beach, FL 32937 |

COVERAGES PROVIDED (Insurance at the described premises applies only for coverages for which a limit of insurance is shown)

| Prem. No | Bldg. No | Coverage | Limit of Insurance | Covered Causes of Loss | Coins. % | Rates Incl. |
|----------|----------|--|--------------------|--|----------|-------------|
| ** | ** | Real Property, Personal Property, and Business Income & Rental Value | \$11,998,192 | As per the attached Manuscript Policy Form | Nil | X |

*This limit(s) is included in and not in addition to the Limit of Insurance shown elsewhere in this policy.

OPTIONAL COVERAGES (Applicable only when entries are made in the schedule below)

| Prem. No | Bldg. No | Exp. Date | Agreed Value | | Replacement Cost (X) | | |
|----------|----------|-----------|--------------|--------|----------------------|-------------------|-------------------|
| | | | Coverage | Amount | Building | Personal Property | Including "Stock" |
| ** | ** | | | | X | X | |

| | | | | | |
|--|--|-----------------------------------|-------------------------------------|-------------------------------|-------------------------------|
| | | <u>Inflation Guard Percentage</u> | *Monthly Limit Indemnity (Fraction) | *Max. Period Of Indemnity (X) | *Ext. Period Indemnity (Days) |
|--|--|-----------------------------------|-------------------------------------|-------------------------------|-------------------------------|

| Prem. No | Bldg. No | Building | Personal Property |
|----------|----------|----------|-------------------|
| | | | |

*Applies to Business Income Only

DEDUCTIBLE:

As Per Submitted Manuscript Form

MORTGAGE HOLDER(S)



POLICY NUMBER: PR006UV18
RENEWAL OF: PR006UV17

COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS

Prem. No Bldg. No Mortgage Holder Name Mailing Address

FORMS AND ENDORSEMENTS

Forms and Endorsements applying to this Coverage Part and made part of this policy at time of issue: Refer to ASPPR006 SCHEDULE OF FORMS AND ENDORSEMENTS.

THESE DECLARATIONS ARE PART OF THE POLICY CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

Issued Date:

Authorized Representative

DEDUCTIBLE AMOUNT:

The following deductible amount(s) shall apply to any one occurrence for loss or damage in the loss categories indicated:

| | |
|-------------------------|--|
| Earthquake: | \$25,000 |
| | 2% of Total Insurable Values at the time of the loss at each location involved in the loss or damage, subject to a minimum of \$50,000 any one occurrence, as respects locations in the New Madrid Earthquake Zone Counties; |
| | 2% of Total Insurable Values at the time of the loss at each location involved in the loss or damage, subject to a minimum of \$50,000 any one occurrence and a maximum of \$250,000, as respects locations in the Pacific Northwest Earthquake Zone Counties; |
| Flood: | \$50,000 Except: 1) \$500,000 – Building \$500,000 – Contents \$100,000 – Business Income/Rents Per location for all properties located within Special Flood Hazard Areas (SFHA), areas of 100 year flooding as defined by the Federal Emergency Management Agency (FEMA) (Zones A & V) |
| Loss to Objects: | Property Damage: \$10,000 Business income/ Extra Expense/ Off Premise service Interruption 24 hour waiting period |
| Water Damage: | \$25,000 |
| Windstorm: | (1) 5% of the Total Insured Values at the time of the loss at each location involved in the loss or damage arising out of a Hurricane (Winds of velocity 74mph or greater) in Tier 1 Counties (as defined in the Tier 1 Counties Endorsement attached to this policy), regardless of the number of Coverages, Locations, or Perils involved |

(including, but not limited to, all directly resulting Flood, wind, wind gusts, storm surges, tornados, cyclones, hail or rain) and subject to a minimum deductible of \$100,000 any one occurrence;

(2) 2% of the Total Insurable Values at the time of the loss at each location involved in the loss or damage arising out of a storm that has been declared by the National Weather Service or other Worldwide Recognized Meteorological Authority to be a Tropical Storm or Tropical Depression in **Tier 1 Counties** (as defined in the Tier 1 Counties Endorsement), regardless of the number of Coverages, Locations or Perils involved and subject to a minimum deductible of \$25,000 any one occurrence.

Business Income/Extra Expense Protection:

24 hour waiting period

All other perils:

\$10,000

TERRITORY:

This form covers at locations in the United States of America, including the District of Columbia, while in transit within and between the 50 states comprising the United States of America and the District of Columbia.

LOSS PAYABLE:

Loss, if any, shall be adjusted with and payable to the Specific Insured shown on the applicable location schedule and any loss payees and mortgagees in their order, whose receipt shall constitute a release in full of all liability under this policy with respect to such loss.

CURRENCY CLAUSE:

All limits, values, premiums and losses are based on U.S. Dollars.

I. **INTEREST AND PROPERTY INSURED:**

Except as hereinafter excluded, this form covers the interest of the insured in all real and business personal property, held by any corporation, partnership, joint venture or other entity for whom, «Named Insured» and/or for which it has have the authority to insure:

1. Owned;
2. in which the insured has an insurable interest;
3. for which the insured is responsible for or under obligation to insure;
4. which belongs to others but is in the actual or constructive custody of the insured, except when the insured is acting as a warehouseman, bailee, or carrier for hire;
5. improvements and betterments meaning the use interest in property constituting a part of realty, occupied (but not owned) by the insured;
6. the personal property of directors, officers and employees of the Insured; their wives, families and dependents, and of visitors to the Insured's premises, whilst such property is on the Insured's premises, to the extent that such property is uninsured or inadequately insured by the owners thereof;

In respect of such personal property, the insurance hereunder is payable only at the option of the specific named insured and payment accrues to the benefit of the individual owners thereof.

7. Privileges granted:
 - a) to construct additions, make alterations and repairs to the buildings(s) and to erect new buildings and structures. The Insurance also applies to all supplies, materials and temporary structures;
 - b) to insure the contractors' interest in property described in (a) above and including the contractors' equipment to the extent of the insured's liability imposed by law or assumed by contract;

all on the insured premises including while in, on, or under sidewalks, streets, alleyways or in the open within 1,000 feet thereof.

8. property as defined above when in course of inland transit (including transits to and from the insured's premises) by any conveyances, when such property is not insured by a more specific transit insurance policy and/or to the extent that such specific transit insurance shall not cover the loss or damage thereto;

II. **PROPERTY EXCLUDED:**

This form does not cover:

1. land, (including land on which covered property is located), water (except water which is normally contained within any type of tank, piping system or other process equipment), growing crops, or animals and birds;
2. currency, money and securities;
3. aircraft, watercraft (including motors, equipment, and accessories); automobiles or self-propelled machines that are licensed for use on public roads and operated principally away from insured premises.
4. jewelry, watches, watch movements, furs, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals against loss or damage caused by theft;
5. property located in or forming part of any underground mine, drilling operation, or cavern;
6. property shipped via the Panama Canal, to and from Alaska and Hawaii by vessel (aircraft or watercraft) or by mail and parcel post;
7. export shipments after loaded on board exporting vessel (aircraft or watercraft) or under the protection of marine insurance, whichever first occurs, or import shipments until the risk assumed by the marine underwriter ceases.

III. **PERILS INSURED:**

This policy insures against all risk of direct physical loss or damage to the insured property except as hereinafter excluded.

IV. **PERILS EXCLUDED:** This policy does not insure against loss or damage:

1. Caused by any of the following perils:
 - a) delay, loss of market, indirect or consequential loss of any kind (except as specifically afforded by this policy);
 - b) misappropriation, secretion, conversion, fraud, infidelity or any dishonest act or omission on the part of the insured or other party of interest, his, her or their trustees, directors, officers, employees, agents or others to whom the property may be entrusted; this exclusion does not apply to a carrier for hire, nor to acts of destruction by your employees; but theft by employees is not covered;
 - c) error, omission, or deficiency in design, process, specification, or faulty materials and defective workmanship; but this exclusion shall not apply to

damage resulting from such faulty or defective workmanship, material, construction, process or design.

- d) normal settling, cracking, shrinking or expansion of pavements, foundations, walls, floors or ceilings;
- e) wear and tear, inherent vice, latent defect, gradual deterioration, corrosion, rust, contamination, change in flavor, color or finish, shrinkage, evaporation or loss of weight, or insects, rodents, and vermin;
- f) rain, snow, or sleet to business personal property in the open;
- g) the release, discharge or dispersal of Pollutants unless the release, discharge or dispersal is itself caused by a covered peril.

unless loss by a peril insured ensues and then this Company shall be liable for only such ensuing loss or damage.

exclusions 1c, d, e, and f, do not apply to property in transit.

exclusion 1c, does not apply to loss of objects.

exclusions 1c and d do not apply to electronic data processing equipment and media.

2. Caused by, contributed to, resulting from, or aggravated by any of the following perils:

- a) nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, or due to any act or condition incident to any of the foregoing, and whether such loss be direct or indirect proximate or remote;

unless loss or damage by fire or explosion, not otherwise excluded, results and then this Company shall be liable for only such ensuing loss;

- b) hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack;

1. by any government or sovereign power (de jure or de facto) or by any authority maintaining or using military, naval or air forces;

2. by military, naval or air forces;

3. by an agent of any such government, power, authority or forces, it being understood that any discharge, explosion or use of any weapon of war employing nuclear fission or fusion shall be

conclusively presumed to be such a hostile or warlike action by such a government, power, authority or forces.

- c) insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence.

If two or more perils are related, either concurrently or subsequently to the loss or damage, then the loss or damage by, to, or from all perils is excluded, if any perils is excluded in section 2.

Notwithstanding the above provisions, 2 (B) and (C), this insurance shall cover loss or damage directly caused by acts committed by an agent of any government, party, or faction engaged in war, hostilities, or warlike operations, provided such agent is acting secretly and not in connection with any operation of armed forces (whether military, naval, or air forces) in the country where the property is situated.

3. Caused by or resulting from:

- a) asbestos material removal unless the asbestos is itself damaged by fire, lightning, aircraft impact, explosion, riot, civil commotion, smoke, vehicle impact, windstorm or hail, vandalism, malicious mischief, water damage including flood, or leakage or accidental discharge from automatic fire protective systems.
- b) demolition or increased cost of reconstruction, repairs, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos material.
- c) any governmental direction or request declaring that asbestos material present in or part of or utilized on any undamaged portion of the insured's property can no longer be used for the purpose for which it was intended or installed and must be removed or modified.

V. **BUSINESS INCOME PROTECTION:**

This form is extended to insure the actual loss of business income including loss of rents sustained by the insured resulting from the interruption of business or delay in commencing business or the untenability of the premises due to loss or damage to real or business personal property at an insured premise(s) as a direct result of a peril not excluded.

Loss of business income shall be payable during the period of indemnity, and shall not be limited by the expiration date of this policy. The insured is required to resume or begin normal business operations as promptly as possible and shall use all available means to eliminate unnecessary delay.

1. **Loss of Business Income means:**

- a. the reduction in gross earnings including the reduction in rents which results from the interruption of business or delay in commencing business or the untenability of the premises, less charges and expenses which do not necessarily continue during the period of indemnity or during the period of untenability. Due consideration shall be given to the continuation of normal charges and expenses, including payroll expenses, to the extent necessary to resume operation or begin operation of the insured's business and tenability of the insured's premises with the same quality of services which exist immediately preceding the date of damage or destruction and;
- b. In determining loss of business income due consideration shall be given to the experience before the date of damage or destruction and the probable experience thereafter had no loss occurred, however, no reduction will be taken when assessing the amount payable, following a claim covered by this insurance, of slow letting. Also if the rent following rebuilding is lower than the original rent, the latter will be used as the basis for payments during the period of indemnity;
- c. This policy will pay for the loss of rents or other income, caused by any of the buildings insured hereunder being wholly or partially rendered untenable by a peril insured under this policy including such period of time required to relet an area where a lease is terminated as a result of a covered occurrence;
- d. the expenses that are necessarily incurred for the purpose of reducing loss under this form including those expenses in excess of those the insured would have incurred had there been no loss, but in no event shall the aggregate of all such expenses exceed the amount by which the loss under this form is reduced.

2. **Exclusion and Limitations:**

This Company shall not be liable for loss of business income attributable to:

- a. the interference at the described premises by strikers or other persons with rebuilding, repairing, or replacing the property or with the resumption of continuation of business;
- b. 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 or the delay in commencing business or the untenability of the premises, and then the company shall be liable for any such loss as affects the insured's loss of business income during and limited to the period of indemnity covered under this form;
- c. any loss of business income resulting from damage to or destruction of finished stock; however, this form covers such extra expenses as would necessarily be incurred in replacing any finished stock used by the insured to reduce loss under this form;

- d. any losses of business income resulting from damage to or destruction of business personal property in due course of transportation.

3. **Resumption of Operations:**

Applicable to loss of business income if the insured could reduce the loss by complete or partial resumption of operation of the property described, whether damaged or not, such reduction shall be taken into account in arriving at the amount of the loss.

4. **Gross Earnings,** for the purpose of this insurance, means the sum of:

- a. gross earnings derived from operations of the business; less the cost of:
- b. service(s) purchased from outsiders (not employees of the insured) for resale, which do not continue under contract.

No other costs shall be deducted in determining gross earnings.

5. **Rents** for the purpose of this insurance, means the sum of:

- a. gross income from the described building;
- b. amount of all charges assumed by the tenants, which would otherwise be the insured's obligation;
- c. rental value of the part of the building occupied by the insured;
- d. rental value of vacant parts of the building, where income is reasonably expected or that have signed lease agreements or Letters of Intent for occupancy and would have been rented had no loss occurred; and
- e. Free rent during any period of rent abatement according to a bona fide lease contract or agreement in force at the time of loss, equivalent to the amount of Rental Income that would have been achieved during any equivalent period of non-rent abatement according to a bona fide lease, contract or agreement in force at the time of loss; and
- f. any other income derived from the use of the building, including condominium fees.

6. **Period of Indemnity means:**

The length of time required, commencing at the time of an insured loss, with exercise of due diligence and dispatch, to replace, rebuild or repair the damaged property or for such length of time as the rental value shall be affected in consequence of the damage not to exceed the policy limit.

7. **Extended Period of Indemnity means:**

The actual loss of Business Income incurred during the period that:

- (1) Begins on the date property (except finished stock) is actually repaired, rebuilt or replaced and operations are resumed; and
- (2) Ends on the earlier of:
 - a. The date business could be restored with reasonable speed, to the condition that would have existed if no direct physical loss or damage occurred; or
 - b. 365 consecutive days after the date determined in (1) above;

8. **Extension Of Business Income Protection Coverage:**

This form also insures against the actual loss sustained arising out of damage or destruction to property by a peril insured against to:

- a. off premises utilities providing fuel, water, gas, steam, communication services, refrigeration or electricity; and distribution and transmission lines within one (1) statute mile of the premises;
- b. property of a supplier of goods or services or the receiver of goods or services to or from the insured or others for the insured's account resulting in interruption of business;
- c. the premises of the insured or other premises in the vicinity thereby preventing ingress or egress, to or from the insured premises;
- d. the premises of anchor store(s) whether owned or non-owned by the insured in the same vicinity of the insured.

VI. **LOSS TO OBJECTS:**

1. The term **loss to objects** shall mean:
 - a) breakdown of any machine while working; at rest; being dismantled, moved or re-erected for the purpose of cleaning, inspection, repair or installation in another position.
 - b) explosion, rupture, bursting, cracking, burning out, bulging or mechanical breakdown of boilers, steam pipes, steam or gas turbines, or steam engines;
 - c) loss or damage:
 - 1) caused by currents artificially generated or mechanical breakdown of electrical devices;
 - 2) to rotating or moving parts of machinery caused by centrifugal force or mechanical breakdown.

In addition, the Company assumes liability for any loss or damage to the property covered by this policy, caused by change of temperature or interruption of power, heat, air conditioning, refrigeration or utility services resulting from the total or partial destruction or disablement hereunder of the power, heating, air conditioning, cooling or refrigerating apparatus including all connections or supply pipes, on the described premises.

2. **Definition Of Object**

Object shall mean any boiler, any fired vessel or unfired vessel normally subject to vacuum or internal pressure, refrigerating and air conditioning system, piping with its accessory equipment and any mechanical or electrical machine or apparatus which generates, controls, transmits, transforms or utilizes mechanical or electrical power, and fiber optic cables.

3. **Expediting Expenses**

This form insures against the reasonable and necessary extra cost of temporary repairs of the damaged property utilized by the insured and extra costs of expediting the permanent repair or replacement of such damaged property.

4. **Pollution Limitation**

This form does not insure any increase of loss occasioned by the enforcement of any law, ordinance, rule or ruling regulating any form of pollution.

5. **Ammonia Contamination**

This form insures against contamination to covered property by ammonia as a result of a loss to a covered object.

6. **Hazardous Substance**

This form insures against any additional loss or expenses incurred as a result of clean up, repair or replacement or disposal of covered property damaged, contaminated or polluted as a result of a loss to a covered object by a substance declared to be hazardous to health by a governmental agency.

7. **Spoilage**

This form insures against a loss of perishable goods due to spoilage caused solely by a loss to objects. Perishable goods means personal property maintained under controlled conditions for its preservation.

8. **CFC Refrigerants**

This form insures against any additional cost to repair or replace covered property because of the use or presence of a refrigerant containing CFC (Chlorofluorocarbon) substances. It will pay the least of either replacing the lost CFC refrigerant, retrofitting the system to accept a non-CFC refrigerant, or replacing the system with one using a non-CFC refrigerant

9. **Suspension**

Upon the discovery of dangerous conditions with respect to any boiler, vessel, mechanical or electrical device, any representative of the company may immediately suspend this insurance as respects said objects(s), by written notice, mailed or delivered to the insured, at the address of the insured or at the location of the object.

After suspension of the insurance under this clause, a return of premium shall be due to the Insured, calculated pro-rata temporis to the period remaining to the next annual anniversary date and proportionately to the value of the property for which the insurance has been suspended.

VII. **EXTENSIONS OF COVERAGE:**

Subject to the liability of Insurers under this extension not exceeding the relevant sums insured this policy is extended to include:

- A) In the event of a loss caused by any peril insured against under this policy and resulting from enforcement of or compliance with any law, rule, regulation or ordinance, in effect at the time of a loss, of any governmental or quasi-governmental authority regulating the construction or repair of buildings or structures, this company shall pay for:

1. The cost of demolishing any undamaged portion of the building(s) or structure(s) covered under this policy including the cost of clearing the site thereof; and
2. The value of the undamaged portion of the building(s) or structure(s) covered under this policy; and
3. The increased cost of repair, rebuilding or construction of the building(s) or structure(s) on the same or other premises and limited to the minimum requirements of such law or ordinance regulating the construction or repair of damaged building(s) or structures(s); and
4. The income loss due to the additional period of time required for repair or reconstruction, in conformity with the minimum standards of such law or ordinance, of the building(s) or structures(s) covered in this policy.

B) Notwithstanding any other provisions in this policy, this policy is extended to cover:

1. The replacement cost of the damaged portion or areas of the building caused by the loss from any peril insured against under this policy, and;
2. The Rental Value for the portion or area described in (1) above rendered untenable for the period declared in the schedule;

resulting from the enforcement of any state or municipal law or ordinance, in effect at the time of loss, prohibiting the restoration of the damaged portion of the structure.

C) All reasonable costs and extra expense necessarily incurred, or for which the Insured is liable, following a loss under this Policy in respect of;

- 1) Any clearance or demolition necessary for the reconstruction or reconstitution of the damaged property;
- 2) The removal of damaged items for repair and their replacement;
- 3) The cost of assistance given by fire brigades;
- 4) Any other costs incurred by the event of a loss covered under this Policy in order to:
 - i) limit the damage during the course of and up to the extinction of a fire

- ii) avoid a fresh outbreak of fire
 - iii) transport, clean, refill or overhaul any equipment used in the extinction of the fire
 - iv) prevent a fire or explosion occurring in the vicinity exposing the insured property to a peril covered under this Policy
 - v) make the site safe after a loss.
- 5) The protection and safeguard of salvaged articles in order to prevent further loss and the removal and return of salvaged articles to allow for the repair of any damage while being moved or temporarily stored at another location, for a period not exceeding that normal for reconstruction or reconstitution.
- 6) Soft Costs not included in the direct cost of construction otherwise insured by this policy for buildings in the course of construction or renovation or for reinstatement of a property after a loss; such as, but not limited to, continuing interest on mortgage loans, interest on monies not mortgaged, payroll, insurance, penalties on previously contracted advertising expense and direct advertising expense, real estate taxes accruing during the period of delay, promotional expenses, legal and accounting fees, permanent loan and/or brokers fees, additional real estate commissions to renegotiate leases, front end leasing commissions, permits and utilities fees, design services including architectural, engineering, landscape architect, interior design, consulting, testing, and inspection fees.
- D) Indemnity of glass breakage or removal of plate glass in any of the locations insured under this policy.
- E) Indemnity for extra expense incurred in an attempt to continue operations. For the purpose of this insurance extra expense means the excess, if any, of the cost incurred chargeable to the operation of the insured's business, over and above the 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 which remains after the resumption of normal operations, shall be taken into consideration in the adjustment of any loss.
- F) Leasehold interest, meaning the excess rental expenses incurred by the insured over and above the rental expenses which would have been incurred had a leased premise not been damaged or destroyed. Such coverages shall apply for the remaining unexpired portion of the lease and shall commence upon the date of such damage or destruction to such leased property when:
- 1. A lease is canceled by a Lessor; or

2. The property is wholly or partially untenable or unusable and the lease requires rent continuation.

It is a condition of recovery under this form that the Insured shall exercise due diligence and dispatch to rebuild, repair or replace the part of the property which has been damaged or destroyed, subject to delays beyond the insured's reasonable control.

- G) Real or Personal property of the Insured, as covered by this Policy, while at a location not described in this Policy for repair, for servicing, for exhibition, for storage, or to avoid threatened loss or damage, for an amount not exceeding 5% of the building reinstatement limit specified on the schedule of values.
- H) Accounts Receivable: meaning all sums due the named insured from customers, provided the named insured is unable to effect collection thereof as a direct result of physical damage to the named insured's records by a peril insured against, including interest charges, collection expenses and cost of re-establishing such records.

When there is proof that a loss covered under Accounts Receivable has occurred but the insured cannot accurately establish the total amounts of accounts receivable outstanding as of the date of such loss, such amount shall be based on the insured's monthly statements and shall be computed as follows:

1. 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;
2. 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, or such part thereof for which the insured has furnished monthly statements to the Company, as compared with such average for the same months of the preceding year;
3. the amount determined under (1) above, shall be increased or decreased by the percentage calculated under (2) above, and shall be the agreed total amount of accounts receivable as of the last day of the fiscal month in which said loss occurs;
4. the amount determined under (3) 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 fiscal month for which statement has been rendered.

I) Debris Removal Clause - The total liability, under this policy for debris removal expense only, shall not exceed:

A) \$5,000 Plus

B)

1. 25% of the amount recoverable under this policy for loss to property, plus
2. The deductible in this policy applicable to such loss,

subject to a maximum of \$5,000,000.

This policy covers the necessary and reasonable expense of removal for the Insured Locations of debris of Insured Property remaining as a result of direct physical loss or damage insured against under this Policy when the Insured gives written notice of such direct physical loss or damage to the Company, no later than 180 days after the loss.

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.

J. Expense to extract pollutants from land or water at the described premises if the release, discharge or dispersal of the pollutants is occasioned by loss caused by any of the perils insured against in this policy during the policy period. Such expenses must be reported to the Company within 180 days after the earlier of the date of direct loss or the expiration of this policy.

The liability of the Company for loss under this extension shall not exceed \$1,000,000 in the aggregate at any one location for the sum of all such expense incurred arising out of insured perils occurring during each separate twelve month period of this policy. This limit applies as an additional amount of insurance.

VIII. **DEDUCTIBLE PROVISIONS:** (Applicable only to coverages for which deductible amounts are specified elsewhere in this policy):

With respect to loss by any perils insured against, this Company shall be liable only for the amount of loss per occurrence, which exceeds the deductible amounts specified elsewhere in the policy.

If a time deductible is shown in the Schedule, the company will not be liable for any loss occurring during that specified time period immediately following an occurrence.

If two or more deductible amounts in this Policy apply to the same occurrence (regardless whether a time deductible or a deductible for physical loss or damage), the total to be deducted shall be the single largest applicable deductible.

IX. **VALUATION:**

1. It is agreed that should real or business personal property insured under this policy be destroyed or damaged, the basis upon which the amount payable is to be calculated, shall be the actual reinstatement of the property destroyed or damaged at replacement value at time and place of loss. If not reinstated, calculation will be at actual cash value (which includes a deduction for depreciation).

For the purposes of this insurance reinstatement shall mean the cost of rebuilding, repairing or replacing the damaged or destroyed property subject to the following conditions:

- A) The carrying out of the aforementioned work, namely, where property is destroyed, the rebuilding of the property if a building or, in the case of other property, its replacement by similar first class property with new materials of equivalent size, kind and quality but in either case in a condition equal to but not better than its condition when new.
- B) If as a result of a claim the reinstated property is in a better or more extensive condition than before the excess over and above the amount recoverable under the terms of the above paragraph will be borne by the Insured, except for betterment resulting from enforcement of or compliance with any law, rule, regulation or ordinance, in effect at the time of a loss, of any governmental or quasi-governmental authority regulating the construction or repair of buildings or structures.
- C) This insurance includes an amount in respect of Architects', Surveyors', Consultants', Engineers', Legal and other Soft Costs necessarily incurred in the reinstatement of the property insured consequent upon its loss, destruction or damage provided that the liability for such costs does not exceed the relevant sums insured.

X. **SPECIAL PROVISIONS**

- i) The work of reinstatement (which may be carried out upon another site and in any manner suitable to the requirements of the Insured subject to the liability of the Insurers not being thereby increased) must be commenced and carried out with reasonable dispatch, providing that this provision shall not apply to any delays arising out of any Government action or regulations of a statutory body in connection with the property or other cause beyond the reasonable control of the Insured.
 - ii) When any property insured under this policy is damaged or destroyed in part only, the liability of the Insurers shall not exceed the sum representing the cost, which the Insurers could have been called upon to pay for reinstatement if such property had been wholly destroyed.
2. media (including all forms of converted data, programs, and instruction tapes) - the actual cost to reproduce from duplicates or from originals of previous generation of data; if not reproduced, the blank value of the media;
 3. paintings, etchings, pictures, tapestries, statuary, marbles, bronzes, antique furniture, rare books, antique silver, porcelains, rare glassware, bric-a-brac or other articles of art rarity or antiquity at appraised value or if not appraised at fair market value, if owned; or if non-owned, for the insured's legal liability.
 4. Valuable papers and records including written, printed or otherwise inscribed documents, books, maps, files, drawings, plates, printed circuits, magnetic tapes and punch cards, for the entire cost of reconstruction and reproduction, including cost of transcribing if actually replaced; otherwise value blank;
 5. all other property shall be adjusted at the amount actually expended to repair or replace (without deduction for depreciation) provided the property is repaired or replaced, otherwise actual cash value (which includes a deduction for depreciation) shall apply;

All of the above to be computed as of the time and place of loss or damage.

XI. **ERRORS OR OMISSIONS:**

Any unintentional error or omission in enumerating or describing a location shall not operate to the prejudice of the insured.

XII. SUE AND LABOR:

In case of actual or imminent loss or damage to covered property by a peril insured, it shall, without prejudice to this insurance, be lawful and necessary for the insured, their factors, servants, or assigns to sue, labor, and travel for, in, and about the defense, the safeguard, and the recovery of the property or any part of the property insured hereunder; nor, in the event of loss or damage, shall the acts of the insured or of this Company in recovering, saving, and preserving the insured property be considered a waiver or an acceptance of abandonment. The Company shall contribute to the expenses so incurred according to the rate and quantity of the sum herein insured.

XIII. WAIVER OF INVENTORY:

In the event that the aggregate claim for any loss covered under the conditions of this form is both less than \$100,000 and less than five (5) percent of the total amount or limit of insurance on the described property, at the time such loss occurs, no special inventory or appraisal of the undamaged property shall be required.

XIV. CONTROL OF PROPERTY:

This insurance shall not be prejudiced by any act or neglect of any party (other than the insured), when such act or neglect is not within the control of the insured. It is further understood and agreed that where this insurance covers the interest of more than one party, any act or neglect of an individual party will not prejudice the rights of the remaining part or parties.

XV. LOCATION AND PREMISE:

Any building, dock, yard, open lot, wharf, pier, bulkhead (or groups thereof) or other described premises for which the insured is or may be liable or in which they have an insurable interest or for the insurance of which they are responsible, including property in the open on land within 1,000 feet of the described premises.

XVI. UNDERLYING POLICY:

1. If the premises described in this form include property in more than one state, province or territory, it is understood that separate policies underlying this policy may be issued in compliance with state, province or territory laws and this form is subject to the conditions of the Standard Fire Insurance Policy of the state, province or territory in which the individual properties are located.
2. It is further understood that separate policies underlying this form may be issued in compliance with requests of mortgagees or other loss payees, and that such underlying policies shall be considered as additional insurance not as duplicates.

XVII. LOSS CLAUSE:

Except with respect to any aggregate limits of liability in this form, any loss hereunder shall not reduce the limit of this form.

XVIII. WAIVER OF SUBROGATION:

- A) This insurance shall not be invalidated should the insured waive in writing prior to any occurrence, any or all rights of recovery against any party for the loss occurring to the property described herein and for any consequential losses resulting from such loss, whether such waiver be made under any lease or otherwise. The insurers hereunder waive any or all rights of subrogation against any third party against whom the Insured shall have waived rights of recovery, to the extent of the Insured's waiver;
- B) The insurers waive rights of subrogation against any of the Insureds hereunder and/or their subsidiary and/or associated companies and/or any other companies associated with the Insured through ownership or management;
- C) The insurers waive rights of subrogation against the directors and officers of the insured companies, against their spouses and the members of their families;
- D) The insurers waive rights of subrogation against the employees of any company or person identified in paragraph (b) above, visitors and customers of the insured and the members of their families, unless:
 - Either - it can be proved that the loss or damage resulted from a malicious act committed by such persons.
 - Or - the Insured authorizes or requests Insurers to exercise subrogation against such persons or companies. The Insured shall give or withhold such authorization at his sole discretion.

XIX. CONFORMITY WITH STATUTE:

In any state requiring a standard form of fire policy, insurance hereunder on values and properties in such state shall attach and cover in accordance with the terms and conditions of such standard fire policy.

XX. TITLES OF PARAGRAPHS:

The several titles of the various paragraphs of this form (and of endorsements and supplemental contracts, if any, now or hereafter attached to this policy) are inserted solely for convenience of reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

XXI. PERMISSION:

Permission is given:

1. for other insurance written upon the same terms, conditions, and provisions as contained in this policy;
2. to be vacant or unoccupied, to cease operations or occupancy and to vacate, remain vacant or unoccupied;
3. for the insured to waive right(s) of recovery against private or contract carriers and accept release bills of lading from carriers;
4. to have excess insurance over the limits 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.
5. To have other insurance for all, or any part, of any deductible in this Policy.

XXII. OTHER INSURANCE:

The Company shall not be liable for loss if, at the time of the loss there is any other insurance, (except as granted in Permission Clause) which would attach if this insurance had not been effected, except that this insurance shall apply only as excess and in no event as contributing insurance, and then only after all other insurance has been exhausted.

XXIII. CANCELLATION:

The time required for notice of cancellation of this policy, by the Company is extended to 90 days, but this extension of time shall not apply if the Company elects to cancel for nonpayment of premium for which 10 days notice will be given. Every notice or communication to be given or made under this policy shall be in writing and shall be sent by post addressed to the Insured at the address stated in this Policy or the address of which the Insured has last given notice to the Insurers.

XXIV. OCCURRENCE:

Occurrence means any one loss, disaster, casualty, incident or series of losses, disasters, casualties 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. The occurrence must occur during the policy period.

If more than one event for Windstorm, or Hail, or Named Storm or Hurricane, or Riot, or Strike, or Civil Commotion, or Vandalism and Malicious Mischief, or Flood or Terrorism covered by this Policy occurs within any period of seventy-two (72) hours during the term of this Policy, such covered events shall be deemed to be a single Occurrence. When filing proof of loss, the Insured may elect the moment at which the 72 hour period shall be deemed to have commenced, which shall not be earlier than the time when the first loss occurs to the Insured Property.

XXV. NAMED STORM DEFINED:

A storm that has been declared by the National Weather Service to be a Hurricane, Typhoon, Tropical Cyclone, Tropical Storm or Tropical Depression.

XXVI. EARTHQUAKE DEFINED:

The term loss by earthquake shall mean all loss due to or aggravated by any earth movement arising from a single seismic disturbance and occurring within a period of 168 hours from the time of the happening of the first such shock to cause loss. Such loss by earthquake shall be deemed to have been incurred at the time of such happening.

Flood as defined in this policy, that would not have occurred but for an Earthquake as described herein, shall be deemed to be proximately caused solely by Earthquake regardless of any other cause or event that contributes concurrently or in any sequence to such Flood, and consequently shall be considered Earthquake.

XXVII. FLOOD DEFINED:

The term loss by flood as used herein shall mean waves, tide or tidal water and the rising (including the overflow or breaking of boundaries) of lakes, ponds, reservoirs, rivers, harbors, streams or similar bodies of water, whether driven by wind or not. A Tsunami shall not be considered Flood as defined above.

XXVIII. WATER DAMAGE DEFINED

Water Damage as defined in this Policy shall mean accidental discharge, leakage or overflow of water from plumbing systems, heating, air conditioning and refrigerating systems, rain or snow through broken doors, open doors, windows, roofs and skylights resulting in damage or destruction of the property insured by this Policy.

However, any such damage or destruction of the insured property that results directly from or as a consequence of another covered peril will not be considered Water Damage.

XXIX. NORMAL:

Means the condition that would have existed had no loss occurred.

XXX. PERSONAL PROPERTY:

Except as hereinafter excluded, this policy insures:

- 1) The interest of the Insured in all personal property owned by and usual to the business of the Insured;
- 2) The interest of the Insured in, and legal liability of personal property of others in the actual or constructive custody of the Insured;
- 3) Personal Property of Others in the custody of the insured, which the Insured has agreed prior to loss to insure;
- 4) Tenants Improvements and Betterments, meaning the Insured's use interest in fixtures, alterations, installations, or additions comprising a part of real property occupied but not owned by the insured and made or acquired at the expense of the Insured exclusive of rent paid by the Insured, but which are not legally subject to removal by the Insured.

XXXI. REAL PROPERTY:

Real Property shall include all attached additions and extensions, fixtures and machinery and equipment constituting a permanent part of the building or relating to the service of the building, including materials, supplies, machinery, equipment and temporary structures to be used in the construction or reconstruction, alteration, repair or installation of improvements including materials and supplies at any unnamed locations or whilst in transit relating to the construction of this property and also including all other real property which is the property of the Insured or for which they are responsible without any exception, including sidewalks and adjoining areas.

XXXII. SALVAGE:

Any salvage or other recovery (excluding subrogation), after expenses incurred for Salvage or recovery are deducted, shall accrue entirely to the benefit of the Company until the sum paid by the Company has been paid.

XXXIII. SUBROGATION:

In the event of any payment under this policy, the Insurer shall be subrogated to the extent of such payment to all the insured's rights of recovery therefor. The Insured shall execute all papers required and shall do anything that may be necessary to secure such right. The Insurer will act in concert with all other interests concerned, i.e., the Insured and other Insurers, in the exercise of such rights of recovery. Any amount so recovered, after deducting the costs of recovery, shall be divided between the interest concerned in the proportion of their respective interests. If there should be no recovery, the expense of the proceedings shall be borne proportionately by the Insurer(s) instituting the proceedings.

XXXIV. APPRAISAL:

If the insured and this company fail to agree as to the amount of loss, each shall, on the written demand of either, made within 60 days after receipt of proof of loss by this company, select a competent and disinterested appraiser, the appraisal shall be made at a reasonable time and place. The appraisers shall first select a competent and disinterested umpire, and failing for 15 days to agree upon such umpire, then, on the request of the insured or this company such umpire shall be selected by a judge of a court of record in the county and state in which such appraisal is pending. The appraisers shall then appraise the loss, stating separately the 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 insured and this company shall each pay his or its chosen appraiser and shall bear equally the other expenses of the appraisal and the umpire. This company shall not be held to have waived its right by any act relating to appraisal.

XXXV. NOTICE OF LOSS:

Any loss or damage insured hereunder shall be reported in writing as soon as practicable with full particulars to the company or their designate after it first becomes known to the specific named insured. However, failure of the specific named insured to report said loss or damage shall not invalidate any claim under this policy. In the event the amount of such loss or damage results in a recoverable claim under this policy, a detailed and sworn proof of loss shall be filed with this company as soon as practicable after the date of loss. All adjusted claims shall be due and payable no later than thirty (30) days after presentation and acceptance of proof of loss by this Company or its appointed representative.

XXXVI.COINSURANCE:

No coinsurance or contribution shall apply with respect to this insurance.

XXXVII.LOSS ADJUSTING FEES:

This policy is extended to include expenses incurred by the insured, or by the insured's representatives, for preparing and certifying details of a claim resulting from a loss which would be payable under this policy. However, this company shall not be liable for expenses incurred by the insured in utilizing the services of a public adjuster.

XXXVIII.ADDITIONAL INTERESTS:

It is agreed that all persons or entities for whom the assured has agreed to provide insurance on property covered hereunder, in accordance with the terms of a lease of premises or other written agreement, shall be covered as additional insureds hereunder. This coverage applies only to lessors and mortgagees of property leased by the insured and to mortgagees of property owned by the insured.

XXXIX.USE OF WORD POLICY:

Whenever the expression this policy occurs in any of the forms attached to this policy it shall be construed to mean this policy insofar as it relates to the coverage provided by this form unless the context indicates otherwise.

XL. INSPECTION AND AUDIT:

The Company shall be permitted but not obligated to inspect the named insured's property and operations at any time. Neither the Company's right to make inspections nor the making thereof nor any report thereon 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. The Company may examine and audit the named insured's books and records at any time during the policy period and extensions thereof and within three (3) years after the final termination of this policy, as far as they relate to the subject matter of this insurance.

XLI. NO BENEFIT TO BAILEE:

This insurance shall not inure directly or indirectly to the benefit of any carrier for hire or other bailee.

XLII. CERTIFICATES:

All parties to whom a certificate of insurance or underlier has been issued are automatically added to this policy upon issuance of said document either as additional insureds, mortgagees, or as loss payees as interests may appear in accordance with the terms and conditions of said document, including any insurable interest a Loss Payee may have under a Contract of Sale.

XLIII. APPLICATION OF PRINTED CONDITIONS:

In the application of the printed conditions or any modification thereof, of this policy to perils other than fire or lightning, wherever the words **fire** or **lightning** occur, the words **the perils insured against under this form** shall be substituted.

XLIV. POLLUTANTS:

Means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

XLV. ORDINARY PAYROLL EXPENSE:

Means payroll expenses for all the insured's employees except: Officers, Executives, Department Managers, and Employees under contract Ordinary Payroll Expenses included:

Payroll;

Employee benefits, if directly related to payroll;

FICA Payments, Union dues, and Workers' Compensation premiums.

The Policy will provide coverage for up to 180 days per occurrence.

XLVI. ARSON OR THEFT REWARD:

We cover reasonable payment of any reward offered by you or on your behalf for information that leads to conviction of the perpetrator(s) of arson or theft to **covered property**.

Regardless of the number of informants, our total liability for any one **occurrence** will not exceed the lesser of:

a. \$100,000

b. 10% of the direct physical loss or damage to the **covered property**.

XLVII. LOCKS AND KEYS

We will pay reasonable and necessary expenses incurred by you for replacing or reprogramming your locks and keys resulting from direct physical loss or damage to such locks and keys by a Covered Cause of Loss. Our total liability for any one **occurrence** will not exceed \$100,000.

Coverage includes the actual cost to replace, adjust or reprogram undamaged locks to accept new keys or entry codes.

XLVIII. TENANT RELOCATION EXPENSE

We will pay for reasonable and necessary **relocation expenses** incurred by you to relocate residents, tenants or lawful occupants to other facilities or properties in the event that

resident rooms or rented space at a **covered location** are uninhabitable due to direct physical loss or damage by a Covered Cause of Loss.

Relocation expenses mean expenses for:

- a. Packing, sorting, and transportation of personal property of residents, tenants or lawful occupants;
- b. Re-establishing new utility services, less refunds from discontinued services, at the damaged location;
- c. Searching for new facilities or properties;
- d. Disconnecting and reconnecting fixtures and equipment; and
- e. Storage costs while awaiting possession of other facilities or properties or restoration of existing facilities or properties.

No coverage is provided for:

- a. Loss caused by the termination of a lease or other agreement;
- b. Security deposits, rents or other payments made to landlords or lessors of the new facility or property;
- c. Down payments, legal fees and/or closing costs for the purchase of the new facility or property; or
- d. Loss or damage to any property.

Relocation expenses do not include any expenses paid under **EVACUATION EXPENSES**.

Our total liability for any one occurrence will not exceed \$250,000

XLIX. EVACUATION EXPENSES:

We will pay reasonable and necessary **evacuation expenses** incurred by you as a result of compliance with a **mandatory evacuation order** which requires the evacuation of a **covered location(s)** and first occurs during the policy period.

This Additional Coverage is provided for up to 30 days after the **mandatory evacuation order** with respect to each **covered location**, but not for any period of time beyond 96 hours after the date and time the appropriate civil authority allows a return to each **covered location** (hereinafter, this period of time is referred to as the **evacuation period**).

Regardless of the number of **covered locations** or **mandatory evacuation orders**, \$250,000 is the most that we pay for all **evacuation expenses** arising out of one **occurrence**.

The following additional definitions apply to this Additional Coverage.

a. Designated persons means:

(1) Tenants, residents and lawful occupants at a **covered location**, and/or

(2) Those employees who are essential to implement the **mandatory evacuation order** at a **covered location**.

b. Evacuation expenses means the reasonable and necessary expenses incurred during the **evacuation period** to transport and house **designated persons**. **Evacuation expenses** include evacuation of **designated persons** to the **covered location** or, if the **covered location** is not habitable, to a suitable alternative location.

c. Mandatory evacuation order means the first public broadcast of a compulsory evacuation that: (1) is issued by a responsible civil authority as a result of a Covered Cause of Loss and (2) is specific as to the effective date, time and area affected.

L. **REVIEW OF SUMS INSURED:**

The Insured shall review the value of the property and business interruption values insured under this policy at least once a year, and to communicate the revised values, which shall take due allowance for inflation, new investments, disinvestments, new property or disposal of property, and the tendency of the business.

LI. **SERVICE OF SUIT:**

In the event of the Company's failure to pay any amount claimed to be due hereunder, the Company, at the Insured's request, will submit to the jurisdiction of a court of competent jurisdiction within the United States, Nothing in this condition constitutes or should be understood to constitute a waiver of the Company's 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 Counsel, Legal Department, or his or her representative, and that in any suit instituted against the Company upon this Policy, the Company will abide by the final decision of such court or of any appellate court in the event of an appeal.

Further, pursuant to any statute of any state, territory, or district of the United States which makes provisions therefore, the Company hereby designates the Superintendent, Commissioner or Director of Insurance, or other officer specified for that purpose in the statute, or his or her successors in office as the Company's true and lawful attorney upon whom may be served any lawful process in any action, suit, or proceeding instituted by the Insured or on the Insured's behalf or any beneficiary hereunder arising out of this Policy of insurance and hereby designate the above named Counsel as the person to whom the said officer is authorized to mail such process or a true copy thereof.

The terms and conditions of this policy form shall take precedence over conditions contained in any printed form attached to this policy to the extent inconsistent therewith.

MORTGAGE CLAUSE:

It is understood and agreed that the interest of the various mortgagees specified in the schedule attached to this Policy is noted in accordance with the terms of the following clause, which shall apply individually and separately to each specific Mortgage interest applicable to the properties insured:

It is hereby agreed that in the event of loss or damage the Insurers will pay the said Mortgagees or Assignees to the extent of their interest in order of precedence of said mortgages, and this insurance, as to the interest of the Mortgagees or Assignees only therein, shall not be invalidated by any act or neglect of the Mortgagor or Owner of the property involved, nor by any foreclosure or other proceeding or notice of sale relating to the property, nor by any change in the title or ownership, of the property, nor by the occupation of the premises for purposes more hazardous than are permitted by this policy; provided that in case the Mortgagor or Owner shall neglect to pay any premium due under this policy, the Mortgagees or Assignees shall, on demand, pay the same.

Provided, also, that the Mortgagees or Assignees shall notify this Company of any change of ownership or occupancy or increase of hazard which shall come to the knowledge of said Mortgagees or Assignees and, unless permitted by this policy, it shall be noted thereon and the Mortgagees or Assignees shall, on demand, pay the premium for such increased hazard for the term of the use thereof; otherwise this policy shall be null and void.

The Insurers reserve the right to cancel this policy as provided by the Policy wording but in such case this policy shall continue in force for the benefit only of the said Mortgagees or Assignees for 30 days after notice to the said Mortgagees or Assignees of such cancellations, and shall then cease, and the Insurers shall have the right on like notice to cancel this agreement.

Whenever this Company shall pay the Mortgagees or Assignees an sum for loss under this policy and shall claim that, as to the Mortgagor or Owner, no liability therefor existed, this Company shall, to the extent of such payment, be thereupon legally subrogated to all the rights of the party to whom such payment shall be made under all securities held as collateral to the mortgage debt, or may, at its option, pay to the Mortgagees or Assignees the whole principal due or to debt due on the mortgage with interest, and shall thereupon received a full assignment and transfer of the mortgage and of all such other securities, but no subrogation shall impair the right of the Mortgagees or Assignees to recover the full amount of said Mortgagee's or Assignee's claim.

Attached to and forming part of **PR006UV18**

Lender's Loss Payable Clause:

1. Loss or damage, if any, under this policy shall be paid to designated mortgagee, its successors and assigns, hereinafter referred to as **the Lender**, in whatever form or capacity its interest 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, 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 therefrom, 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 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, this 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 that the Lender when so notified in writing by this Company of the failure of the insured to pay such premium shall pay or cause to be paid the premium due within thirty (30) days following receipt of the Company's demand in writing therefor. 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 thirty (30) days after receipt of said written notice by the Lender.
4. Whenever this Company shall pay to the Lender any sum for loss or damage under this policy and shall claim that as to the insured no liability therefor exists, this 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 insured, whether secured or unsecured, (with refund of all interest not accrued), and this 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, this Company shall be liable under this policy as to the Lender for the proportion of such loss or damage that the sum thereby 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 except Contribution Clauses for the compliance with which the 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 this Company (prorata with all other insurers contributing to said payment) to all of the Lender's rights of contribution under said other insurance.
6. This 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 thirty (30) 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 thirty (30) days after its expiration unless an acceptable policy in renewal thereof with loss thereunder 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 Clause which are not also granted the 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 respect 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 clause shall be mailed to or delivered to the Lender at its office as shown on the location schedule.

Attached to and forming part of **PR006UV18**

ENDORSEMENT 1

COMBINED PROPERTY/BOILER & MACHINERY MILLENNIUM ENDORSEMENT

This policy is hereby amended as follows:

- A. The Insurer will not pay for damage or consequential loss directly and indirectly caused by, consisting of, or arising from, the failure of any computer, data processing equipment or media microchip, operating systems, microprocessors (computer chip), integrated circuit or similar device, or any computer software, whether the property of the insured or not and whether occurring before, during or after the year 2000 that results from the inability to:
1. correctly recognize any date as its true calendar date;
 2. capture, save, or retain and/or correctly manipulate, interpret or process any data or information or command or instruction as a result of treating any date otherwise than as its true calendar date; and/or
 3. capture, save, retain or correctly process any data as a result of the operation of any command which has been programmed into any computer software, being a command which causes the loss of data or the inability to capture, save, retain or correctly process such data on or after any date.
- B. It is further understood that we will not pay for the repair or modification of any part of an electronic data processing system or its related equipment, to correct deficiencies or features of logic or operation.
- C. It is further understood that the insurer will not pay for damage or consequential loss arising from the failure, inadequacy, or malfunction of any advice, consultation, design evaluation, inspection, installation, maintenance, repair or supervision done by the insured or for the insured or by or for others to determine, rectify or test, any potential or actual failure, malfunction or inadequacy described in A. above.

Such damage or consequential loss described in A, B, or C above is excluded regardless of any other cause that contributed concurrently or in any other sequence.

This endorsement shall not exclude subsequent damage or consequential loss, not otherwise excluded, which itself results from a defined peril. Defined peril shall mean fire, lightning, explosion, aircraft or vehicle impact, falling objects, windstorm, hail, tornado, hurricane, cyclone, riot, strike, civil commotion, vandalism, malicious mischief, earthquake, volcano, tsunami, freeze or weight of snow, sudden and accidental breakdown of an object, including mechanical and electrical breakdown.

All other terms, conditions and exclusions of this policy remain unchanged.

Endorsement 1 to **PR006UV18**

Effective Date: **12:01 A.M. 6/30/18**

Insured: **Sandpiper Towers Condominium Association, Inc**

ENDORSEMENT 2

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MOLD FUNGUS EXCLUSION

In consideration of the premium charged, it is hereby understood and agreed that this policy is amended as follows:

The Company shall not be liable for any 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.

All other terms, conditions, definitions, exclusions, limitations and provisions of the Policy remain the same.

Endorsement 2 to **PR006UV18**

Effective Date: **12:01 A.M. 6/30/18**

Insured: **Sandpiper Condominium Association, Inc.**

ENDORSEMENT 3

OCCURRENCE LIMIT OF LIABILITY ENDORSEMENT

It is agreed that the following special terms and conditions apply to this policy:

The limit of liability or Amount of Insurance shown on the face of this policy, or endorsed on this policy, is the total limit of the Company's liability applicable to each occurrence, as hereafter defined. Notwithstanding any other terms and conditions of this policy to the contrary, in no event shall the liability of the Company exceed this limit or amount irrespective of the number of locations involved.

The term "occurrence" shall mean, any one loss, disaster, casualty, or series of losses, disasters, or casualties, arising out of one event. When the term applies to loss or losses from the perils of tornado, cyclone, hurricane, windstorm, hail, flood, riot, riot attending a strike, civil commotion, vandalism and malicious mischief, or terrorism one event shall be construed to be all losses arising during a continuous period of 72 hours. When filing proof of loss, the Insured may elect the moment at which the 72 hour period shall be deemed to have commenced, which may not be earlier than the time when the first loss to covered property occurs.

The premium for this policy is based upon the statement of values provided to the Insurer(s) by or on behalf of the Insured and kept on file by the Insurer(s). In the event of loss under the policy, the liability of the Insurer(s) shall be limited to the least of the following:

- a.) The actual adjusted amount of loss, less applicable deductible(s);
- b.) As respects each location insured by this Policy, one hundred and thirty five (135%) percent of the total combined stated values for all categories of covered property (e.g. building, contents) shown for that location on the latest statement of values or other documentation on file with the insurer.
- c.) Any other Limit of Liability or Sublimit of Insurance or Amount of Insurance specifically stated in this policy to apply to any particular insured loss or coverage or location.

All other terms, conditions, definitions, exclusions, limitations and provisions of the Policy remain the same.

Endorsement 3 to **PR006UV18**

Effective Date: **12:01 A.M. 6/30/18**

Insured:**Sandpiper Towers Condominium Association, Inc.**

ENDORSEMENT 4

ANTI-STACKING ENDORSEMENT

The following condition is added to the policy:

If this insurance and any other insurance issued to the Insured by this Company or any member company of American International Group, Inc. apply to the same incident, act, accident, claim, suit, or occurrence, whichever is applicable, the maximum limit of insurance under all insurance available will not exceed the highest applicable limit of insurance available under any one policy.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

Effective Date: **12:01 A.M. 6/30/18**

Endorsement 4 to **PR006UV18**

Insured: **Sandpiper Towers Condominium Association, Inc**

ENDORSEMENT 5

NEW MADRID EARTHQUAKE ZONE COUNTIES

Arkansas: Clay, Craighead, Crittenden, Cross, Greene, Jackson, Lawrence, Randolph, Sharp, Mississippi, Poinsett

Illinois: Alexander, Massac, Pulaski, Union, Williamson, Johnson, Pope, Saline, Jackson, Franklin, Perry, Hardin, Randolph, Monroe, St Clair, Washington, Clinton, Bond Madison, Jefferson

Indiana: Posey, Vanderburgh, Gibson, Warrick, Pike

Kentucky: Ballard, Carlisle, Fulton, Graves, Hickman, Livingston, McCracken, Livingston, Marshall, Calloway

Mississippi: Desoto, Tunica, Marshall, Tate, Coahoma, Bolivar

Missouri: Bollinger, Butler, Cape Girardeau, Dunklin, Mississippi, New Madrid, Pemiscot, Scott, Stoddard, St. Louis, St Francois, St Charles, Jefferson, Franklin, Warren, Washington, Iron, Wayne, Butler, Reynolds, Madison, St Genevieve and Perry

Tennessee: Crockett, Dyer, Haywood, Lake, Lauderdale, Obion, Shelby, Tipton, Gibson, Madison, Fayette, Hardeman

PACIFIC NORTHWEST EARTHQUAKE ZONE COUNTIES

Washington: Clallam, Jefferson, King, Kitsap, Mason, Pierce, San Juan, Skagit, Snohomish, Thurston and Whatcom

Endorsement 5 to **PR006UV18**

Effective Date: **12:01 A.M. 6/30/18**

Insured: **Sandpiper Towers Condominium Association, Inc**

ENDORSEMENT 6

CANCELLATION - ADDITIONAL PROVISIONS

The Policy is amended as respects cancellation. The following additional provisions shall apply with respect to the cancellation provisions of this Policy:

If this Policy covers any location or locations in "Tier 1 wind zone(s)" as defined in this Policy, and the Policy is cancelled at the request of the Insured, the following provision will apply:

If the Policy was in effect at any time during the period from June 1st to November 30th, the amount of premium we will return upon the Insured's cancellation of the Policy will be a percentage of the total premium, determined as follows:

1 Year Policy

| Number of Days Policy In Force | Percentage of Premium to Be Returned |
|--------------------------------|--------------------------------------|
| 1 to 180 | 20% |
| 181 to 210 | 15% |
| 211 to 240 | 10% |
| 241 to 270 | 7.5% |
| 271 to 300 | 5.0% |
| 301 to 330 | 2.5% |
| 331 to 365 | 0.0% |

If a coverage or location is added to or deleted from the Policy, each type of coverage or such location(s) shall be underwritten separately and the rate will be determined based upon the characteristics of the risk.

This provision will not apply if a Location is Sold by the insured at any time.

If a location within a "Tier 1 wind zone" is added to or deleted from the Policy, and coverage for that location existed at any time during the period from June 1st to November 30th, the premium to be returned for that location upon the Insured's cancellation of the Policy will be determined in accordance with the above table. If a location is not within a "Tier 1 wind zone" and is added to or deleted from the Policy, normal pro rata or short rate factors shall apply as provided by the Policy.

All other terms and conditions of the policy remain the same.

Endorsement 6 to **PR006UV18**

Effective Date: **12:01 A.M. 6/30/18**

Insured: **Sandpiper Towers Condominium Association, Inc**

ENDORSEMENT 7

COVERAGE TERRITORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

Payment of loss under this policy shall only be made in full compliance with all United States of America economic or trade sanction laws or regulations, including, but not limited to, sanctions, laws and regulations administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").

Endorsement 7 to **PR006UV18**

Effective Date: **12:01 A.M. 6/30/18**

Insured: **Sandpiper Towers Condominium Association, Inc**

ENDORSEMENT 8

POLLUTION, CONTAMINATION, DEBRIS REMOVAL EXCLUSION ENDORSEMENT

1. Property Not Covered:

This policy does not cover land, land values or water.

2. Pollution and Contamination Exclusion.

This policy does not cover loss or damage caused by, resulting from, contributed to or made worse by actual, alleged or threatened release, discharge, escape or dispersal of CONTAMINANTS or POLLUTANTS, all whether direct or indirect, proximate or remote or in whole or in part caused by, contributed to or aggravated by any physical damage insured by this policy.

Nevertheless, if fire is not excluded from this policy and a fire arises directly or indirectly from seepage or contamination or pollution, any loss or damage insured under this policy arising directly from that fire is insured, subject to the provisions of this policy.

CONTAMINANTS or POLLUTANTS means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste, which after its release can cause or threaten damage to human health or human welfare or causes or threatens damage, deterioration, loss of value, marketability or loss of use to property insured hereunder, including, but not limited to, bacteria, virus, or hazardous substances as listed in the Federal Water, Pollution Control Act, Clean Air Act, Resource Conservation and Recovery Act of 1976, and Toxic Substances Control Act or as designated by the U. S. Environmental Protection Agency. Waste includes materials to be recycled, reconditioned or reclaimed.

This exclusion shall not apply when loss or damage is directly caused by fire, lightning, aircraft impact, explosion, riot, civil commotion, smoke, vehicle impact, windstorm, hail, water, vandalism, malicious mischief. This exclusion shall also not apply when loss or damage is directly caused by leakage or accidental discharge from automatic fire protective systems.

3. Asbestos, Dioxin or Polychlorinated Biphenols Exclusions

This policy does not cover --

- a) Asbestos, dioxin or polychlorinated biphenols (hereinafter all referred to as "Materials") removal from any good, product or structure unless the asbestos is itself damaged by fire, lightning, aircraft impact, explosion, riot, civil commotion, smoke, vehicle impact, windstorm or hail, vandalism, malicious mischief, water, leakage or accidental discharge from automatic *fire* protective system.

- b) Demolition or increased cost of reconstruction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating such Materials;
- c) Any governmental direction or request declaring that such Materials present in or part of or utilized on any undamaged portion of the insured's property can no longer be used for the purpose for which it was intended or installed and must be removed or modified.

The exception to exclusion 3(a), above, does not apply to payment for the investigation or defense of any loss, damage or any undamaged portion of the insured's property can no longer be used for the purpose for which it was intended

4. Debris Removal Exclusion

The Company will pay the expense within the sum insured to remove debris of insured property damaged or destroyed by an insured peril during the policy term.

The Company will not pay the expense to:

- a) Extract contaminants or pollutants from the debris; or
- b) Extract contaminants or pollutants from land or water; or
- c) Remove, restore or replace contaminated or polluted land or water; or
- d) Remove or transport any property or debris to a site for storage or decontamination required because the property or debris is affected by pollutants or contaminants, whether or not such removal, transport, or decontamination is required by law or regulation.

It is a condition precedent to recovery under this extension that the Company shall have paid or agreed to pay for direct physical loss or damage to the property insured hereunder and that the Insured shall give written notice to the Company of intent to claim for cost of removal of debris or cost to clean up not later than 180 days after the date of such physical loss or damage.

5. Authorities Exclusion

Notwithstanding any of the provisions of this policy, the Company shall not be liable for loss, damage, costs, expenses, fines or penalties incurred or sustained by or imposed on the Insured at the order of any Government Agency, Court or other Authority arising from any cause whatsoever.

Effective Date: **12:01 A.M. 6/30/18**

Endorsement 8 to **PR006UV18**

Insured: **Sandpiper Towers Condominium Association, Inc**

ENDORSEMENT 9

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

REQUIREMENTS IN CASE OF LOSS

In consideration of the premium charged, it is hereby understood and agreed that this policy is amended as follows:

The Insured shall:

1. Give prompt written notice of any loss or damage to the Company,
2. Promptly contact the applicable authority having jurisdiction in the event a law has been broken, and promptly file a written report with such authority,
3. Protect the property from further loss or damage,
4. Separate the damaged and undamaged personal property,
5. Maintain such property in the best possible order, and
6. Furnish a complete inventory of the lost, destroyed, damaged and undamaged property, showing in detail quantities, costs, actual cash value and amount of loss claimed,
7. Furnish all other documents or insurance policies that the Company may reasonably require,
8. Allow the Company to access and inspect any of the damaged or undamaged property, and
9. Submit to examination under oath at such times as may be reasonably required about any matter relating to this insurance or any claim;

Within sixty (60) days after the Company's request, the Insured shall provide the Company with a proof of loss, signed and sworn to by the Insured, stating the knowledge and belief of the Insured as to the following:

1. The time and origin of the loss,
2. The interest of the Insured and of all others in the property,
3. The value of each item thereof determined in accordance with the Valuation Provisions of this Policy and the amount of loss thereto and all encumbrances thereon,
4. All other contracts of insurance, whether collectible or not, covering any of said property, and
5. Any changes in the title, use, occupation, location, possession or exposures of said property subsequent to the issuance of this Policy, by whom and for what purpose any building herein described and the several parts thereof were occupied at the time of loss whether or not it then stood on leased ground.

All other terms, conditions, definitions, exclusions, limitations and provisions of the Policy remain the same.

Endorsement 9 to PR006UV18

Insured: **Sandpiper Towers Condominium Association, Inc.** Effective Date: **12:01 A.M. 6/30/18**

TIER 1 COUNTIES ENDORSEMENT

It is agreed that the all reference to "Tier 1 ", "Tier I Windstorm" or other similar "Tier 1" references, shall be defined as all locations situated within *Tier 1 Counties, Parishes or Independent Cities* as classified below.

| | |
|------------------------|--|
| ALABAMA: | Baldwin, Mobile; |
| HAWAII: | Entire State of Hawaii; |
| GEORGIA: | Bryan, Camden, Chatham, Glynn, Liberty, McIntosh; |
| LOUISIANA: | 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; |
| VIRGINIA: | Accomack, Chesapeake City, Gloucester, Hampton City, Isle of Wight, James City, Lancaster, Mathews, Middlesex, Newport News, Norfolk City, Northampton, Northumberland, Poquoson City, Portsmouth City, Suffolk City, Surry, Virginia Beach City, Westmoreland, Williamsburg City, York; |

Special Endorsement A to **PR006UV18**
All other terms and conditions remain unchanged.

Effective Date: **12:01 A.M. 6/30/18**

Insured: **Sandpiper Towers Condominium Association, Inc.**

This endorsement, effective 12:01 A.M. 06/30/2018

Forms a part of policy no.: PR006UV18

Issued to: Sandpiper Towers Condominium Association Inc.

By: Aspen Specialty Insurance Company

LIMITS OF LIABILITY

In consideration of the premium charged, it is agreed that the following limits of liability apply:

| | | |
|---|--------------|---|
| All Risk of Direct Physical Loss or Damage (Real and Personal Property, Business Income & Rental Value) | \$11,998,192 | Per occurrence |
| Earthquake | \$11,998,192 | Per occurrence and in the annual aggregate |
| Flood | Excluded | |
| Named Storm | Excluded | |
| Loss to Objects (Boiler & Machinery) | \$11,998,192 | |
| Accounts Receivable | \$1,000,000 | |
| Valuable Papers | \$1,000,000 | |
| Demolition | \$5,000,000 | |
| Increased cost of Construction | \$5,000,000 | |
| Off Premises Power (PD/BI) | \$5,000,000 | |
| Soft Costs | \$250,000 | |
| Loss Adjustment Expenses | \$250,000 | |
| Transit | \$100,000 | |
| Land Improvements (Trees, Shrubs, Plants and Lawns as Part of Landscape Gardening Only) | \$1,000,000 | Sub-limit: \$2,500 Any One Item |
| Expediting Expense | \$1,000,000 | |

| | | |
|--|-------------|-------------------------------------|
| Electronic Data Processing (EDP) Media, Data, Programs, and/or Software | \$250,000 | |
| Ingress/Egress within one (1) statute mile from the Insured's premises | \$1,000,000 | |
| Civil Authority within one (1) statute mile from the Insured's premises | \$1,000,000 | |
| Extra Expense | \$1,000,000 | |
| Fine Arts | \$250,000 | Sub-limit: \$10,000 any one item |
| Mold/Fungus | \$1,000,000 | |
| Fire Brigade Charges and Extinguishing Expenses | \$500,000 | |
| Arson or Theft Reward | \$100,000 | |
| Locks and Keys | \$100,000 | |
| Tenant Relocation Expense | \$250,000 | |
| Evacuation Expense | \$250,000 | |
| Errors and Omissions | \$500,000 | |

All other terms, conditions, definitions, exclusions, limitations and provisions of the Policy remain the same.



Authorized Representative OR
Countersignature (In states where applicable)

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

SCHEDULE

| |
|---|
| SCHEDULE – PART I |
| Terrorism Premium (Certified Acts) \$ Included |
| SCHEDULE – PART II |
| THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 and 80% BEGINNING ON JANUARY 1, 2020, OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. |
| Information required to complete this Schedule, if not shown above, will be shown in the Declarations. |

A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals a percentage (as shown in Part II of the Schedule of this endorsement or in the policy Declarations) of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

C. Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 STANDARD PROPERTY POLICY

A. Cap On Certified Terrorism Losses

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

B. Application Of Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EARNED PREMIUM ENDORSEMENT

In consideration of the premium charged, it is agreed that:

For locations in Tier I coastal counties from Texas to Maine, and for all of the state of Florida, if you cancel this policy, or remove a location, or reduce the coverage limits on a location and coverage existed any time during the period of June 1st to November 30th then we will not return any premium. Also, if such a referenced location is added during the term of the policy and coverage exists at any time during the period of June 1st to November 30th, the rate will be calculated as 100% of the annual rate; otherwise it shall be pro rata.

Coverage cannot be increased, nor additional locations added, if a named storm is in force, unless specifically accepted by us.

This endorsement replaces any short rate provisions stipulated in this policy for these referenced locations.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

GENERAL PRE-EXISTING DAMAGE EXCLUSION ENDORSEMENT

In consideration of the premium charged, it is agreed that:

This policy does not cover any loss or damage directly or indirectly caused by, resulting from, or contributed by, in whole or in part, any pre-existing damage to the insured premise(s) existing at the time of the loss, including, but not limited to, any loss or damage caused by:

1. Rain, wind, flood, hurricane or other weather-related incident;
2. Excessive sun, heat or moisture damage, due to internal building temperature, improper ventilation, or other structural, internal, or external conditions;
3. Insects, bugs, vermin or other animal pests, including termites, ants, bees, wasps, beetles, moths, fleas, spiders, rodents (rats and mice); or
4. Any earth movement such as an earthquake, landslide, sinkhole or other earth sinking, rising or shifting.

We will reduce any amount payable for loss under the policy if:

1. The property was previously damaged prior to the effective date of this policy; or
2. Payment was made for any previously damaged property that was not promptly repaired or replaced.

We will reduce the amount payable for loss to the damaged property by the amount of previous damage or the amount paid for the previous damage. We will further reduce the amount payable for loss to other property by the amount of damage which arises out of or as a direct result of the previously damaged property.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OCCURRENCE LIMIT OF LIABILITY ENDORSEMENT

In consideration of the premium charged, it is agreed that:

The following special terms and conditions apply to this policy:

1. The Limit of Liability or Amount of insurance shown on the Declarations of this policy, or endorsed onto this policy, is the total limit of the Company's liability applicable to each occurrence. Notwithstanding any other terms and conditions of this policy, in no event shall the liability of the Company exceed this limit or amount, irrespective of the number of locations involved.

The term "occurrence" shall mean any one loss, disaster, casualty or series of losses, disasters or casualties, arising out of one event. The duration and extent of any one loss, disaster, casualty or series of losses, disasters or casualties will be limited to all losses or series of losses occurring during any period of 168 consecutive hours arising out of, and directly occasioned by, the same event. When the term applies to loss or series of losses from the perils of tornado, cyclone, hurricane, windstorm, hail, flood, earthquake, volcanic eruption, riot, riot attending a strike, civil commotion, vandalism and malicious mischief, one event shall be construed to be all losses arising during a continuous period of 72 hours. When filing proof of loss, the Insured may elect the moment at which the 72 hour period shall be deemed to have commenced, which shall not be earlier than when the first loss occurs to any covered property.

2. The premium for this policy is based upon the Statement of Values on file with the Company, or attached to this policy, in the event of loss hereunder, liability of the Company, subject to the terms of paragraph 1. above, shall be limited to the least of the following:
 - a. The actual adjusted amount of loss, less applicable deductible(s);
 - b. 100% of the individually stated value for each scheduled item of property insured, as shown on the latest Statement of Values on file with the Company, less applicable deductible(s); or
 - c. The Limit of Liability or Amount of insurance shown on the face of this policy or endorsed onto this policy.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MINIMUM EARNED PREMIUM CLAUSE – PERCENTAGE ENDORSEMENT

In consideration of the premium charged, it is agreed that:

In the event of cancellation of this policy by the insured, a minimum premium of 35% of the original policy premium shall become earned; any conditions of the policy to the contrary notwithstanding.

Failure of the insured to make timely payment of premium shall be considered a request by the insured for the Company to cancel.

In the event of such cancellation by the Company for non-payment of premium, the minimum premium shall be due and payable; provided, however, such non-payment cancellation shall be rescinded if the insured remits the full premium due within 45 days of receiving it. In the event of any other cancellation by the Company, the earned premium shall be computed pro rata, not subject to the minimum payment.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSS ADJUSTMENT ENDORSEMENT

In consideration of the premium charged, it is agreed that:

We have the option of engaging a separate loss adjuster and/or loss adjustment facility in place of any loss adjuster and/or loss adjustment facility so designated or named in the policy or any other policy of insurance that may be in force at our sole discretion and expense.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 90 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums;
and
2. Will be the payee for any return premiums we
pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

F. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - a. Someone insured by this insurance;
 - b. A business firm:
 - (1) Owned or controlled by you; or
 - (2) That owns or controls you; or
 - c. Your tenant.

This will not restrict your insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

JOINT OR DISPUTED LOSS AGREEMENT

This Endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

- A.** This endorsement is intended to facilitate payment of insurance proceeds when:
1. Both a boiler and machinery policy and this commercial property policy are in effect;
 2. Damage occurs to Covered Property that is insured by the boiler and machinery policy and this commercial property policy; and
 3. There is disagreement between the insurers as to whether there is coverage or as to the amount of the loss to be paid, if any, by each insurer under its own policies.
- B.** This endorsement does not apply if:
1. Both the boiler and machinery insurer(s) and we do not admit to any liability; and
 2. Neither the boiler and machinery insurer(s) nor we contend that coverage applies under the other insurer's policy.
- C.** The provisions of this endorsement apply only if all of the following requirements are met:
1. The boiler and machinery policy carried by the named insured, insuring the Covered Property, contains a similar provision at the time of the loss or damage, with substantially the same requirements, procedures and conditions as contained in this endorsement;
 2. The damage to the Covered Property was caused by a loss for which:
 - a. Both the boiler and machinery insurer(s) and we admit to some liability for payment under the respective policies; or
 - b. Either:
 - (1) The boiler and machinery insurer(s) does not admit to any liability for payment, while we contend that:
 - (a) All liability exists under the boiler and machinery policy; or
 - (b) Some liability exists under both the boiler and machinery policy and this commercial property policy;
 - (2) We do not admit to any liability for payment, while the boiler and machinery insurer(s) contends that:
 - (a) All liability exists under this commercial property policy; or
 - (b) Some liability exists under both the boiler and machinery policy and this commercial property policy; or
 - (3) Both the boiler and machinery insurer(s) and we:
 - (a) Do not admit to any liability for payment; and
 - (b) Contend that some or all liability exists under the other insurer's policy; and
 3. The total amount of the loss is agreed to by you, the boiler and machinery insurer(s) and us.
- D.** If the requirements listed in Paragraph **C.** above are satisfied, we and the boiler and machinery insurer(s) will make payments to the extent, and in the manner, described as follows:
1. We will pay, after your written request, the entire amount of loss that we have agreed as being covered, if any, by this commercial property policy and one-half (1/2) the amount of the loss that is in disagreement.
 2. The boiler and machinery insurer(s) will pay, after your written request, the entire amount of loss that they have agreed as being covered, if any, by the boiler and machinery policy and one-half (1/2) the amount of loss that is in disagreement.
 3. Payments by the insurers of the amounts that are in disagreement, as described in Paragraphs 1. and 2., do not alter, waive or surrender any rights of any insurer against any other with regard to the portion of the loss for which each insurer is liable.

4. The amount in disagreement to be paid by us under this endorsement shall not exceed the amount payable under the equivalent Loss Agreement(s) of the boiler and machinery policy.
5. The amount to be paid under this endorsement shall not exceed the amount we would have paid had no boiler and machinery policy been in effect at the time of loss. In no event will we pay more than the applicable Limit of Insurance shown in the Declarations.
6. Acceptance by you of sums paid under this endorsement does not alter, waive or surrender any other rights against us.

E. Arbitration

1. If the circumstances described in Paragraph **C.2.a.** exist and the boiler and machinery insurer(s) and we agree to submit our differences to arbitration, the boiler and machinery insurer(s) and we will determine the amount each will pay and will pay the insured within 90 days. Arbitration will then take place within 90 days after payment of the loss under the terms of this endorsement.
2. If any of the circumstances described in Paragraph **C.2.b.** exist, then the boiler and machinery insurer(s) and we agree to submit our differences to arbitration within 90 days after payment of the loss under the terms of this endorsement.

3. You agree to cooperate with any arbitration procedures. There will be three arbitrators: one will be appointed by us, and another will be appointed by the boiler and machinery insurer(s). The two arbitrators will select a third arbitrator. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. A decision agreed to by two of the three arbitrators will be binding on both parties. Judgment on any award can be entered in any court that has jurisdiction.

F. Final Settlement Between Insurers

The insurer(s) found responsible for the greater percentage of the ultimate loss must return the excess contribution to the other insurer(s). In addition, the insurer(s) found responsible for the greater portion of the loss must pay Liquidated Damages to the other insurer(s) on the amount of the excess contribution of the other insurer(s). Liquidated Damages are defined as interest from the date the insured invokes this Agreement to the date the insurer(s) that contributed the excess amount is reimbursed. The interest is calculated at 1.5 times the highest prime rate from the Money Rates column of the Wall Street Journal during the period of the Liquidated Damages. Arbitration expenses are not a part of the excess contribution for which liquidated damages are calculated. Arbitration expenses will be apportioned between insurers on the same basis that the ultimate loss is apportioned.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLORIDA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

A. Paragraph **2.** of the **Cancellation** Common Policy Condition is replaced by the following:

2. Cancellation For Policies In Effect 90 Days Or Less

a. If this policy has been in effect for 90 days or less, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, accompanied by the specific reasons for cancellation, at least:

(1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or

(2) 20 days before the effective date of cancellation if we cancel for any other reason, except we may cancel immediately if there has been:

(a) A material misstatement or misrepresentation; or

(b) A failure to comply with underwriting requirements established by the insurer.

b. We may not cancel:

(1) On the basis of property insurance claims that are the result of an act of God, unless we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property; or

(2) Solely on the basis of a single property insurance claim which is the result of water damage, unless we can demonstrate that you have failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property.

B. Paragraph **5.** of the **Cancellation** Common Policy Condition is replaced by the following:

5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will mail the refund within 15 working days after the date cancellation takes effect, unless this is an audit policy.

If this is an audit policy, then, subject to your full cooperation with us or our agent in securing the necessary data for audit, we will return any premium refund due within 90 days of the date cancellation takes effect. If our audit is not completed within this time limitation, then we shall accept your own audit, and any premium refund due shall be mailed within 10 working days of receipt of your audit.

The cancellation will be effective even if we have not made or offered a refund.

C. The following is added to the **Cancellation** Common Policy Condition:

7. Cancellation For Policies In Effect For More Than 90 Days

a. If this policy has been in effect for more than 90 days, we may cancel this policy only for one or more of the following reasons:

- (1) Nonpayment of premium;
- (2) The policy was obtained by a material misstatement;
- (3) In the event of failure to comply, within 90 days after the effective date of coverage, with underwriting requirements established by us before the effective date of coverage;
- (4) There has been a substantial change in the risk covered by the policy;
- (5) The cancellation is for all insureds under such policies for a given class of insureds;
- (6) On the basis of property insurance claims that are the result of an act of God, if we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property;
- (7) On the basis of a single property insurance claim which is the result of water damage, if we can demonstrate that you have failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property; or
- (8) The cancellation of some or all of our policies is necessary to protect the best interests of the public or policyholders and such cancellation is approved by the Florida Office of Insurance Regulation.

b. If we cancel this policy for any of these reasons, we will mail or deliver to the first Named Insured written notice of cancellation, accompanied by the specific reasons for cancellation, at least:

- (1) 10 days before the effective date of cancellation if cancellation is for nonpayment of premium;

(2) 45 days before the effective date of cancellation if:

- (a) Cancellation is for one or more of the reasons stated in Paragraphs **7.a.(2)** through **7.a.(7)** above, and this policy does not cover a residential structure or its contents; or
- (b) Cancellation is based on the reason stated in Paragraph **7.a.(8)** above;

(3) 120 days before the effective date of cancellation if:

- (a) Cancellation is for one or more of the reasons stated in Paragraphs **7.a.(2)** through **7.a.(7)** above; and
- (b) This policy covers a residential structure or its contents.

c. If this policy has been in effect for more than 90 days and covers a residential structure or its contents, we may not cancel this policy based on credit information available in public records.

D. The following is added:

Nonrenewal

1. If we decide not to renew this policy, we will mail or deliver to the first Named Insured written notice of nonrenewal, accompanied by the specific reason for nonrenewal, at least:

- a. 45 days prior to the expiration of the policy if this policy does not cover a residential structure or its contents, or if nonrenewal is for the reason stated in Paragraph **D.5.**; or
- b. 120 days prior to the expiration of the policy if this policy covers a residential structure or its contents.

2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured at the last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

3. We may not refuse to renew this policy:

- a. On the basis of property insurance claims that are the result of an act of God, unless we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property;

b. On the basis of filing of claims for sinkhole loss. However, we may refuse to renew this policy if:

- (1) The total of such property insurance claim payments for this policy equals or exceeds the policy limits in effect on the date of loss for property damage to the covered building; or
- (2) You have failed to repair the structure in accordance with the engineering recommendations upon which any loss payment or policy proceeds were based; or

c. Solely on the basis of a single property insurance claim which is the result of water damage, unless we can demonstrate that you have failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property.

4. Notwithstanding the provisions of Paragraph **D.3.**, we may refuse to renew this policy if this policy includes Sinkhole Loss coverage. If we nonrenew this policy for purposes of removing Sinkhole Loss coverage, pursuant to section 627.706, Florida Statutes, we will offer you a policy that includes catastrophic ground cover collapse coverage.

5. Notwithstanding the provisions of Paragraph **D.3.**, we may refuse to renew this policy if nonrenewal of some or all of our policies is necessary to protect the best interests of the public or policyholders and such nonrenewal is approved by the Florida Office of Insurance Regulation.

E. Limitations On Cancellation And Nonrenewal In The Event Of Hurricane Or Wind Loss – Residential Property

1. The following provisions apply to a policy covering a residential structure or its contents, if such property has sustained damage as a result of a hurricane or windstorm that is the subject of a declaration of emergency by the Governor and filing of an order by the Commissioner of Insurance Regulation:

a. Except as provided in Paragraph **E.1.b.**, we may not cancel or nonrenew the policy until at least 90 days after repairs to the residential structure or its contents have been substantially completed so that it is restored to the extent that it is insurable by another insurer writing policies in Florida. If we elect to not renew the policy, we will provide at least 100 days' notice that we intend to nonrenew 90 days after the substantial completion of repairs.

b. We may cancel or nonrenew the policy prior to restoration of the structure or its contents for any of the following reasons:

- (1) Nonpayment of premium;
- (2) Material misstatement or fraud related to the claim;
- (3) We determine that you have unreasonably caused a delay in the repair of the structure; or
- (4) We have paid the policy limits.

If we cancel or nonrenew for nonpayment of premium, we will give you 10 days' notice. If we cancel or nonrenew for a reason listed in Paragraph **b.(2)**, **b.(3)** or **b.(4)**, we will give you 45 days' notice.

2. With respect to a policy covering a residential structure or its contents, any cancellation or nonrenewal that would otherwise take effect during the duration of a hurricane will not take effect until the end of the duration of such hurricane, unless a replacement policy has been obtained and is in effect for a claim occurring during the duration of the hurricane. We may collect premium for the period of time for which the policy period is extended.

3. With respect to Paragraph **E.2.**, a hurricane is a storm system that has been declared to be a hurricane by the National Hurricane Center of the National Weather Service (hereafter referred to as NHC). The hurricane occurrence begins at the time a hurricane watch or hurricane warning is issued for any part of Florida by the NHC and ends 72 hours after the termination of the last hurricane watch or hurricane warning issued for any part of Florida by the NHC.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
STANDARD PROPERTY POLICY

- A.** We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.
- 1.** The failure, malfunction or inadequacy of:
 - a.** Any of the following, whether belonging to any insured or to others:
 - (1)** Computer hardware, including microprocessors;
 - (2)** Computer application software;
 - (3)** Computer operating systems and related software;
 - (4)** Computer networks;
 - (5)** Microprocessors (computer chips) not part of any computer system; or
 - (6)** Any other computerized or electronic equipment or components; or
 - b.** Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
 - 2.** Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.
- B.** If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:
- 1.** In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or
 - 2.** Under the Commercial Property Coverage Part:
 - a.** In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss – Special Form; or
 - b.** In a Covered Cause of Loss under the Causes Of Loss – Basic Form or the Causes Of Loss – Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.
- C.** We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.

ELECTRONIC DATA ENDORSEMENT

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 there from, 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 for electronically controlled equipment and includes programs, 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

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 of the blank media plus the costs of copying the ELECTRONIC 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 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 Assured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

Form approved by Lloyd's Underwriters' Non-Marine Association Limited

POLICYHOLDER'S GUIDE TO REPORTING A PROPERTY CLAIM

A. At the time when you are aware of an event that will give rise to the need to report a claim on your own behalf (1st Party Property Claims), please be sure to quickly report the matter to both your agent/broker and Aspen Specialty Insurance Management Company. Be sure to include your policy number and the name of the insured as it is stated on the policy.

B. New claims can be reported to Aspen Specialty Insurance Company as follows:

- 1. By Mail:**
Aspen Specialty Insurance Company
c/o Aspen Specialty Insurance Management Company
Claims Department
125 Summer Street
Boston, MA 02110
Main Telephone No: 617-532-7300
- 2. By Fax:** 617-532-7342
- 3. By E-mail:** property.claims@aspenspecialty.com
- 4. Toll Free for policyholders to use in the event of a disaster:** 855-397-3295