State of Louisiana

Office of Risk Management
Self Insurance Fund

Property Declarations

Office of the Governor
Division of Administration

FIRST NAMED INSURED AND ADDRESS	Louisiana State University and Agricultural and Mechanical College c/o State of Louisiana, Office of Risk Management Post Office Box 91106 Baton Rouge, Louisiana 70821-9106	***POLICY NO.***	LSUBP20142015			
		POLICY PERIOD	12:01 A.M. at the "location" of the property insured			
			FROM:	July 1, 2014	***TO:***	July 1, 2015

In return for payment of the premium, and subject to all the terms of this policy, the Insurer agrees to provide the insurance as stated in this policy. This contract is subject to and conditioned upon the availability and appropriation of the funds necessary for any and all amounts that may be due in accord with the provisions herein. Be it understood and agreed that the Insurer is the State of Louisiana Self Insurance Program Fund. Be it further agreed that the words policy and certificate shall be synonymous.

This policy is subject to the cost allocation plan of the Office of Risk Management.

LIMITS OF LIABILITY

This is a scheduled policy and subject to the schedule of values on file with the Office of Risk Management at the time of loss.

The maximum Limit of Liability in a single "occurrence" regardless of the number of "locations" or coverages involved shall not exceed the Policy Limit of Liability of USD 2,500,000.

When a Limit of Liability applies to a specific peril, such Limit shall be the maximum amount payable for any loss or damage arising from direct physical loss, damage or destruction of the type insured by this policy.

Sub-limits stated in the Sub-limits schedule, or elsewhere in this Policy, shall apply as a part of and not in addition to the Policy Limit of Liability. Limits and sub-limits do not include the amount of any applicable Deductibles.

Limits of Liability, including Sub-limits, apply per "occurrence" unless otherwise stated. When a Sub-limit of Liability is shown as applying in the aggregate during any Policy year, the Insurer's maximum Limit of Liability shall not exceed such Limit during any Policy year regardless of the number of "locations", coverages or "occurrence"(s) involved.

SCHEDULE OF 100% PROGRAM SUB-LIMITS

Property Damage and "Time Element" coverages are subject to the following Sub-limits, unless otherwise stated:

USD 250,000 Building; USD 100,000 Business Personal Property	Automatic Coverage on Newly Acquired Property, Property Damage and "Time Element" combined (not to exceed the number of days shown in Time Limits in Declarations)
USD 1,000,000	"Boiler and Machinery"/Equipment Breakdown
Scheduled value on file at ORM at the time of loss	Business Personal Property
USD 10,000	Contamination Cleanup, pollution of land and water, in the aggregate during any Policy year
USD 250,000 Building; USD 100,000 Business Personal Property	Course of Construction, Property Damage and "Time Element" combined
25% of the Property Damage (Debris Removal plus Property Damage not to exceed the replacement cost valuation of the building)	Debris Removal and Cost of Cleanup
25% of the scheduled replacement cost (in addition to the replacement cost valuation of the building)	Ordinance or Law (Demolition and Increased Cost of Construction) Property Damage and "Time Element" combined, however the replacement cost valuation applies to the undamaged portion of the building
Maximum of 120% of the scheduled value on file at ORM at the time of loss	Replacement Cost Valuation

Time Limits – the following coverages/extensions are subject to the following Time Limits:

30 Consecutive days limit	Automatic Coverage on Newly Acquired Property
365 Consecutive days limit	Business Interruption, including Tuition & Fees
30 Consecutive days limit	Course of Construction

DEDUCTIBLES

Each claim for loss or damage shall be adjusted separately, and from the amount of each adjusted claim the sum shall be deducted as follows:

All covered causes of loss — USD 250,000 deductible per "Named Insured" per "occurrence"

LOSS PAYABLE

Loss, if any, shall be adjusted with and payable to the "First Named Insured" whose receipt shall constitute a release in full of all liability under this Policy with respect to such loss.

SCHEDULE OF ADDITIONAL INSUREDS, LOSS PAYEES, AND MORTGAGEES

Per Certificates of Insurance

TERRITORY

This Policy insures worldwide, except in any specific country where the Government of the United States of America prohibits people or companies from doing business.

GOVERNING LAW AND JURISDICTION

Any dispute concerning or related to this insurance shall be determined in accordance with the laws of the State of Louisiana.

CERTIFICATES OF INSURANCE

Any certificate of insurance or evidence of property insurance documents issued in connection with this Policy shall be issued solely as a matter of convenience or information for the addressee or holder of said certificate or evidence of insurance, except where any Additional Insured(s), Mortgagee(s) or Loss Payee(s) is named or any waiver of subrogation granted pursuant to the Special Provisions of the certificate of insurance or evidence of property insurance. In the event any Additional Insured(s), Mortgagee(s) or Loss Payee(s) are named, this Policy shall be deemed to have been endorsed accordingly, subject to all other terms, conditions and exclusions stated in this Policy.

The Insurer may issue such certificates of insurance and evidence of property insurance documents.

SCHEDULE OF ENDORSEMENTS AT INCEPTION

Endorsement #1	LPFA/Third Party Financing
Endorsement #2	Priority of Payments
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Mr. J. S. Thompson, Jr.
State Risk Director

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I. INSURING AGREEMENT

This policy insures against all risks of direct physical loss, damage or destruction occurring during the policy period to the type of property insured hereunder.

II. PROPERTY INSURED

Except as hereinafter excluded, this Policy insures:

A. REAL AND BUSINESS PERSONAL PROPERTY

All real and business personal property, either owned by or in the care, custody or control of the Insured, at a "location" or within 1000 feet thereof and while in the due course of transit, including the "Insurable interest of the Insured in 'property of others.'"

B. EXTENSIONS

This policy also insures the following. Each of these coverage extensions is subject to the applicable deductible and is included within the policy limits of liability.

1. ACCOUNTS RECEIVABLE

a. All sums due the Insured from customers, provided the Insured is unable to effect collection thereof as the result of direct physical loss, damage or destruction of records of accounts receivable by a peril insured by this Policy;

b. Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by such loss or damage;

c. Collection expense in excess of normal collection cost and made necessary because of such loss or damage;

d. Other expenses, when reasonably incurred by the Insured in re-establishing records of accounts receivable following such loss or damage.

e. For the purpose of this Accounts Receivable insurance, credit card company charge media shall be considered to represent sums due the Insured.

f. When there is proof that a loss of records of accounts receivable has occurred but the Insured cannot more accurately establish the total amount of accounts receivable outstanding as of the date of such loss, such amount shall be computed as follows:

   i. The monthly average of accounts receivable during the last available twelve months shall be adjusted in accordance with the percentage of increase or decrease in the twelve months average of monthly gross revenues which may have occurred in the interim.

   ii. The monthly amount of accounts receivable thus established shall be further adjusted in accordance with any demonstrable variance from the average for the particular month in which the loss occurred, due consideration also being given to the normal fluctuations in the amount of accounts receivable within the fiscal month involved.

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

2. AUTOMATIC COVERAGE ON NEWLY ACQUIRED PROPERTY

The insurable interest of the Insured in real and business personal property of the type insured by this Policy that becomes at the risk of the Insured after the inception date of this Policy at any newly acquired "location" within the territorial limits of this Policy. This coverage applies until one of the following events occurs:

a. Insurance on the "location" is bound by the Insurer.

b. Agreement is reached that the "location" shall not be insured under this Policy.

c. Expiration of the Time Limit shown in DECLARATIONS section. The Time Limit begins on the date of acquisition, completion of construction, or occupancy, including partial.

3. BRANDS AND LABELS/CONTROL OF DAMAGED PROPERTY

a. Brands and Labels: In case of direct physical loss, damage or destruction, by a peril insured by this Policy, of property bearing a brand or trademark, or the name of the Insured, which in any way carries or implies the guarantee or the responsibility of the manufacturer or the Insured, the salvage value of such damaged property shall be determined after removal in the customary manner of all such brands or trademarks or other identifying characteristics. The cost of such removal shall be included as a part of the claim.

b. Control of Damaged Property: The Insured shall have full right to the possession of all property involved in any claims under this Policy and shall retain control of all lost, damaged or destroyed property. The Insured, exercising a reasonable discretion, shall be the sole judge as to whether the property involved in any loss under this Policy is fit for sale or use. No property so deemed by the Insured to be unfit for sale or use shall be sold or otherwise disposed of except by the Insured or with the Insured's consent, but the Insured shall allow this Insurer any salvage obtained by the Insured on any sale or other disposition of such property.

4. CONSEQUENTIAL LOSS

a. In the event of direct physical loss, damage or destruction insured by this Policy to any property situated on the described premises and if such direct physical loss, damage or destruction, without the intervention of any other independent cause, results in a sequence of events which causes physical damage to other property insured by this Policy, then this Policy will insure such resulting loss or damage. Nothing in this clause shall be deemed to extend this insurance to property which is otherwise specifically excluded from coverages by the terms of this policy.

   The liability of the Insurer includes only the direct physical loss, damage or destruction incurred during such period as would be required with the exercise of due diligence under normal conditions to repair or replace the damaged property, and does not include any liability resulting from inability of the Insured to make repairs or replacements because of strikers or labor disputes.

b. The reduction in value of undamaged insured articles that are a part of pairs or sets, including components or parts of similar inventory-type property and including merchandise usually sold by lots, sizes, color ranges or other classifications, when such reduction in value results from

loss, damage or destruction of other insured articles, components or parts of such property by a peril insured by this Policy;

In the event of such direct physical loss, damage or destruction, the measure of recovery for such articles shall be, at the Insured's option:

The reduction in value of undamaged insured components or parts of property resulting from direct physical loss or damage Insured by this Policy to other insured components or parts of such property; or, the full value of the pair or set.

5. CONTAMINATION CLEANUP

Notwithstanding anything in this Policy to the contrary, such costs or expenses incurred to clean up and/or remove polluted or contaminated land and/or water from an insured "location" provided the contamination or pollution results directly from direct physical loss, damage or destruction of property insured by a peril insured by this Policy, and provided such expenses are reported to the Insurer within 365 days of the date of the direct physical loss, damage or destruction.

6. CONTRACTOR'S, SUBCONTRACTOR'S AND VENDOR'S

Contractor's and/or subcontractor's (of any tier) and vendor's interests in property insured to the extent of the Insured's liability imposed by law or assumed by written contract.

7. COURSE OF CONSTRUCTION

New buildings and structures, building materials, and machinery and equipment to be installed therein, in the course of construction and installation, at both new and existing "locations." This policy also insures state owned property to be used in the course of construction while at offsite storage "locations".

This coverage applies until one of the following events occurs:

a. Construction completed

b. Building occupied, wholly or partially

c. Expiration of the time limit shown in the declarations section. The Time Limit begins on the earliest of a. or b.

8. DEBRIS REMOVAL AND COST OF CLEAN-UP

Notwithstanding the provisions of any exclusion contained herein or any provision respecting pollution and/or contamination, in the event of direct physical loss, damage or destruction of property by a peril insured by this Policy, this Policy (subject otherwise to its terms, conditions, and limitations, including but not limited to any applicable Deductible) insures:

a. Expenses necessarily and reasonably incurred in removal of any debris from damaged property insured by this policy,

and/or

b. Cost of clean-up at the "location" made necessary as a result of direct physical loss, damage or destruction of property by a peril insured by this Policy,

Provided such expenses are reported to the Insurer within 365 days of the date of the direct physical loss, damage or destruction.

This provision does not insure against the costs of decontamination or removal of water, soil or any substance not insured by this Policy on or under such "location" except as provided in clause 5, Contamination Cleanup.

It is a condition precedent to recovery under this provision that the Insurer shall have paid or agreed to pay for direct physical loss, damage or destruction of property insured unless such payment is precluded solely by the operation of any Deductible.

9. DECONTAMINATION COSTS

Notwithstanding the provisions of any exclusion contained herein or any provision respecting pollution, contamination and/or mold, mildew, and fungus, if property insured is contaminated as a result of direct physical loss, damage or destruction by a peril insured by this Policy, including but not limited to the presence of pollutants or contaminants, this Policy insures, the increased cost of decontamination and/or removal of such contaminated property insured. This provision applies only to that part of insured property contaminated as a result of insured direct physical loss, damage or destruction by a peril insured by this Policy.

10. DEFENSE EXPENSES

With respect to the interest of the Insured in "property of others" in the Insured's care, custody or control, this Policy shall defend any suit against the Insured alleging liability for direct physical loss, damage or destruction, by a peril insured by this Policy, of the property, even if such suit is groundless, false or fraudulent; but the Insurer may without prejudice, make such investigation, negotiation and settlement of any claim or suit the Insurer deems expedient.

11. DEFERRED PAYMENTS

This Policy insures direct physical loss damage or destruction to Business personal property of the type insured sold by the Insured under a conditional sale or trust agreement or any installment or deferred payment plan and after such property has been delivered to the buyer. Coverage is limited to the unpaid balance for such property.

In the event of loss to property sold under deferred payment plans, the Insured will use all reasonable efforts, including legal action, if necessary, to effect collection of outstanding amounts due or to regain possession of the property.

This policy does not insure:

a. pertaining to products recalled including, but not limited to, the costs to recall, test or to advertise such recall by the Insured

b. from theft or conversion by the buyer of the property after the buyer has taken possession of such property

c. to the extent the buyer continues payments

d. not within the territory of this policy

12. DESTRUCTION OF PROPERTY AT THE ORDER OF PUBLIC AUTHORITY

Any destruction of property insured at the order of public authority at the time of and for the purpose of preventing direct physical loss, damage, destruction by a peril insured by this Policy.

13. ELECTRONIC DATA PROCESSING EQUIPMENT, MEDIA AND DATA

'Electronic data processing equipment', including but is not limited to mainframes, servers, workstations and portable computers, personal information managers, wide and local area network hardware, electronic and electromechanical equipment, electronic controls for machinery, electronically programmed memory chips and electronically controlled communication equipment.

Subject to Electronic Media and Electronic Data in EXCLUSIONS, this Policy also insures 'electronic media' meaning any physical device that holds, stores, contains or transfers 'electronic data,' and includes but is not limited to disks, drives, films, tapes, records, drums or cells. This Policy also insures 'electronic data' which includes but is not limited to files, programs, applications, operating systems, and other coded instructions for the processing calculation. 'Electronic data' does not include facts, concepts or information, including compilations thereof, in a form useable or intended for use or processing by electronic data processing equipment or for storage on electronic media.

14. EMERGENCY VACATING EXPENSES

This Policy insures the reasonable extra costs incurred by the Insured when an authorized governmental agency or other similar authority orders the emergency evacuation of an Insured's hospital or long term care facility, including employees, patients, and residents, as a result of an immediately impending insured peril that threatens imminent physical danger. No coverage is provided if the vacating results from a planned evacuation drill or evacuation of any patient or resident because of a medical condition.

15. EXPEDITING EXPENSES

In the event of direct physical loss, damage or destruction of property insured by a peril insured by this Policy, this Policy insures the reasonable extra cost to make temporary repairs, expedite permanent repairs, and expedite permanent replacement of such property.

16. FINE ARTS AND ANTIQUES

Any paintings, etchings, pictures, tapestries, art glass windows, decommissioned and/or demobilized automobiles, watercraft, and aircraft, and other bona fide works of art (such as valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, porcelain and bric-a-brac) of rarity, historical value, monetary value or artistic merit against direct physical loss, damage or destruction by a peril insured by this Policy. Additional exclusion applying to fine arts and antiques: This Policy does not insure against direct physical loss, damage or destruction of fine arts or antiques from any repairing, restoration or retouching process.

Fine arts or antiques that are owned by or in the care, custody, and control of the Insured must be reported to the Insurer.

17. "IMPROVEMENTS AND BETTERMENTS"

All "improvements and betterments" owned by the Insured against direct physical loss, damage or destruction by a peril insured by this Policy. Insurers agree to accept and consider the Insured as

the only and the unconditional owner of improvements and betterments as respects of any provisions of any contract, lease or agreement to the contrary.

18. LIVESTOCK AND OTHER ANIMALS

Any livestock, thoroughbreds, barnyard fowl, canines, or other animals, whether owned by or in the care, custody, and control of the Insured against death resulting from a peril insured by this Policy.

Additional exclusions applying to livestock and other animals: This Policy does not insure against death caused by natural causes, illness, or disease; intentional slaughter of the animal (unless approved by a qualified veterinarian); death directly or indirectly resulting from malicious or wilful injury directly or indirectly caused by the Insured; any animal becoming unfit or incapable of fulfilling its duties/functions.

Livestock and other animals that are owned by or in the care, custody, and control of the Insured must be reported to the Insurer.

19. ORDINANCE OR LAW (DEMOLITION AND INCREASED COST OF CONSTRUCTION)

If, as a result of direct physical loss, damage or destruction by a peril insured by this Policy reconstruction, restoration, repair or use of property insured is regulated or prohibited by the enforcement of any law, ordinance, regulation or governmental directive which is in force at the time of the direct physical loss, damage or destruction, this Policy insures:

a. The cost of demolition and clearing the site of loss of both the damaged and the undamaged property; and

b. The proportion that the value of the undamaged part of the building bore to the value of the entire property prior to loss, and

c. The costs to (re)construct, restore, or repair such property as may be required to bring both the damaged and the undamaged property into full compliance with any applicable law, ordinance, regulation or governmental directive;

The Insured has the option to rebuild or reconstruct on the same or another site but recovery hereunder shall be limited to the cost to rebuild or reconstruct on the original site.

However, if the Insured elects not to rebuild, this Policy shall pay for the cost of demolition and clearing the site of loss of both the damaged and the undamaged property; and the "actual cash value" of both the damaged and the undamaged property.

Notwithstanding the foregoing, this Policy does not insure such costs when necessitated by the enforcement of any law or ordinance regulating asbestos material that has not sustained direct physical loss, damage or destruction by a peril insured by this Policy or by any governmental direction or request declaring that asbestos material present in or part of or utilized in 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.

20. PRESERVATION OF PROPERTY

In case of actual or imminent direct physical loss, damage or destruction by a peril insured by this Policy, the expenses incurred by the Insured in taking actions for the temporary protection and preservation of property insured by this Policy shall be added to the total direct physical loss, damage or destruction, if any.

21. PROTECTION SYSTEMS

Expenses incurred to recharge or refill fire protection systems provided such is necessitated by an insured loss.

22. REAL PROPERTY UNDER CONSTRUCTION

Direct physical loss, damage or destruction of real property under construction resulting from the peril of "flood" only which is obligated under the terms of a written contract.

23. REMOVAL

The cost of removal and temporary storage of insured property which is in imminent danger of direct physical loss, damage or destruction by a peril insured by this Policy.

24. SERVICE CHARGES

Service charges and expenses including Fire Department, Police, Rescue Squad, and any government or authority charges incurred by the Insured because of an "occurrence" of a peril insured by this Policy.

25. SERVICE INTERRUPTION PROPERTY DAMAGE

Direct physical loss, damage or destruction of insured property resulting from direct physical loss, damage or destruction of property of a supplier of fuel, electricity, steam, water, gas, refrigeration, sewerage or telecommunications, including poles, towers, and transmission or distribution lines.

26. TRANSIT

a. Direct physical loss, damage or destruction, by a peril insured by this Policy, of shipments within and between the territorial limits of this Policy, including the coastal waters thereof, by any means of conveyance, from the time the property is moved for purpose of loading and continuously thereafter while awaiting and during loading and unloading and in temporary storage, including temporary storage on any conveyance intended for use for any outbound or used for any inbound shipment, including during deviation and delay, until safely delivered and accepted at place of final destination.

b. Direct physical loss, damage or destruction, by a peril insured by this Policy, of property:

   i. Shipped by the Insured under terms of F.O.B. point of origin or other terms usually regarded as terminating the shipper's responsibility short of points of delivery;

   ii. Arising out of any unauthorized person(s) representing themselves to be the proper party(ies) to receive goods for shipment or to accept goods for delivery;

   iii. Occasioned by the acceptance by the Insured, by its agents, or by its customers of fraudulent bills of lading, shipping and delivery orders, or similar documents;

   iv. At the Insured's option, property that is incoming to the Insured.

c. Air and waterborne shipments within a single country; or air and inland waterway shipments to, from, and between countries in Continental Europe

d. This Policy does not insure export shipments after loading on board an overseas vessel, watercraft, or aircraft, or after ocean marine insurance attaches, whichever occurs first; or import shipments prior to discharge from an overseas vessel, watercraft, or aircraft, or until ocean marine insurance terminates, whichever occurs later. However, this exclusion shall not apply to: Ferry shipments transporting over-the-road conveyances to, from, and between countries in Continental Europe, the United Kingdom, and Ireland.

27. VALUABLE PAPERS AND RECORDS

Valuable papers and records of all kinds and descriptions, including plans, drawings, blueprints, photographs, specifications, manuscripts, deeds, notes, evidences of debt or ownership or other documents, against direct physical loss, damage or destruction by a peril insured by this Policy. 'Valuable paper and records' does not include 'electronic media' as defined and insured in Part II. B. 13.

III. PROPERTY EXCLUDED

This Policy does not insure:

A. AIRCRAFT

Aircraft. This exclusion shall not apply to ultra-light aircraft, and unmanned aircraft in the control of the Insured, and decommissioned and/or demobilized aircraft deemed as fine art.

B. DAMS OR DIKES

Dams or dikes.

C. FOUNDATIONS

Foundations of buildings, structures, machinery, or boilers, if their foundations are below the lowest basement floor or the surface of the ground if there is no basement.

D. GROWING CROPS

Growing crops.

E. LAND, "LAND IMPROVEMENTS," WATER

Land, "Land Improvements," or Water except as provided in 'Contamination Cleanup' in PROPERTY INSURED. This exclusion shall not apply to water that is normally contained within any type of tank, piping system or process equipment.

F. MONEY, SECURITIES

Money and securities.

G. MOTOR VEHICLES

Motor vehicles licensed for highway use (or which can be licensed). This exclusion shall not apply to motor vehicles or self-propelled machines which cannot be licensed for use. It shall not apply to decommissioned and/or demobilized vehicles deemed as fine art.

H. OVERHEAD ELECTRICAL

Overhead electrical transmission or distribution lines owned by the Insured except when at an insured "location" or within 1,000 feet thereof.

I. STREET SIGNS AND LIGHTS

Street signs, traffic signal lights, emergency call boxes, street lights/lamps, parking lot lights/lamps, and all non-electronic traffic signs. All electronic traffic signs that are portable or temporarily positioned on roads, bridges, or highways are also excluded.

This exclusion does not apply to electronic signs permanently constructed, affixed or attached belonging to the Department of Transportation and Development.

J. PRECIOUS STONES, BULLION, JEWELRY

Precious stones, bullion, and jewelry except as deemed as fine art.

K. PROPERTY IN THE WATER

Bulkheads, seawalls, retaining walls, pilings not part of a structure, buoys, floating objects for marking purposes, and erosion protection devices. Pilings as part of a structure, piers, wharves, and docks are covered items for replacement and installation.

Property lost in the water and unrecoverable is also excluded.

L. SATELLITES AND SPACECRAFT

Satellites and spacecraft while on the launch pad or after time of launch.

M. STANDING TIMBER

Standing timber grown for sale.

N. SWIMMING POOLS

All indoor and outdoor swimming pools.

O. UNDERGROUND PIPES, FLUES, DRAINS

Underground pipes, flues, and drains.

P. WATERCRAFT

Watercraft greater than 26 feet in length. This exclusion shall not apply to row boats (non motorized) regardless of length and decommissioned and/or demobilized watercraft deemed as fine art.

Q. IMPACT ATTENUATORS, GUARDRAILS, AND BARRIERS

Impact attenuators, guardrails, and barriers which includes gate arms.

R. PROPERTY OF OTHERS

"Property of others" not in the care, custody, or control of the Insured.

IV. TIME ELEMENT

A. BUSINESS INTERRUPTION GROSS EARNINGS

1. This Policy insures loss resulting from the necessary interruption or reduction of business operations conducted by the Insured and caused by direct physical loss, damage or destruction, of the property of the type insured hereunder, by a peril insured by this Policy.

2. If such a loss occurs during the term of this Policy, it shall be adjusted on the basis of the 'Actual Loss Sustained' by the Insured during the Period of Recovery resulting from the interruption or reduction of operations. 'Actual Loss Sustained' is defined as the reduction in 'Business Interruption Gross Earnings' less charges and expenses that do not necessarily continue during the interruption or reduction of the business operations.

   For manufacturing operations, 'Business Interruption Gross Earnings' are defined as the sum of:

   a. The total "net sales value of production,"

   b. The total net sales of "merchandise," and

   c. Other earnings derived from the business.

   LESS THE COST OF:

   d. "'Raw stock" from which such production is derived,

   e. Supplies consumed in the conversion of such "raw stock" into "finished stock" or in supplying the services sold by the Insured,

   f. "Merchandise" sold including packaging materials,

   g. Services purchased from outsiders for resale, which do not continue under contract, and

   h. Payroll.

   No other costs unless otherwise stipulated by written contract, shall be deducted in determining 'Business Interruption Gross Earnings' for manufacturers.

   For non-manufacturing operations, 'Business Interruption Gross Earnings' are defined as the sum of:

   a. Total net sales, and

   b. Other earnings derived from the operations of the business.

   LESS THE COST OF:

   c. "Merchandise sold,

   d. Materials and supplies consumed,

   e. Services purchased from outsiders for resale which do not continue under contract, and

f. Payroll.

No other costs, unless otherwise stipulated by written contract, shall be deducted in determining 'Business Interruption Gross Earnings' for non-manufacturing business.

3. In the event of direct physical loss, damage or destruction of property insured by a peril insured by this Policy which results in an interruption in research and development activities that in themselves would not have produced income during the Period of Recovery, this Policy insures the actual loss sustained of the continuing fixed charges and expenses attributable to such research and development activities, known as 'Research and Development "Time Element."

4. Resumption of Operations: If it is reasonably possible for the Insured to reduce the loss resulting from the interruption or reduction of operations,

   a. By a complete or partial resumption of operations or

   b. By making use of available "finished stock" or "merchandise,"

   Such reduction shall be taken into account in arriving at the amount of loss hereunder.

5. 'Business Interruption Gross Earnings' does not insure any loss resulting from loss, damage or destruction of "finished stock" for which the Insured will otherwise recover under this policy at the Insured's regular cash selling price.

B. EXTRA EXPENSE

This Policy insures:

1. 'Extra expense' incurred by the Insured resulting from direct physical loss, damage or destruction of property insured by a peril insured by this Policy.

2. 'Extra expense' means the reasonable and necessary extra costs incurred by the Insured during the Period of Recovery to temporarily continue as nearly normal as practicable the conduct of the Insured's business and extra costs of temporarily using property of the Insured or others less any value remaining at the end of the Period of Recovery for property obtained in connection with an 'extra expense' loss.

3. 'Extra expense' does not include:

   a. The payroll of state employees or

   b. The payment of additional contracted personnel to supplement current staff.

C. RENTAL VALUE

This Policy insures:

1. 'Rental value' loss sustained by the Insured resulting from necessary untenantability caused by direct physical loss, damage or destruction, by a peril insured by this Policy, of property insured but not exceeding the reduction in rental value less charges and expenses which do not necessarily continue during the Period of Recovery.

2. For the purposes of this insurance, 'rental value' is defined as the sum of:

a. The total anticipated gross rental income from tenant occupancy of the property insured as furnished and equipped by the Insured; and

b. The amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of the Insured; and

c. The fair rental value of any portion of said property that is occupied by the Insured.

3. When the Insured is the lessee, this Policy insures:

   The rent the Insured is obligated to pay including ground rents, accrued charges, real estate taxes and interest if the Insured is liable for such, less charges and expenses that do not necessarily continue during the Period of Recovery. However, if the Insured is obligated by the terms of any lease to pay rent and taxes for any time beyond the Period of Recovery of this Policy, this Policy insures such additional payments.

   If the Insured is both a lessor and a lessee of the same "location," this Policy insures the loss as defined in V.C.2. above.

D. ROYALTIES

This Policy insures:

1. Loss to the Insured, as described in Business Interruption above, of revenue under royalty, licensing fees or commission agreements between the Insured and another party, which is not realizable due to direct physical loss, damage or destruction, by a peril insured by this Policy, of property of the other party. Such other party shall not be an Insured under this Policy. Coverage under this Clause shall apply to loss experienced by the Insured caused by direct physical loss, damage or destruction of property of the other party situated within the territorial limits of this Policy.

2. Resumption of Operations: The Insured shall influence, to the extent possible, the party with whom the agreement described in paragraph V.E.1. above has been made to use any other machinery, supplies or locations in order to resume business so as to reduce the amount of loss hereunder and the Insured shall cooperate with that party in every way to effect this, but not financially, unless such expenditures are authorized by the Insurer.

E. LEASEHOLD INTEREST

This Policy insures:

1. The pro rata proportion from the date of loss to expiration date of the lease (to be paid without discount) on the Insured's interest in:

   a. The amount of bonus paid by the Insured for the acquisition of the lease not recoverable under the terms of the lease for the unexpired term of the lease;

   b. Improvements and betterments to real property during the unexpired term of the lease which is not insured under any other provision of this Policy;

   c. The amount of advance rental paid by the Insured and not recoverable under the terms of the lease for the unexpired term of the lease;

when property of a lessor is rendered wholly or partially untenantable as a result of direct physical loss, damage or destruction by a peril insured by this Policy and the lease is cancelled by the lessor in accordance with the conditions of the lease or by statutory requirements of the appropriate jurisdiction in which the lost, damaged or destroyed property is located; and

2. Interest of the Insured as Lessee

   a. The 'Interest of the Insured as Lessee' when property is rendered wholly or partially untenantable by a peril insured by this Policy and the lease is cancelled by the lessor in accordance with the conditions of the lease or by statutory requirements of the appropriate jurisdiction in which the damaged or destroyed property is located.

   b. The 'Interest of the Insured as Lessee' as referred to herein shall be paid for the first three months succeeding the date of the loss and the 'Net Lease Interest' shall be paid for the remaining months of the unexpired lease, up to 12 months.

3. Definitions:

   The following terms, wherever used in this Clause, mean:

   a. The 'Interest of the Insured as Lessee' is defined as:

      i. The excess of the rental value of similar premises over the actual rental payable by the lessee (including any maintenance or operating charges paid by the lessee) during the unexpired term of the lease.

      ii. The rental income which would have been earned by the Insured from sublease agreements, to the extent not insured under any other Clause in TIME ELEMENT in this Policy, over and above the rental expenses specified in the lease between the Insured and the lessor.

   b. 'Net Lease Interest' is defined as that sum, which placed at the prime rate of interest plus 3% compounded annually, shall be equivalent to the 'Interest of the Insured as Lessee.'

4. The Insurer shall not be liable for any increase of loss, which may be occasioned by the suspension, lapse or cancellation of any license or by the Insured exercising an option to cancel the lease.

F. SOFT COSTS

This Policy insures 'Soft Costs' loss sustained by the Insured during the Period of Recovery caused by direct physical loss, damage or destruction of insured property in the course of construction, erection, installation, or assembly by a peril insured by this Policy.

'Soft Costs' means expenses over and above normal expenses including, but not limited to:

1. Additional interest on money borrowed to finance construction or repair.

2. Additional real estate and property taxes.

3. Additional advertising and promotional expenses which become necessary as a result of the loss.

4. Additional leasing expenses

5. Refinancing charges or construction loan fees

6. Additional operating expenses

In the event the construction contract for such property contains a penalty clause providing for payments to the Insured for a delay in the completion of the construction, any portion of such penalty inuring to the benefit of the Insured shall be taken into consideration in the settlement of any loss hereunder.

G. PROVISIONS APPLICABLE TO "TIME ELEMENT"

1. The Period of Recovery

a. Applicable to all "Time Element" coverages in SECTION Vand the following "Time Element" Extensions of Coverage:

Shall not exceed such length of time required with the exercise of due diligence and dispatch to rebuild, repair, or replace lost, damaged or destroyed property and to make such property ready for operations under the same or equivalent physical and operating conditions that existed prior to the loss, and including such time as may be required to restore or recreate lost or destroyed valuable papers and records, electronic media and electronic data.

b. Applicable to actions taken by the Insured in relation to "Preservation of Property" efforts as insured elsewhere in this Policy, shall commence at the time of initiation of the "Preservation of Property" efforts.

c. Except as provided in V.H.1.d above, for all "Time Element," the Period of Recovery shall commence with the date of the loss, damage or destruction of property of the type insured by a peril insured by this Policy and shall not be limited by the date of expiration of this Policy.

d. **Additional Exclusion Applicable to "Time Element"**: This Policy does not insure the suspension, cancellation or lapse of any lease, contract, license or orders beyond the 'Period of Recovery'.

2. Extensions of Time Element Coverage

a. **Expenses to Reduce Loss**

Except as respects Extra Expense as defined above, this Policy insures expenses necessarily incurred for the purpose of reducing any "Time Element" loss, not to exceed the amount by which such "Time Element" loss is reduced.

b. **Contingent "Time Element" Coverage**

Subject to all TIME ELEMENT provisions including Interruption by Civil or Military Authority, Loss of Ingress or Egress and Service Interruption as defined below, this Policy insures the "Time Element" loss resulting from direct physical loss, damage or destruction, by a peril insured by this Policy, of:

i. Property of the type insured by this Policy of a direct or indirect supplier or a direct or indirect receiver of the Insured, which prevents the rendering or acceptance of goods and/or services to or from the Insured

ii. "Property of others" of the type insured by this Policy in the vicinity of a "location" of the Insured that attracts customers to the Insured's "location."

Contingent "Time Element" coverage does not apply to any loss or damage insured under Service Interruption as defined below.

c. **Interdependent "Time Element"**

This Policy insures "Time Element" interdependency loss sustained within and among companies or corporations owned, controlled or which are subsidiaries of the Insured, or joint ventures or partnerships in which the Insured has an interest, caused by direct physical loss, damage or destruction, by a peril insured by this Policy, of property insured.

d. **Interruption by Civil or Military Authority**

This Policy insures the "Time Element" loss sustained during the period of time when, as a result of direct physical loss, damage or destruction by a peril insured by this Policy within five miles of an insured "location," normal business operations are interrupted or reduced because access to that "location" is prevented by order of civil or military authority.

e. **Loss of Ingress or Egress**

This Policy insures the "Time Element" loss sustained during the period of time when, as a result of direct physical loss, damage or destruction by a peril insured by this Policy within five miles of an insured "location," normal business operations are interrupted or reduced because ingress to or egress from that "location" is prevented.

f. **Service Interruption**

This Policy insures the "Time Element" loss sustained as a result of direct physical loss, damage or destruction, by a peril insured by this Policy, of property of a supplier of fuel, electricity, steam, water, gas (except when natural gas is used as a raw material in which case "Time Element" loss is insured under Contingent "Time Element" as defined above), refrigeration, sewerage or telecommunications, including poles, towers, and transmission or distribution lines.

Service Interruption coverage does not apply to any loss or damage insured under Contingent " Time Element" Coverage.

g. **Law, Ordinance, Regulation or Governmental Directive**

In the event reconstruction, restoration, repair or use of property insured is regulated or prohibited by the enforcement of any law, ordinance, regulation or governmental directive that is in force at the time of direct physical loss, damage or destruction by a peril insured by this Policy, this Policy shall pay for any increase in "Time Element" loss insured by this Policy arising out of the additional time required to bring both the damaged and undamaged property into full compliance with the law, ordinance, regulation or governmental directive.

Notwithstanding the foregoing, this Policy does not insure any increase in "Time Element" loss insured by this Policy arising out of the additional time required by the enforcement of any law, ordinance or regulation regulating asbestos material that has not sustained direct physical loss, damage or destruction by a Listed Peril as defined in Asbestos Material in EXCLUSIONS, or by any governmental direction or request declaring that asbestos material present in or part of or utilized in 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. EXCLUSIONS

This Policy does not insure:

A. ANIMAL, INSECT OR VERMIN DAMAGE

Animal, insect or vermin damage, unless direct physical loss, damage or destruction by a peril insured by this Policy results, and then this Policy shall insure against that resulting direct physical loss, damage or destruction.

B. ASBESTOS MATERIAL

Asbestos material or the cost of removal or disposal of asbestos material or any sum related thereto.

However, anything in the foregoing sentence or elsewhere in this Policy to the contrary notwithstanding, this Policy insures asbestos physically incorporated in an insured building or structure, but only that part of the asbestos that has been physically damaged during the Policy period by one of the Listed Perils occurring during the Policy period.

Listed Perils

Fire; lightning; explosion; windstorm or hail; smoke; direct impact of vehicle, aircraft or vessel; riot or civil commotion; vandalism or malicious mischief; leakage or accidental discharge of fire protection equipment; collapse; falling objects; weight of snow, ice or sleet; theft; water damage; "Boiler and Machinery"; sudden and accidental discharge, leakage, backup, or overflow of liquids or molten material from confinement within piping, plumbing systems, tanks, equipment or other containment located at the insured "location"; "Earthquake"; "Flood."

This coverage is subject to all limitations in this Policy and, in addition, to each of the following specific limitations:

1. The building or structure must be insured under this Policy for loss, damage or destruction.

2. The Listed Peril must be the immediate, sole cause of the damage to the asbestos.

3. The Insured must report to the Insurer the existence and estimated cost of the damage as soon as practicable but no later than twelve (12) months after the Listed Peril first damaged the asbestos. This Policy does not insure any direct physical loss, damage or destruction to the asbestos first reported to the Insurer after that twelve (12) month period.

4. Coverage under this Policy in respect of asbestos shall not include any sum relating to:

    a. any faults in the design, manufacture or installation of the asbestos;

    b. asbestos not physically damaged by the Listed Peril including any governmental or regulatory authority direction or request of whatsoever nature relating to undamaged asbestos.

C. DELAY, LOSS OF USE, LOSS OF MARAKET

Delay, loss of use, or loss of market.

D. DETERIORATION, DEPLETION, RUST, ETC.

Direct physical loss, damage or destruction caused by normal:

1. deterioration
2. depletion
3. rust
4. corrosion or erosion
5. wear and tear
6. inherent vice or latent defect

This exclusion shall not apply to "Boiler and Machinery" as defined in the DEFINITIONS.

E. ELECTRONIC DATE RECOGNITION EXCLUSION

Loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

1. the calculation, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not; or

2. any change, alteration or modification involving the date change to the year 2000, or any other date change including leap year calculations, to any such computer system, hardware program or software or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not.

This Clause applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

F. ELECTRONIC MEDIA AND ELECTRONIC DATA

Direct physical loss, damage or destruction of electronic media and electronic data unless caused by a Listed Peril occurring during the Policy period.

Listed Perils

Fire; lightning; explosion; windstorm or hail; smoke; direct impact of vehicle, aircraft or vessel; riot or civil commotion; leakage or accidental discharge of fire protection equipment; collapse; falling objects; weight of snow, ice or sleet; theft; water damage; "Boiler and Machinery"; accidental discharge, leakage, backup, or overflow of liquids or molten material from confinement within piping, plumbing systems, tanks, equipment or other containment located at the insured "location"; "Earthquake"; "Flood."

Direct physical loss, damage or destruction of electronic media and electronic data shall not include distortion, erasure, corruption, alteration, or resulting loss of use of electronic media and electronic data

(including, but not limited to computer virus), by any cause whatsoever other than the Listed Perils, including but not limited to 'computer virus,' regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, destruction, distortion, erasure, corruption, alteration, or loss of use of electronic data or electronic media.

'Computer virus' means instructions, code, applications or any software program that has the ability or is suspected to have the ability to damage, destroy, erase, corrupt, alter, or prevent access to electronic media and/or electronic data (including, but not limited to computer virus).

G. EMBEZZLEMENT

Embezzlement of the Insured's property by any of the Insured's employees.

H. FAULTY WORKMANSHIP, MATERIAL, CONSTRUCTION OR DESIGN

The cost of making good or rectifying faulty or defective workmanship, material, construction or design, but this exclusion shall not apply to damage resulting from such faulty or defective workmanship.

This exclusion shall not apply to "Boiler and Machinery" as defined in the DEFINITIONS.

I. FRAUD

Fraudulent or dishonest acts committed by the Insured or any of the Insured's employees with the manifest intent to cause the Insured to sustain such loss and obtain financial benefit for the Insured, or for any of the Insured's employees, or for any other person or organization intended by the Insured or the employee to receive such benefit for such fraudulent or dishonest act or acts.

This exclusion does not apply to loss or damage resulting from the Insured voluntarily parting with title or possession of any property if induced to do so by any fraudulent scheme, trick, device or false pretence, nor shall this exclusion apply to wilful acts of destruction committed by the Insured's employees.

J. HOSTILE OR WARLIKE ACTION/ACT OF TERRORISM

1. Hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack by any government or sovereign power (de jure or de facto) or by any authority maintaining or using military, naval, or air force, or by any agent of any such government, power, authority, or forces; any weapon of war employing atomic fission or radioactive force whether in time of peace or war, insurrection, rebellion, revolution, civil war, usurped power, or action taken by any governmental authority in hindering, combating or defending against any such occurrence, seizure or destruction under quarantine or customs regulations; confiscation or destruction by order of any government or public authority, except as provided in 'Destruction of Property at the Order of Public Authority' in PROPERTY INSURED.

2. 'Act of Terrorism'

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

If the Insurer alleges that by reason of this exclusion, any loss, damage, cost or expense is not insured by this Policy the burden of proving the contrary shall be on the Insured.

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

K. INVENTORY SHORTAGE

Loss or shortage the only proof of the factual existence of which is inventory records.

If the factual existence of the loss is provable by evidence other than inventory records, this exclusion shall not prohibit using inventory records to prove the amount of the loss.

L. LOSS FROM MANUFACTURING OR PROCESSING OPERATIONS

Loss attributable to manufacturing or processing operations that result in damage to stock or materials while such stock or materials are being processed, manufactured, tested or otherwise being worked upon, unless direct physical loss, damage or destruction by a peril insured by this Policy results, and then this Policy shall insure against that resulting direct physical loss, damage or destruction.

M. MOLD, MILDEW OR FUNGUS

Except as set forth in paragraph II.B.9, Decontamination Costs, this Policy does not insure any loss, damage, claim, cost, expense or other sum directly or indirectly arising out of, contributing to, or resulting from fungus, mold, mildew or yeast; or any spores or toxins created or produced by or emanating from such fungus, mold, mildew, or yeast. Fungus includes, but is not limited to, any of the plants or organisms belonging to the major group fungi, lacking chlorophyll, and including molds, rusts, mildews, smuts, and mushrooms. Mold includes, but is not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms, fungi that produce mold. Spores means any dormant or reproductive body produced by or arising or emanating out of any fungus, mold, mildew, plants, organisms or microorganisms.

This exclusion applies regardless whether there is (a) any direct physical loss, damage or destruction of property insured; (b) any insured peril or cause, whether or not contributing concurrently or in any sequence; (c) any loss of use, occupancy, or functionality; or (d) any action required, including but not limited to repair, replacement, removal, cleanup, abatement, disposal, relocation, or steps taken to address medical or legal concerns.

N. MYSTERIOUS DISAPPEARANCE

Mysterious Disappearance.

O. NANOTECHNOLOGY

Bodily injury, property damage, or environmental injury/damage related to 'nanotechnology,' including 'nanotubes' and 'nanoparticles' released through 'nanotechnology'.

This includes the use of, consumption of, ingestion of, inhalation of, absorption of, contact with, existence of, presence of, proliferation of, discharge of, dispersal of, seepage of, migration of, release of, escape of, or exposure to 'nanotechnology.'

Such injury from or exposure to 'nanotechnology' also includes, but is not limited to:

1. The existence, storage, handling or transportation of 'nanotechnology,' 'nanoparticles,' or 'nanotubes;'

2. The removal, abatement or containment of 'nanotechnology,' 'nanoparticles,' or 'nanotubes' from any structures, materials, goods, products, or manufacturing process;

3. The disposal of 'nanotechnology,' 'nanoparticles,' or 'nanotubes;'

4. Any structures, manufacturing processes, or products containing 'nanotechnology,' 'nanoparticles,' or 'nanotubes;'

5. Any obligation to share damages with or repay someone else who must pay damages because of such injury or damage;

6. Any product manufactured, sold, handled or distributed by or on behalf of the insured which contains 'nanotechnology,' 'nanoparticles,' or 'nanotubes;' or

7. Any supervision, instructions, recommendations, warranties (express or implied), warnings or advice given or which should have been given.

'Nanotechnology' means engineering at a molecular or atomic level. 'Nanoparticles' means microscopic particles whose size is measured in nanometers. 'Nanotubes' means hollow cylinders of carbon atoms or carbon fibers or any type or form of 'nanotechnology' which contain remarkable strength and electrical properties used in any products, goods, or materials.

P. NUCLEAR REACTION, RADIATION OR RADIOACTIVE CONTAMINATION

Nuclear reaction or nuclear radiation or radioactive contamination from any cause; however, if fire or sprinkler leakage ensues, the Insurer shall be liable for direct physical loss, damage destruction by the ensuing fire or sprinkler leakage.

Notwithstanding the previous sentence, this Policy insures against direct physical loss, damage or destruction caused by radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted by the Insured provided that at the time of such direct physical loss, damage or destruction there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction or any new or used nuclear fuel on the premises of the Insured.

Q. POLLUTION, CONTAMINATION

Direct physical loss, damage or destruction 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 arising from any cause whatsoever.

Nevertheless if a Listed Peril arises directly or indirectly from pollution or contamination any loss, damage or destruction of property insured by this Policy arising directly from that peril shall (subject to the terms, conditions and limitations of the Policy) be insured.

Notwithstanding the foregoing, this exclusion shall not apply if pollution or contamination results from direct physical loss, damage or destruction of property insured by this Policy by a Listed Peril:

Listed Perils

Fire; lightning; explosion; windstorm or hail; smoke; direct impact of vehicle, aircraft or vessel; riot or civil commotion; vandalism or malicious mischief; leakage or accidental discharge of fire protection equipment; collapse; falling objects; weight of snow, ice or sleet; theft; water damage; "Boiler and Machinery"; accidental discharge, leakage, backup, or overflow of liquids or molten material from confinement within piping, plumbing systems, tanks, equipment or other containment located at the insured "location"; "Earthquake"; "Flood."

It is a condition precedent to recovery that such direct physical loss, damage or destruction be reported to the Insurer within 365 days of the date of the direct physical loss, damage or destruction.

'Contaminants or pollutants' means any material that 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 of property insured by this Policy, 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.

R. RAIN, SNOW, ICE, SLEET TO BUSINESS PERSONAL PROPERTY IN THE OPEN

Rain, snow, ice, or sleet to business personal property in the open.

S. SETTLING, SHRINKAGE OR EXPANSIONS

Normal settling, shrinkage, or expansion in foundations, walls, floors or ceilings unless such damage results directly from a peril insured by this Policy, or unless direct physical loss, damage or destruction by a peril insured by this Policy results, and then this Policy shall insure against that resulting direct physical loss, damage or destruction.

T. SMOKE, VAPOR, OR GAS FROM AGRICULTURAL SMUDGING OR INDUSTRIAL OPERATIONS

Smoke, vapor, or gas from agricultural smudging or industrial operations.

U. INTERIOR DAMAGE FROM RAIN, SNOW, SLEET, ICE, SAND, OR DUST

Direct physical loss, damage or destruction of the interior of any building or structure, or to business personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

1. The building or structure first sustains damage by a peril insured by this Policy to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

2. The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure; or

3. The loss or damage is caused by or results from rain, snow, sleet, ice, sand or dust that enters the insured property through an opening(s) created by the force of wind.

V. POWER SURGE

Direct physical loss, damage or destruction caused by power surge.

VI. VALUATION

The value of property shall be determined as follows:

A. REPLACEMENT COST

With respect to all property insured (unless specifically addressed elsewhere in the Policy), the payment for loss shall be on a 'replacement cost' basis. 'Replacement Cost' includes all fees, costs, charges and expenses, (including, those of architects, surveyors, lawyers, engineers and consulting engineers) incurred by or on behalf of the Insured to reassemble, rebuild, reclaim, reconstruct, repair, replace, or restore property insured with due diligence and dispatch with new property or materials, either at the site of the loss or, another site. In the event the Insured decides to rebuild on another site, the liability of the Insurer shall not exceed the cost and expenses which would have been incurred to reassemble, rebuild, reclaim, reconstruct, repair, replace or restore the property lost, damaged or destroyed at the site of the loss.

In the event the Insured decides not to reassemble, rebuild, reclaim, reconstruct, repair, replace or restore the property lost, damaged or destroyed, the liability of the Insurer shall not exceed the cost and expenses which would have been incurred to reassemble, rebuild, reclaim, reconstruct, repair, replace or restore the property lost, damaged or destroyed at the site of the loss provided the proceeds of such loss settlement are expended in any other capital expenditures related to the Insured's operations.

If the insured elects not to reassemble, rebuild, reclaim, reconstruct, repair, replace or restore the property, lost, damaged or destroyed at the same or different site, or expend the loss settlement in other capital expenditures, the liability for the Insurer loss shall be the "Actual Cash Value" of the property.

To the extent the Insured provides its own general contracting, engineering, design or construction services for repair or reconstruction, the Insurer will pay the cost of itemized supplies, parts, and equipment rentals, but will exclude the wages of employees used to repair or replace the property, including overtime.

B. BUSINESS PERSONAL PROPERTY

With respect to all property insured (unless specifically addressed elsewhere in the Policy), the payment for loss shall be on an "actual cash value" basis.

C. FINISHED STOCK

On "finished stock," where "TIME ELEMENT" Business Interruption Gross Earnings applies, at the Insured's regular cash selling price, less any discounts and unincurred charges to which "finished stock" would have been subject had no loss occurred;

D. STOCK IN PROCESS

On "stock in process," at the value of "raw stock".

E. RAW STOCK

On "raw stock," supplies and other "merchandise" not manufactured by the Insured, at the "actual cash value."

F. FINE ARTS, ANTIQUES

On 'fine arts and antiques,' the total liability shall not exceed the least of:

1. The cost to repair or restore the article to the condition that existed immediately prior to the loss; or

2. The cost to replace the article; or

3. The agreed value designated for the article on a schedule of fine arts or antiques, on file with the Insured or "actual cash value" if no agreed value designated.

In the event of the total loss of any article or articles which are part of a set, the Insurer agrees to pay the Insured, at the option of the Insured, the full amount of the value of such pair or set as determined above, and the Insured agrees, if such option is elected, to surrender the remaining article or articles of the pair or set to the Insurer.

G. VALUABLE PAPERS AND RECORDS

On 'valuable papers and records,' the cost to repair, replace, restore or recreate, including the cost of research, engineering and other costs of repairing, replacing, restoring or recreating 'valuable papers and records' that suffer loss, damage or destruction.

H. FILM, RECORDS, MANUSCRIPTS AND DRAWINGS

On exposed films, records, manuscripts and drawings that are not 'fine arts and antiques' or 'valuable papers and records,' the value blank plus the cost of copying information from back-up or from originals of a previous generation.

I. ELECTRONIC MEDIA AND ELECTRONIC DATA

On 'electronic media' or 'electronic data,' the cost to repair or replace, including the cost of research, engineering and other costs of repairing, replacing, restoring or recreating 'electronic media' or 'electronic data'; if not repaired, replaced, restored or recreated within a reasonable time after the date of the loss, damage or destruction, the blank value.

This Policy does not insure any amount pertaining to the value of such 'electronic data' to the Insured or any other party, if such 'electronic data' cannot be recreated or assembled. If not repaired, replaced or restored 'electronic media' shall be valued at the cost of the blank media.

J. PROPERTY OF OTHERS

On "property of others," not fine arts and antiques, in the care, custody or control of the Insured, the lesser of the liability of the Insured, the liability of the Insured as stipulated in a contract, lease or agreement, or the "actual cash value."

K. TECHNOLOGICALLY OBSOLETE

On property that is deemed to be technologically obsolete, or is unavailable because it is no longer in production, the cost of new property that shall perform the same functions as the original property, including any betterment inherent in the design of such property.

L. MOBILE STRUCTURES

On mobile structures, at the "actual cash value."

M. VACANT BUILDINGS

If the building where loss or damage occurs has been vacant for more than sixty (60) consecutive days before that loss or damage and a vacancy permit has not been issued or a denial of vacancy permit has been issued by the Office of Risk Management we will determine the value of the covered property on the "actual cash value" as of the time of loss or.

If the building where loss or damage occurs has been vacant for more than sixty (60) consecutive days before that loss or damage and a vacancy permit has been issued (prior to such loss or damage) by the Office of Risk Management we will determine the value of the covered property on the 'replacement cost' value.

A building is vacant when it does not contain enough business personal property to conduct customary operations. Buildings under construction/renovation are not considered vacant.

VII. GENERAL CONDITIONS

A. ADDITIONAL INSUREDS, LOSS PAYEES AND MORTGAGEES

All third parties having an interest in property insured by this Policy, as required by lease, contract, or agreement, shall automatically be Additional Insureds hereunder.

All other third parties including, but not limited to, Loss Payees and Mortgagees who have an interest in the property insured by this Policy shall be automatically named as Loss Payees or Mortgagees, and loss, if any, under this Policy shall be adjusted with the Insured and payable to the Insured and the Additional Insureds, Loss Payees or Mortgagees according to their respective insurable interests.

1. The Insurer shall pay for loss, damage or destruction of specified property insured under this Policy to each specified Lender Loss Payee (hereinafter referred to as Lender) to the extent of its insurable interest and to each specified Mortgagee to the extent of its insurable interest, under all present or future mortgages upon such property, in order of precedence of the mortgages.

2. The insurable interest of the Lender or Mortgagee (as the case may be) in property insured under this Policy shall not be invalidated by:

   a. any act or neglect of the debtor, mortgagor, or owner (as the case may be) of the property.

   b. foreclosure, notice of sale, or similar proceedings with respect to the property.

   c. change in the title or ownership of the property.

   d. change to a more hazardous occupancy.

3. If this Policy is cancelled at the request of the Insured or its agent, the coverage for the insurable interest of the Lender or Mortgagee shall terminate at the time of cancellation.

4. If the Insurer pays the Lender or Mortgagee for any loss, and denies payment to the debtor, mortgagor or owner, the Insurer shall, to the extent of the payment made to the Lender or Mortgagee be subrogated to the rights of the Lender or Mortgagee under all securities held as collateral to the debt or mortgage. No subrogation shall impair the right of the Lender or Mortgagee to sue or recover the full amount of its claim. At its option, the Insurer may pay to the Lender or Mortgagee the whole principal due on the debt or mortgage plus any accrued interest. In this event, all rights and securities shall be assigned and transferred from the Lender or Mortgagee to the Insurer, and the remaining debt or mortgage shall be paid to the Insurer.

5. If the Insured fails to render proof of loss, the Lender or Mortgagee, upon notice of the Insured's failure to do so, may render proof of loss and shall be subject to the provisions of this Policy relating to appraisal, settlement of claims, and suit against the Insurer.

B. APPRAISAL

If the Insured and the Insurer fail to agree on the amount of a claim, each, upon the written demand of the other made within 60 days after receipt of proof of loss by the Insurer, shall select a competent and disinterested appraiser. The appraisers shall then select a competent and disinterested umpire. Then, at a reasonable time and place, the appraisers shall appraise the loss, stating separately the value and the amount of loss. If the appraisers fail to agree, they shall submit their differences to the umpire. An award in writing by any two shall determine the amount of loss.

The Insured and the Insurer shall each pay its chosen appraiser and bear equally the other expenses of the appraisal and umpire.

C. ASSISTANCE AND COOPERATION OF THE INSURED

The Insured shall cooperate with the Insurer and, upon the Insurer's request and expense, shall submit to examination under oath, attend hearings and trials and assist in effecting settlements, in securing and giving evidence, in obtaining the attendance of witnesses, and in conducting suits.

D. BREACH OF WARRANTY

If a breach of any warranty or condition in this Policy or in any endorsement attached to or made a part of this insurance occurs, which breach, by the terms of the warranty or condition, shall operate to suspend or avoid this insurance, the suspension or avoidance due to such breach shall be effective only during the continuance of such breach, and then only as to the building or contents therein or other separate "location" to which the warranty or condition has reference and with respect to which the breach occurs.

E. CANCELLATION

Only as permitted or regulated by law, this insurance may be cancelled by the "Named insured" shown in the Declarations by written notice.

This insurance may also be cancelled by or on behalf of the Insurer by delivering to the Insured or by mailing to the Insured, the cancellation shall be effective. The mailing of such notice shall be sufficient proof of notice and this insurance shall terminate at the date and hour specified in the notice.

F. COINSURANCE

No coinsurance shall apply with respect to this insurance.

G. CONTROL OF PROPERTY

This insurance shall not be prejudiced by any act or neglect of the owner of any building if the Insured is not the owner thereof, or by any act or neglect of any occupant (other than the Insured) of any building, when such act or neglect of the owner or occupant is not within the control of the Insured, or by failure of the Insured to comply with any warranty or conditions contained in this Policy of any form or endorsement attached to this Policy with regard to any portion of the premises over which the Insured has no control.

H. EXTORTION

Recovery under this Policy shall not be affected by the refusal of the Insured to comply with any extortion demand.

I. NOTICE OF LOSS

As soon as practicable after any "occurrence" that may give rise to a claim in excess of the applicable deductible under this policy is known to the Named insured, the Insured shall report such "occurrence" to the Insurer.

J. OTHER INSURANCE

1. Excess Insurance

   Excess insurance is insurance over the Limit of Liability set forth in this Policy. The existence of such excess insurance shall not prejudice the coverage provided under this Policy nor shall it reduce any liability hereunder.

2. Other Insurance

   If there is any other insurance that would apply in the absence of this Policy, this Policy shall apply only after such insurance whether collectible or not. In no event shall this Policy apply as contributing insurance.

   Notwithstanding any other provision in this policy to the contrary, when determining if this insurance is primary or excess over other valid and collectible insurance, the insurance document/policy containing the more specific designation of the insured, or the more specific designation of the acts, omissions, risks or property covered, will be primary.

3. Contributing Insurance

   Contributing insurance is insurance written upon identical terms, conditions, and provisions as those contained in this Policy. This insurance shall contribute in accordance with the conditions of this Policy only with other contributing insurance as defined.

K. PAYMENT OF LOSS

1. All adjusted claims shall be due and payable no later than 30 days after presentation and acceptance of proof of loss by the Insurer or its appointed representative.

2. Pending final adjustment of an insured loss, the Insured may collect partial payments by filing a proof of loss for each partial payment.

3. The full amount of the 'actual cash value' shall be due and payable no later than 30 days after presentation and acceptance of a proof of loss for the 'actual cash value.' Collecting the 'actual cash value' portion of any claim shall not affect the rights of the Insured under this Policy to collect amounts in excess of the 'actual cash value' upon presentation and acceptance of proof of loss.

L. PROOF OF LOSS

The Insured shall render a signed and sworn proof of loss to the Insurer or its appointed representative.

M. REQUIRED BY LAW

Any provisions required by law to be included in policies issued by the Insurer shall be deemed to have been included in this Policy.

If the provisions of this Policy conflict with the laws of any jurisdictions in which this Policy applies, and if certain provisions are required by law to be stated in this Policy, this Policy shall be read so as to eliminate such conflict or deemed to include such provisions for insured "locations" within such jurisdictions.

N. RIGHT TO INSPECT

The Insurer, at all reasonable times, is permitted, but does not have any duty, to inspect property insured.

The Insurer's

1. Right to make inspections;

2. Making of inspections; or

3. Analysis, advice or inspection report

shall not constitute an undertaking, on behalf of or for the benefit of the Insured or others to determine or warrant that the property insured is safe or healthful. The Insurer shall have no liability to the Insured or any other person because of any inspection or failure to inspect.

O. SALVAGES AND RECOVERIES

Any recoveries from sale of salvage, after expenses incurred in salvage or recovery are deducted, except recovery through subrogation proceedings, shall accrue entirely to the benefit of the Insurer until the sums paid by the Insurer have been recovered.

P. SEVERABILITY OF INTERESTS

Each of the Insureds insured by this policy will have the same protection and obligations as if the policy has been issued individually to each of them, except as respects the obligations associated with section VIII E, Cancellation. However, the inclusion of more than one Insured will not operate to increase the limit of liability of the Insurer beyond the limit of liability stated in this policy.

Q. SUBROGATION

1. In the event of any payment under this Policy, the Insurer, where legally permitted, shall be subrogated to the extent of such payment to all the Insured's rights of recovery in respect thereof. The Insured is required to cooperate, at the request and expense of the Insurer, in any subrogation proceedings. The Insurer may require from the Insured an assignment or other transfer of all rights of recovery against any party for loss to the extent of the Insurer's payment.

   The Insurer shall not acquire any right of recovery that the Insured has expressly waived prior to a loss, nor shall such waiver affect the Insured's rights under this Policy.

   Any recovery from subrogation proceedings, less above the amount paid before expenses, shall be payable to the Insured only after the Insurer has recovered 100% of the loss less the deductible.

2. The right of subrogation against the Insured, affiliated, subsidiary and associated companies or corporations, or any other corporations or companies associated with the Insured through ownership or management, is waived. At the option of the Insured, subrogation against a tenant of the Insured may be waived.

R. TITLES OF PARAGRAPHS

The titles of the paragraphs of this Policy, this form and of endorsements and supplemental contracts, if any, now or hereafter attached are inserted solely for convenience of reference and shall not limit or affect the provisions to which they relate.

VIII. DEFINITIONS

These definitions shall apply to the terms wherever they appear in this Policy and any addendum and/or endorsement to this Policy.

A. ACTUAL CASH VALUE

The 'replacement cost' (as defined in VALUATION), less a reasonable allowance for physical deterioration.

B. BOILER AND MACHINERY

1. Loss or damage caused by or resulting from explosion in, or of steam boilers, steam turbines, gas turbines, steam engines, electric steam generators, moving or rotating machinery when such explosion is caused by centrifugal force or mechanical breakdown, and steam pipes interconnecting any of the foregoing equipment owned, operated or controlled by the Insured, however;

   This definition shall not apply to loss or damage resulting from an explosion:

   a. Of gases or fuel within the furnace of a boiler or within the flues or passages there from;

   b. Involving the smelt bed within a furnace of a boiler of the chemical recovery type;

   c. Outside of any equipment.

2. Loss or damage caused by or resulting from rupture, bursting, cracking, bulging, burning or change of temperature of steam boilers, steam turbines, gas turbines, steam engines and pressure vessels, or piping or apparatus attached to any of the foregoing equipment owned, operated or controlled by the Insured, however:

   this definition shall not apply to direct physical loss or damage resulting from accidental discharge, escape, leakage, backup or overflow to the open of any material from confinement within piping, plumbing systems, tanks or equipment, except from that equipment identified in paragraph 1. above.

3. Loss or damage from mechanical or electrical breakdown (except by direct lightning damage) of any equipment, unless such results directly in direct physical loss, damage or destruction insured by this Policy, in which event, this definition shall not apply to such resulting damage.

C. BOILER AND MACHINERY AMMONIA CONTAMINATION

The spoilage to the type of property insured hereunder from direct physical loss, damage, destruction, contaminated or polluted by ammonia, including any salvage expense caused by Boiler and Machinery as defined in X.B.

D. BOILER AND MACHINERY HAZARDOUS SUBSTANCE

Any additional expenses incurred by the Insured for the clean-up, repair or replacement or disposal to the type of property insured hereunder from direct physical loss damage, destruction, contaminated or polluted by Hazardous Substance caused by Boiler and Machinery as defined in X.B.

E. BOILER AND MACHINERY WATER DAMAGE

The direct physical loss, damage or destruction to the type of property insured hereunder by water including any salvage except no coverage applies to such damage resulting from leakage of a sprinkler system or domestic water piping caused by Boiler and Machinery as defined in X.B.

F. BREAKDOWN

"Breakdown" means the following direct physical loss that causes physical damage to Property Insured and necessitates its repair or replacement:

(1) Electrical failure including arcing;
(2) Failure of pressure or vacuum equipment; or
(3) Mechanical failure including rupture or bursting caused by centrifugal force.

"Breakdown" does not mean or include

(1) Cracking of any part of an internal combustion gas turbine exposed to the products of combustion;

(2) Damage to any structure or foundation supporting the Property Insured or any of its parts;

(3) Damage to any vacuum tube, gas tube, or brush;

(4) Defects, erasures, errors, limitations or viruses in computer equipment, "Electronic Media", "Electronic Data" or programs, including the inability to recognize and process any date or time or provide instructions to Property Insured. However, if a "Breakdown" ensues, we will pay the ensuing loss or damage not otherwise excluded;

(5) Functioning of any safety or protective device;

(6) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection; or

(7) Malfunction including adjustment, alignment, calibration, cleaning or modification.

One "Breakdown" means if an initial breakdown causes other "Breakdowns", all will be considered One "Breakdown". All "Breakdowns" at any one premises that manifest themselves at the same time and are the direct result of the same cause will be considered One "Breakdown".

G. EARTHQUAKE AND EARTHQUAKE "OCCURRENCE"

A quaking, trembling, vibratory or undulating movement of a portion of the earth's crust, produced by underground volcanic forces or other pressures that produce a breaking, shifting or other movement of the earth's crust. Wherever used in this Policy, the term "Earthquake" shall be restricted exclusively to the actual, specific cracking, rupturing, shifting, toppling or collapse of property and shall not include loss, damage or destruction, if any, directly resulting from any ensuing direct physical loss, damage or destruction insured by this policy. Such ensuing loss shall be construed to have been of the same "occurrence" but of a different proximate cause.

If more than one "Earthquake" occurs within any period of 168 hours during the term of this Policy, such "Earthquakes" shall be deemed to be a single "occurrence" within the meaning of this Policy. The Insured may determine the beginning of such 168-hour period.

Should any "Earthquake" commence prior to the expiration of this Policy and extend beyond the expiration date of this Policy, this Policy shall pay for all such losses occurring during such period as if such period fell entirely within the term of this Policy. But the Insurer shall not be liable for any loss commencing before the effective date and time or commencing after the expiration date and time of this Policy.

H. FINISHED STOCK

Stock manufactured by the Insured, which in the ordinary course of the Insured's business is ready for packing, shipment or sale.

I. FIRST NAMED INSURED

The "First Named Insured" is as listed in the Declarations and any owned, controlled, associated or affiliated subsidiary, company, corporation, organization, trust or association as now or may hereinafter be constituted or acquired; the interest of the "First Named Insured" in any partnership or joint venture, to the extent not otherwise insured; and any entity for which the "First Named Insured" has agreed to provide insurance, as their respective rights and interests appear and as defined in the Policy wording.

Only the "First Named Insured" is authorized to cancel this policy and/or otherwise agree with this Insurer to make changes to the terms and conditions contained herein. Any return premium resulting from any adjustment of the premium or cancellation of the policy prior to expiration shall be returned to the "First Named Insured" unless otherwise instructed in writing by the "First Named Insured".

The "First Named Insured" shall be deemed as the sole and irrevocable agent of each and every Insured hereunder for the purpose of giving and receiving notices to and from the Insurer, giving instructions to or agreeing to the Insurer as respects policy alterations and for making or receiving adjustments to premium.

J. FLOOD

A general and temporary condition of partial or complete inundation of normally dry land area from (1) the overflow of inland or coastal waters including any tsunami; (2) the unusual and rapid accumulation or run off of surface waters from any source; or (3) the spray from any of them, whether driven by wind or not, and shall not include loss, damage or destruction, if any, resulting from any ensuing direct physical loss, damage or destruction insured by this policy. Such ensuing loss shall be construed to have been of the same "occurrence" but of a different proximate cause.

If more than one "Flood" occurs within any period of 96 hours during the term of this Policy, such "Floods" shall be deemed to be a single "occurrence" within the meaning of this Policy. The Insured may determine the beginning of such 96-hour period.

If any "Flood" occurs within the period of the continued rising or overflow of any natural or man-made bodies of water and the subsidence of same within their banks or results from any waves including tsunamis, tides, tidal waves or series of tidal waves caused by any one disturbance, all loss, damage or destruction by such "Flood" shall be deemed to be a single "occurrence" within the meaning of this Policy.

Should any "Flood" commence prior to the expiration of this Policy and extend beyond the expiration date of this Policy, this Policy shall pay for all such losses occurring during such period as if such period

fell entirely within the term of this Policy. But the Insurer shall not be liable for any loss commencing before the effective date and time or commencing after the expiration date and time of this Policy.

"Flood" under this definition does not include water inundation, storm surge or "Flood", including loss or damage from the destruction or breaching of any levee, dam or dike as a result of actions or effects of a "Named Storm".

K. HIGH HAZARD ZONES FOR EARTHQUAKE

STATE	COUNTIES
ALASKA	Entire State except Nome, North Slope, Northwest Arctic, Wade Hampton
CALIFORNIA	Entire State
HAWAII	Entire State
PUERTO RICO	Entire Commonwealth
NEW MADRID	**Arkansas, counties of:** Arkansas, Ashley, Chicot, Clay, Craighead, Crittenden, Cross, Desha, Drew, Fulton, Grant, Greene, Independence, Izard, Jackson, Jefferson, Lawrence, Lee, Lincoln, Lonoke, Mississippi, Monroe, Phillips, Poinsett, Prairie, Pulaski, Randolph, Saline, Sharp, St. Francis, White, Woodruff **Illinois, counties of:** Alexander, Bond, Calhoun, Christian, Clark, Clay, Clinton, Coles, Crawford, Cumberland, Edwards, Effingham, Fayette, Franklin, Gallatin, Greene, Hamilton, Hardin, Jackson, Jasper, Jefferson, Jersey, Johnson, Lawrence, Macoupin, Madison, Marion, Massac, Monroe, Montgomery, Morgan, Perry, Pike, Pope, Pulaski, Randolph, Richland, Saline, Sangamon, Scott, Shelby, St. Clair, Union, Wabash, Washington, Wayne, White, Williamson **Indiana, counties of:** Crawford, Daviess, Dubois, Gibson, Greene, Knox, Lawrence, Martin, Orange, Perry, Pike, Posey, Spencer, Sullivan, Vanderburgh, Warrick **Kentucky, counties of:** Ballard, Breckinridge, Butler, Caldwell, Calloway, Carlisle, Christian, Crittenden, Daviess, Fulton, Graves, Hancock, Henderson, Hickman, Hopkins, Livingston, Logan, Lyon, Marshall, McCracken, McLean, Muhlenberg, Ohio, Simpson, Todd, Trigg, Union, Warren, Webster **Mississippi, counties of:** Alcorn, Benton, Bolivar, Calhoun, Carroll, Chickasaw, Choctaw, Clay, Coahoma, De Soto, Grenada, Holmes, Humphreys, Issaquena, Itawamba, Lafayette, Lee, Leflore, Lowndes, Marshall, Monroe, Montgomery, Oktibbeha, Panola, Pontotoc, Prentiss, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tippah, Tishomingo, Tunica, Union, Warren, Washington, Webster, Yalobusha, Yazoo **Missouri, counties of:** Audrain, Bollinger, Butler, Callaway, Cape Girardeau, Carter, Cole, Crawford, Dent, Dunklin, Franklin, Gasconade, Howell, Iron, Jefferson, Lincoln, Madison, Maries, Marion, Miller, Mississippi, Montgomery, New Madrid, Oregon, Osage, Pemiscot, Perry, Phelps, Pike, Pulaski, Ralls, Reynolds, Ripley, Scott, Shannon, St. Charles, St. Francois, St. Louis, St.

	Louis City, Ste. Genevieve, Stoddard, Texas, Warren, Washington, Wayne **Tennessee, counties of:** Benton, Carroll, Cheatham, Chester, Crockett, Decatur, Dickson, Dyer, Fayette, Gibson, Hardeman, Hardin, Haywood, Henderson, Henry, Hickman, Houston, Humphreys, Lake, Lauderdale, Lawrence, Lewis, Madison, McNairy, Montgomery, Obion, Perry, Robertson, Shelby, Stewart, Tipton, Wayne, Weakley
PACIFIC NORTHWEST	**Oregon, counties of:** Benton, Clackamas, Clatsop, Columbia, Coos, Curry, Douglas, Jackson, Josephine, Klamath, Lake, Lane, Lincoln, Linn, Marion, Multnomah, Polk, Tillamook, Washington, Yamhill **Washington, counties of:** Chelan, Clallam, Clark, Cowlitz, Grays Harbor, Island, Jefferson, King, Kitsap, Kittitas, Lewis, Mason, Pacific, Pierce, San Juan, Skagit, Skamania, Snohomish, Thurston, Wahkiakum, Whatcom **British Columbia (includes Vancouver Island):** South of 50° N latitude and west of 120° W longitude

L. IMPROVEMENTS AND BETTERMENTS

Fixtures, alterations, installations or additions comprising part of a building occupied but not owned by the Insured and acquired or made at the expense of the Insured, which the Insured cannot legally remove.

M. INSURABLE INTEREST OF THE INSURED IN PROPERTY OF OTHERS

1. liability imposed by law upon the Insured for loss, damage or destruction, by a peril insured by this Policy, of "property of others" of the type insured by this Policy; or

2. liability assumed by the Insured by specific agreement prior to loss for direct physical loss, damage or destruction by a peril insured by this Policy.

N. LAND IMPROVEMENTS

Any alteration to the natural condition of the land at a "location" by grading, excavation, filling, backfilling, landscaping and additions to such land including landscape gardening, pavements, roadways, or similar works and including the cost of reclaiming, restoring or repairing "land improvements." "Land improvements" shall also include trees, plants and shrubs that are part of the natural condition of the land at a "location".

"Land improvements" shall not include any artificial turf attached to a subfloor.

O. LOCATION

1. A site reported to the Insurer prior to a loss; or

2. Any site that falls under Automatic Coverage for Newly Acquired Property; or

3. Any site that falls under Course of Construction.

P. MERCHANDISE

Goods kept for sale by the Insured, which are not "raw stock," "stock in process" or "finished stock."

Q. MOBILE STRUCTURE

Any building structure constructed with the intent to be moved without disassembly, even if the wheels have been removed, it is tied down, and/or affixed to an immovable foundation, i.e. mobile homes, office trailers, buildings on skids.

R. NAMED STORM

The term "Named Storm" shall mean a weather condition that has been declared by the U.S. National Weather Service to be a hurricane, typhoon, tropical storm or cyclone that results in loss or damage to Insured property directly or indirectly by:

1. the force of wind caused by or resulting from a "Named Storm"; or

2. any material, object or debris that is carried, propelled or in any manner moved by a "Named Storm"; or

3. hail, lightning or tornado(es) that are a result of actions or effects of a "Named Storm"; or

4. rain or water, whether the rain or water is driven by wind or not, that enters the insured property through an opening(s) created by the force of wind from a "Named Storm"; or

5. water inundation, storm surge or "Flood" as defined herein, including loss or damage from the destruction or breaching of any levee, dam or dike as a result of actions or effects of a "Named Storm".

If more than one "Named Storm" occurs within any period of 96 hours during the term of this Policy, such "Named Storms" shall be deemed to be a single "occurrence" within the meaning of this Policy. The Insured may determine the beginning of such 96-hour period.

S. NET SALES VALUE OF PRODUCTION

The sum of the net sales of the Insured's product during 'the year' (gross sales less discounts, returns, allowances, bad debts and prepaid freight to the extent included in sales figures), less inventory of "finished stock" at the beginning of 'the year' priced at sales value, plus the inventory of "finished stock" on hand at the end of 'the year' priced at sales value. 'The year' means the 365-day period ending on the date of the loss.

T. NORMAL

The condition that would have existed had no loss occurred.

U. OCCURRENCE

Except as specifically defined under "Earthquake," "Flood" and "Named Storm," all loss, damage or destruction that is attributable to one cause or to one series of similar causes occurring within 72 hours following the initial cause. All such losses shall be added together and the total amount of such losses shall be treated as one "occurrence" irrespective of the area over which the losses occur.

Should any "occurrence" commence prior to the expiration of this Policy and extend beyond the expiration date of this Policy, this Policy shall pay for all such losses occurring during such period as if such period fell entirely within the term of this Policy. But the Insurer shall not be liable for any loss commencing before the effective date and time or commencing after the expiration date and time of this Policy.

V. PROPERTY OF OTHERS

Any property not owned by the Insured.

W. RAW STOCK

Material in the state in which the Insured receives it for conversion by the Insured into "stock in process" or "finished stock."

X. STOCK IN PROCESS

"Raw stock" which has undergone any aging, seasoning, mechanical or other process of manufacture but which has not become "finished stock."

ENDORSEMENT NO. 1 – LPFA/THIRD PARTY FINANCING EQUIPMENT

This endorsement applies only to equipment purchased in accordance with instructions set forth by the LA Public Facilities Authority or the Third Party Financing Master Installment Purchase Agreement.

1. Throughout this policy with regards to equipment purchased in accordance with instructions set forth by the LA Public Facilities Authority or the Third Party Financing Master Installment Purchase Agreement, "actual cash value" is replaced with "replacement cost or the remaining lease payments, whichever is greater"[1], subject, however, to all other provisions of this endorsement and of the policy to which this endorsement is attached.
2. This endorsement shall not apply to "finished stock," "raw stock," "stock in process," or "merchandise" including materials and supplies in connection therewith; "property of others," household furniture or residential contents; 'fine arts and antiques' or 'valuable papers and records.'
3. The Insurer shall not be liable under this endorsement for any loss:
   a. occasioned directly or indirectly by enforcement of any ordinance or law regulating the use, construction, repair specifically demolition of property unless such liability has been assumed under this policy;
   b. unless and until the damaged or destroyed property is actually repaired or replaced by the Insured with due diligence and dispatch.
4. The Insured may elect to make claim under this policy in accordance with its provisions, disregarding this endorsement; and the Insured may make further claim for any additional liability brought about by this endorsement in accordance with its provisions, provided the Insurer is notified in writing within 180 days after loss of the Insured's intent to make such further claim.
5. The Insured's liability for loss on a replacement cost basis shall not exceed the smallest of the following amounts:
   a. the amount of this policy applicable to the damaged or destroyed property;
   b. the replacement cost of the property or any part thereof identical with such property on the same premises and intended for the same occupancy and use; or
   c. the amount actually and necessarily expanded in repairing or replacing said property or any part thereof.
6. *APPORTIONMENT CLAUSE*

   The Insurer shall not be liable under this policy including this endorsement for a greater proportion of any loss than the amount of this policy applying to the property to which this endorsement applies bears to the total amount of insurance on such property against the peril involved, whether or not such other insurance includes the extension of coverage provided under this endorsement, and whether such other insurance is collectible or not.

   If the coverage on property under this policy be divided into two or more items, all of the foregoing shall apply separately to each item to which this endorsement applies.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the Policy, except as hereinabove set forth.

All Other Terms and Conditions Unchanged

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[1]In accordance with Rule 12 "Insurance on Equipment" of the Louisiana Public Facilities Authority Fund (procedures), the maximum amount of insurance provided hereunder is the greater of the replacement value of the equipment or the remaining lease payments.

ENDORSEMENT NO. 2 – PRIORITY OF PAYMENTS

1. In the event of a claim hereunder which involves more than one interest and/or coverage and/or peril, it shall be at the sole option of the Insured to apportion recovery under this policy when submitting final proof of loss, subject to the overall amount of claim not exceeding the overall limit of liability contained herein for any one loss.

2. For the purpose of attachment coverage for excess layers, it is further agreed that loss involving any interest and/or peril covered in primary or underlying excess layers, but excluded in higher excess layers, shall be recognized by such excess layers as eroding or exhausting the occurrence limits of the primary and/or underlying excess layer(s). Nothing herein, however, shall be deemed to extend coverage in such excess layers(s) to include loss from the specifically excluded peril in the excess layer(s) itself.

3. If a covered property has been damaged by the flood or wind peril in a prior "Named Storm" and has received public assistance through FEMA or, with regard to flood only, is located in a Special Flood Hazard Area (SFHA), this policy will pay on those properties first, subject to Title 44 of the Code of Federal Regulations (44 CFR §206.250 through §206.253) in effect at the time of the "Named Storm".

   a. Regarding the flood peril as part of a "Named Storm" and/or Presidentially-declared disaster, the insurance loss deduction per building applied to a FEMA project worksheet will be limited to the lesser of $500,000 or the scheduled replacement cost value on file at ORM. It is understood that those facilities located in a SFHA would have an insurance coverage requirement for the first loss. The non-SFHA facilities must have a FEMA paid loss in a prior event to have the flood insurance coverage requirement in subsequent events.

   b. Regarding the wind peril as part of a "Named Storm" and/or Presidentially-declared disaster, the insurance loss deduction per building applied to a FEMA project worksheet will be limited to the scheduled replacement cost value on file at ORM. It is understood that facilities must have a FEMA paid loss in a prior event to have the wind insurance coverage requirement in subsequent events.

ENDORSEMENT NO. 3 – LSU FOUNDATIONS AND ASSOCIATIONS

1. Property of the following entities is insured under this policy:
   a. Louisiana State University Alumni Federation
   b. Louisiana Animal Breeders Association
   c. All affiliated, associated, or subsidiary organizations, companies, partnerships, or corporations as now or hereafter exist

2. Property of the following entities is excluded from this policy:
   a. LSU Tiger Athletic Foundation
   b. Louisiana State University Foundation
   c. Louisiana State University Property Foundation
   d. Louisiana State University Marie Property Foundation
   e. LSU System Research & Technology Foundation

ENDORSEMENT NO. 4 – ADDITIONAL INSUREDS

As regards the LSU Co-Generation Power Plant, the following are added as additional insureds:
J.P.Morgan Trust Co., NA; University Energy Equipment Co., as assignee of/and Bernhard Mechanical Contractors, Inc.

ENDORSEMENT NO. 5 – INTERPRETATION OF COVERAGE DOCUMENT

The interpretation of the terms and provisions of this coverage document will be made pursuant to the laws of the State of Louisiana.

Further interpretation of the terms and provisions of this coverage document, and of any other valid and collectible insurance, including any concurrent or overlapping coverages as a result of other insurance, will be made pursuant to Insurance Industry Standard Practices and Guiding Principles.

This insuring agreement does not, and is not intended to, confer any rights, benefits or remedies upon any person other than the parties hereto, or to an insured as expressly defined herein.