LEXINGTON INSURANCE COMPANY

Administrative Offices: 99 High Street, Boston, Massachusetts 02110
(hereinafter called the Company)

MANUSCRIPT DOMESTIC PROPERTY POLICY
DECLARATIONS

Policy Number: 033086517 **Renewal of:** 033086517

Item 1. **Named Insured:** THE STATE OF NEBRASKA

Address: 1445 K ST
P.O. BOX 94974
LINCOLN, NE 68509

Item 2. **Policy Period:**
From: 07/01/2015 To: 07/01/2016
(At 12:01 A.M. Standard Time at the address of the Named Insured shown above.)

Item 3. **Limit of Liability:** $250,000,000 **Part of** $250,000,000 **Excess of** $
(Maximum Limit of Liability in any one **Occurrence**)

Item 4. **Premium:**
Total Premium: $637,757
Minimum Earned Premium: $159,439

Item 5. **Perils:**
ALL RISKS OF DIRECT PHYSICAL LOSS OR DAMAGE INCLUDING FLOOD, EARTH MOVEMENT AND EQUIPMENT BREAKDOWN AND AS FURTHER DESCRIBED IN THE POLICY FORM

Item 6. **Description of Property Covered:**
REAL AND PERSONAL PROPERTY; MACHINERY AND EQUIPMENT; FURNITURE & FIXTURES; IMPROVEMENTS AND BETTERMENT'S; INVENTORY; STOCK; EDP HARDWARE, MEDIA AND DATA; BUSINESS INCOME - GROSS EARNING / EXTRA EXPENSE AND AS FURTHER DESCRIBED IN THE POLICY FORM

Coinsurance: NIL

Item 7. **Mortgagee Clause:** Loss, if any shall be payable to:

Item 8. **Forms Attached:** See attached forms schedule

Authorized Representative OR
Countersignature (In states where applicable)

POLICYHOLDER NOTICE

Thank you for purchasing insurance from a member company of American International Group, Inc. (AIG). The AIG member companies generally pay compensation to brokers and independent agents, and may have paid compensation in connection with your policy. You can review and obtain information about the nature and range of compensation paid by AIG member companies to brokers and independent agents in the United States by visiting our website at www.aig.com/producercompensation or by calling 1-800-706-3102.

Commercial Property – Claim Reporting and Claim Questions

Options for Reporting a New Claim

- ***Telephone :*** ***AIG CallOne^{sm}:*** 800-931-9546 24/7, 365 days/year
- ***Email :*** newloss-usproperty&energy@aig.com
- ***Fax :*** 855-805-4125
- ***Internet :*** Complete a Quick Claim form at ***LexingtonClaims.com***
- ***Mail :*** P.O. Box 2310, Alpharetta, Georgia 30023-2970

Such written notice shall include the Named Insured as shown on the Declarations, the policy number, the date of loss and a brief description of the potential claim.

Options for Questions Regarding Existing/Previously Reported Claims

For questions regarding existing claims, contact should be made directly with the assigned AIG Examiner via direct dial or email. ***However, in the instance where an AIG Examiner is unknown, please use the following methods to obtain the information:***

- **Claim Service Center*:* 877-873-9972**
- **AIG CallOne: 800-931-9546**

FORMS SCHEDULE

NAMED INSURED: **THE STATE OF NEBRASKA**

POLICY NO: **033086517**

EFFECTIVE DATE: **07/01/2015**

FORM NUMBER	EDITION DATE	END. NUMBER	TITLE
PR8370	04/13		MANUSCRIPT DOMESTIC PROPERTY DEC
PR8371	02/12		MANUSCRIPT DOMESTIC PROPERTY TEX
LEXDOC021	12/87	001	GENERAL CHANGE ENDORSEMENT
LEXDOC021	12/87	002	SUBLIMITS AND DEDUCTIBLES ENDT
LEXDOC021	12/87	003	VEHICLE PHYSICAL DAMAGE COVERAGE EXTENSION ENDORSEMENT
LEXDOC021	12/87	004	HIGH HAZARD EARTHQUAKE ZONES ENDORSEMENT
LEXDOC021	12/87	005	SCHEDULED FINE ARTS ENDORSEMENT
LEXDOC021	12/87	006	AMENDATORY ENDORSEMENT
LEXDOC021	12/87	007	COMMUNICABLE DISEASE & EVACUATION EXPENSE ENDORSEMENT
PR4266	12/14		TERRORISM EXCLUSION ENDORSEMENT
NMA2918	08/01		WAR AND TERRORISM EXCLUSION
PR8346	02/08		UPGRADE TO GREEN ENDORSEMENT
PR8530	08/09		MOLD/FUNGUS EXCLUSION
PR8346	02/08		UPGRADE TO GREEN – COMMERCIAL ENDORSEMENT
PR4259	10/13		ANTI-STACKING ENDORSEMENT
PR4225	07/13		ECONOMIC SANCTIONS ENDORSEMENT

LEXINGTON INSURANCE COMPANY

(hereinafter, the "Company")

ADMINISTRATIVE OFFICES: 99 High Street, Boston, Massachusetts 02110

MANUSCRIPT DOMESTIC PROPERTY POLICY

SECTION I - COVERAGES AND LIMITS OF LIABILITY

Terms which appear in boldface type have special meaning. See Section VIII. POLICY DEFINITIONS.

A. NAMED INSURED: First Named Insured and/or its affiliated and subsidiary companies and/or corporations as now exist or may hereafter be constituted or acquired including their interests as may appear in partnerships or joint ventures which the Insured is legally obligated to insure.

B. MORTGAGEES, LOSS PAYEES, AND ADDITIONAL INSUREDS: Per Certificates on File with the Company.

C. COVERAGE TERRITORY: Coverage under this Policy applies to **Occurrences** within the United States, its territories and possessions, Puerto Rico, and Canada, including their respective coastal waters.

D. LIMIT OF LIABILITY (**"Policy Limit"**): This Company's maximum liability in any one **Occurrence** as a result of all covered loss or damage regardless of the number of **Locations**, coverages, or perils insured under this Policy shall not exceed:

$250,000,000

E. SUBLIMITS OF LIABILITY: Sublimits of Liability stated below are subject to and not in addition to the **Policy Limit** shown in Paragraph D., above. These Sublimits of Liability and the specified limits of liability contained in the forms, endorsements and extensions attached, if any, are per **Occurrence** unless otherwise indicated.

If the words, NOT COVERED are shown, instead of a limit, sublimit amount or number of days, or if a specified amount or number of days is not shown corresponding to any coverage or Covered Cause of Loss, then no coverage is provided for that coverage or Covered Cause of Loss.

1. **Earth Movement:**

   a. $25,000,000 Annual Aggregate

   Subject to the Annual Aggregate Limit for all **Earth Movement** shown in Subparagraph E.1.a. above:

   b. $NOT COVERED — Annual Aggregate for all **Earth Movement** in all of the following states combined: California, Alaska, Hawaii, and Puerto Rico

   c. $NOT COVERED — Annual Aggregate for Pacific Northwest Earthquake Zone Counties (See Section VIII-Policy Definitions, Subparagraph E.1.)

   d. $NOT COVERED — Annual Aggregate for New Madrid Earthquake Zone Counties (See Section VIII - Policy Definitions, Subparagraph E.2.)

2. **Flood:**

   a. $25,000,000 Annual Aggregate

   b. $2,500,000 — Subject to the Annual Aggregate Limit for all **Flood** shown in Subparagraph E.2.a. above, the Annual Aggregate as respects **Flood** for **Locations** wholly or partially within Special Flood Hazard Areas (SFHA), areas of 100-year flooding as defined by the Federal Emergency Management Agency (FEMA).

3. Named Storm: $SEE ENDT #002 Regardless of the number of Coverages, **Locations** or Perils involved including, but not limited to, all **Flood** (however caused), wind, wind gusts, storm surges,

tornados, cyclones, hail, or rain, the maximum amount the Company will pay per Occurrence as respects all covered Loss or Damage arising out of a Named Storm (a storm that has been declared by the National Weather Service to be a Hurricane, Typhoon, Tropical Cyclone, Tropical Storm, or Tropical Depression). In the event covered Loss or Damage by **Flood** arises out of a Named Storm, the maximum amount the Company will pay per **Occurrence** for all such Loss or Damage by **Flood** shall be the Sublimits of Liability for **Flood** as shown in Subparagraphs E.2.a. and E.2.b. above. However, if **Flood** is not covered, the maximum amount the Company will pay per **Occurrence** for all such Loss or Damage by Named Storm shall exclude Loss or Damage by **Flood.**

4. Debris Removal: The Company's total liability for Debris Removal per **Occurrence** for all Insured **Locations** sustaining covered direct physical loss or damage payable under this Policy shall not exceed the lesser of:

   a. 25% of the amount of covered direct physical loss or damage payable for all Insured **Locations**; or

   b. $10,000,000

5. Accounts Receivable: $10,000,000

6. Civil or Military Authority: 30 Days, but in no event will the Company pay more than $ SEE ENDT #002

7. Contingent Time Element: $SEE ENDT #002

8. Demolition & Increased Cost of Construction: (See Section VI - Additional Coverages, Paragraph C.)

   a. Demolition Coverage A: **Policy Limit**
   b. Demolition Coverage B: $5,000,000
   c. Demolition Coverage C: $5,000,000

9. **Electronic Data and Media:** $25,000,000

10. **Equipment Breakdown:** $22,356,913

11. Spoilage: $250,000

12. Errors and Omissions: $5,000,000 , Subject to all other sublimits contained herein.

13. Extended Period of Indemnity: 365 Days

14. Extra Expense: $5,000,000

15. **Fine Arts:** $SEE ENDT #002

16. Fire Brigade Charges: $SEE ENDT #002

17. Ingress/Egress Coverage: 30 Days, but in no event will the Company pay more than $ SEE ENDT #002

18. Leasehold Interest: $5,000,000

19. Limited Pollution Coverage: $250,000 Annual Aggregate

20. **Miscellaneous Unnamed Locations:** $5,000,000 , Subject to all other sublimits contained herein.

21. Newly Acquired Property: 120 Days, but in no event will the Company pay more than $10,000,000 , Subject to all other sublimits contained herein.

22. Ordinary Payroll: 180 Days

23. Professional Fees:	$1,000,000	
24. Service Interruption:	$10,000,000 , A qualifying period of 24 hours applies to this coverage.	
25. Transit:	$SEE ENDT #002 $SEE ENDT #002	Per Conveyance Per **Occurrence**
26. **Valuable Papers and Records:**	$10,000,000	

F. MAXIMUM AMOUNT PAYABLE: In the event of covered loss hereunder, liability of the Company shall be limited to the least of the following:

1. The actual adjusted amount of loss, less applicable deductible(s),
2. As respects each **Location** insured by this Policy, one-hundred (100%) percent of the total combined stated values for all categories of Insured Property (e.g. building, contents) and other covered exposures (e.g., time element, extra expense, rental loss) shown for that **Location** on the latest Statement of Values or other documentation on file with the Company, or
3. The limit of liability or applicable sublimit of liability shown in this Policy or endorsed onto this Policy.

G. DEDUCTIBLE: Each claim for loss or damage under this Policy shall be subject to a per **Occurrence** deductible amount of $1,000,000, unless a specific deductible shown below applies:

1. **Flood:**
   a. $1,000,000 Per **Occurrence**, except as follows in Subparagraph G.1.b.:
   b. NA% of Total Insurable Values (TIV) at the time of the loss at each **Location** involved in the loss or damage, subject to a minimum of NOT APPLICABLE any one **Occurrence** as respects **Locations** wholly or partially within Special Flood Hazard Areas (SFHA), areas of 100-year flooding as defined by the Federal Emergency Management Agency (FEMA).
2. **Earth Movement:**
   a. $1,000,000 Per **Occurrence**, except as follows in Subparagraph G.2.b, G.2.c., or G.2.d.:
   b. NC% of Total Insurable Values at the time of the loss at each **Location** involved in the loss or damage, subject to a minimum of NOT COVERED any one **Occurrence** as respects **Locations** in California, Hawaii, Alaska, and Puerto Rico;
   c. NC% of Total Insurable Values at the time of the loss at each **Location** involved in the loss or damage, subject to a minimum of NOT COVERED any one **Occurrence** as respects **Locations** in the Pacific Northwest Earthquake Zone Counties (See Section VIII - Policy Definitions, Subparagraph E.1.);
   d. NC% of Total Insurable Values at the time of the loss at each **Location** involved in the loss or damage, subject to a minimum of NOT COVERED any one **Occurrence** as respects **Locations** in the New Madrid Earthquake Zone Counties (See Section VIII - Policy Definitions, Subparagraph E.2.
3. **Windstorm** or **Hail**:
   a. $1,000,000 Per **Occurrence** except as follows in Subparagraph G.3.b.:
   b. NA % of Total Insurable Values at the time of the loss at each **Location** involved in the loss or damage arising out of a Named Storm (a storm that has been declared by the National Weather Service to be a Hurricane, Typhoon, Tropical Cyclone, Tropical Storm, or Tropical Depression), regardless of the number of Coverages, **Locations** or Perils involved (including, but not limited to, all **Flood**, wind, wind gusts, storm surges, tornados, cyclones, hail, or rain) and subject to a minimum deductible of NOT APPLICABLE any one **Occurrence**.
4. Time Element: Days

The following two paragraphs apply to Subparagraphs G.1. through G.4, inclusive:

In each case of loss or damage covered by this Policy, the Company shall not be liable unless the Insured sustains loss or damage in a single **Occurrence** greater than any applicable deductible described herein and then, if this is a quota share Policy, only for the Company's share in excess of such deductible. When this Policy covers more than one **Location**, the deductible shall apply against the total loss or damage covered by this Policy in any one **Occurrence**, unless otherwise stated in this Paragraph G.

If two or more deductible amounts provided in this Policy apply to a single **Occurrence**, the total to be deducted shall not exceed the largest deductible applicable unless otherwise stated in this Policy. However, if:

1. The Time Element deductible and another deductible apply to a single **Occurrence**, then the Company shall apply both deductibles to the **Occurrence**; and
2. Covered Loss or Damage by **Flood** arises out of a Named Storm, then the Company shall apply the **Flood** deductible set forth in Subparagraph G.1. or the Named Storm deductible set forth in Subparagraph G.3.b., whichever is greater.

SECTION II - COVERED CAUSES OF LOSS

A. PERILS INSURED: This Policy insures against all risks of direct physical loss or damage to Insured Property, except as excluded.

B. PERILS EXCLUDED:

1. The Company does not insure for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss or damage. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area:

   a. Nuclear reaction or nuclear radiation or radioactive contamination from any cause, all whether direct or indirect, controlled or uncontrolled, proximate or remote, or is contributed to or aggravated by a Covered Cause of Loss. However:

      i. If fire not otherwise excluded ensues, the Company shall be liable for direct physical loss or damage by such ensuing fire, but not including any loss or damage due to nuclear reaction, nuclear radiation, or radioactive contamination; and

      ii. This Policy does insure against loss or damage caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted on the Insured premises, provided that, at the time of such loss or damage, there is neither a nuclear reactor nor any new or used nuclear fuel on the Insured premises.

   b. i. War, hostile or warlike action in time of peace or war, whether or not declared, including action in hindering, combating, or defending against an actual, impending, or expected attack:

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

      (2) By military, naval, or air forces; or

      (3) By an agent of any such government, power, authority, or force;

      ii. Any weapon of war employing atomic fission or radioactive force, whether in time of peace or war, whether or not its discharge was accidental; or

      iii. Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering combating, or defending against such **Occurrence**, seizure or destruction;

      Including any consequence of Subparagraphs b.i., b.ii., or b.iii. above.

   c. Any fraudulent or dishonest act or acts, intended to result in financial gain, committed alone or in collusion with others: by any proprietor, partner, director, trustee, officer or employee of the Insured, or by any party to whom the property may have been entrusted (other than a carrier for hire).

However, a willful act of destruction by an employee of the Insured, or others listed above without the knowledge of the Insured is covered.

d. Asbestos material removal, except asbestos that itself incurs direct physical loss or damage caused by a **Defined Peril** at the Insured **Location.**

e. The actual, alleged or threatened release, discharge, escape or dispersal of **Pollutants or Contaminants**, all whether direct or indirect, proximate or remote or in whole or in part caused by, contributed to or aggravated by any Covered Cause of Loss under this Policy.

However, this exclusion shall not apply to direct physical loss or damage to Insured Property arising out of seepage, contamination, or pollution caused by a **Defined Peril** at the Insured **Location.**

f. Faulty workmanship, material, construction, installation or design from any cause; all unless direct physical loss or damage not otherwise excluded by this Policy ensues, in which event, this Policy will cover only such ensuing loss or damage.

g. Loss attributable to manufacturing or processing operations which result in damage to stock or materials while such stock or materials are being processed, manufactured, tested or otherwise being worked upon; all unless physical damage not otherwise excluded by this Policy ensues, in which event, this Policy shall cover only such ensuing damage.

h. Deterioration, depletion, rust, corrosion, erosion, wet or dry rot, decay, evaporation, leakage, wear and tear, animal, insect or vermin damage, inherent vice or latent defect, shrinkage or change in color, flavor, texture or finish, extremes or changes of temperature damage or changes in relative humidity damage, all whether atmospheric or not; all unless physical damage not otherwise excluded by this Policy ensues, in which event, this Policy shall cover only such ensuing damage.

i. Settling, cracking, shrinking, bulging, or expansion of pavements, foundations, walls, floors, or ceilings; all unless physical damage not otherwise excluded by this Policy ensues, in which event, this Policy will cover only such ensuing damage.

j. Lack of incoming electricity, fuel, water, gas, steam, refrigerant, or outgoing sewerage, or incoming or outgoing data or telecommunications, all of which are caused by an **Occurrence** away from the **Location**(s) insured under this Policy, unless specifically provided herein and only to the extent provided herein.

k. Costs, expenses, fines or penalties incurred or sustained by or imposed on the Insured at the order of any government agency, court or other authority arising from any cause whatsoever.

l. i. Any functioning or malfunctioning of the internet or similar facility, or of any intranet or private network or similar facility,

ii. Any corruption, destruction, distortion, erasure or other loss or damage to data, software, or any kind of programming or instruction set,

iii. Loss of use or functionality, whether partial or entire, of data, coding, program, software, any computer or computer system or other device dependent upon any microchip or embedded logic, and any ensuing inability or failure of the Insured to conduct business, as a result thereof.

This exclusion shall not apply to any ensuing physical damage, not otherwise excluded, which itself results from a **Defined Peril** at the Insured **Location.**

m. Error or omission in **Electronic Data and Media** machine programming or instructions, including, loss attributable to program design constraints, networking compatibility and original business applications.

n. The failure of any computer, data processing equipment, media microchip, operating systems, microprocessors (computer chip), integrated circuit or similar device, or any computer software, whether the property of the Insured or not, and whether occurring before, during or after the year 2000 that results from the inability to:

i. correctly recognize any date as its true calendar date;

ii. capture, save, or retain, and/or correctly manipulate, interpret or process any data or information or command or instruction as a result of treating any date otherwise than its true calendar date; and/or

iii. capture, save, retain or correctly process any data as a result of the operation of any command which has been programmed into any computer software, being a command which causes the loss of data or the inability to capture, save, retain or correctly process such data on or after any date.

It is further understood that the Insurer will not pay for the repair of modification of any part of an electronic data processing system or its related equipment, to correct deficiencies or features of logic or operation.

It is further understood that the Insurer will not pay for damage or consequential loss arising from the failure, inadequacy, or malfunction of any advice, consultation, design, evaluation, inspection, installation, maintenance, repair or supervision done by the Insured or for the Insured or by or for others to determine, rectify or test, any potential or actual failure, malfunction or inadequacy described in a. above.

Such Damage or Consequential Loss described in a., b., or c. above, is excluded regardless of any other cause that contributed concurrently or in any other sequence.

This exclusion shall not apply to any subsequent damage or consequential loss, not otherwise excluded, which itself results from a **Defined Peril** at the Insured **Location.**

o. **Fungus, Mold(s), Mildew, Spores or Yeast**; or any spores or toxins created or produced by or emanating from such **Fungus, Mold(s), Mildew, Spores or Yeast.**

p. Hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment, unless direct physical loss or damage not otherwise excluded by this Policy ensues, in which event, this Policy will cover only such ensuing loss or damage.

q. Loss or damage arising out of:

i. Building or any part of a building that is in danger of falling down or caving in,

ii. Any part of a building that has separated from another part of the building, or

iii. A building or any part of a building that is standing which shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

However, the Company does cover loss or damage arising out of **Collapse.**

r. **Equipment Breakdown** to vehicles or any equipment on vehicles, draglines, or excavation or construction equipment.

s. Loss or damage arising out of any peril for which the words NOT COVERED or for which an amount is not shown in Section I. Subparagraph E.

2. The Company does not insure for loss or damage caused by any of the following:

a. Delay, loss of market, or loss of use.

b. Indirect, remote, or consequential loss or damage.

c. Mysterious disappearance or loss or shortage disclosed on taking inventory or any unexplained loss.

d. Voluntary parting with title or possession of any property, including voluntary parting which is the result of larceny, false pretenses, or any other similar act.

SECTION III - INSURED PROPERTY

A. INSURED PROPERTY: Unless otherwise excluded, this Policy covers the following property while on the described **Locations** and within 1,000 feet thereof:

1. Real property, including new buildings and additions under construction at an Insured **Location**, and personal property in which the Insured has an insurable interest;
2. Improvements and betterments to buildings or structures in which the Insured has an insurable interest. Such improvements and betterments shall be considered real property;
3. Personal property, other than motor vehicles, of officers and employees of the Insured;
4. Personal property of others in the care, custody and control of the Insured, which the Insured is under obligation to keep insured for physical loss or damage of the type insured against under this Policy;
5. Contractor's and vendor's interests in property covered to the extent of the Insured's liability imposed by law or assumed by written contract prior to the date of direct physical loss or damage. However, such interests will not extend to any time element coverage provided by this Policy.

B. PROPERTY EXCLUDED: This Policy does not insure against loss or damage to:

1. Currency, money, notes, securities, stamps, furs, jewelry, precious metals, precious stones, and semi-precious stones. This exclusion does not apply to precious metals and precious stones used by the Insured for industrial purposes;
2. **Land**, land values, any substance in or on **Land**, or any alteration to the natural condition of the **Land**;
3. Water, except water which is normally contained within any type of tank, piping system or other process equipment;
4. Standing timber, growing crops, plants, lawns, trees, shrubs, or animals;
5. Drainage systems, pavements or roadways;
6. Vehicles licensed for highway use, watercraft, aircraft, and railroad rolling stock;
7. Property sold by the Insured under conditional sale, trust agreement, installment plan or other deferred payment plan after delivery to customers;
8. Property in transit, except expressly as provided elsewhere in this Policy;
9. Underground mines or mining shafts, any property, equipment, or mining property located below the surface of the ground;
10. Offshore oil rigs, platforms and property contained therein or thereon;
11. Satellites and spacecraft while on the launch pad, or after time of launch;
12. Dams, dikes, bridges, tunnels, reservoirs and canals;
13. Docks, piers and wharves;
14. Transmission and distribution lines of every type and description; except when located on the Insured premises or within one-thousand (1000) feet thereof;
15. Personal property in the care, custody, and control of the Insured when the Insured is acting as a bailee, a warehouseman, or a carrier for hire.

SECTION IV - VALUATION

Unless otherwise endorsed hereon, the property, as described below, will be valued as follows:

A. For all property other than property specifically described in Subparagraph B. through M., inclusive, below: Adjustment of loss or damage shall be valued at the cost to repair or replace (whichever is less) at the time and place of the loss with materials of like kind and quality, without deduction for depreciation and/or obsolescence. The Insured may elect to rebuild on another site, provided that, such rebuilding does not increase the amount of loss or damage that would otherwise be payable to rebuild at the same site. Property that is not repaired or replaced within two (2) years after the date of loss (unless such requirement is waived by the Company in writing) will be valued at Actual Cash Value at the time and place of the loss.

B. Stock in process will be valued at the cost of raw materials and labor expended plus the proper proportion of overhead charges.

C. Finished goods manufactured by the Insured will be valued at the regular cash selling price at the location where the loss occurs, less all discounts and charges to which the merchandise would have been subject had no loss occurred.

D. Raw materials, supplies and other merchandise not manufactured by the Insured will be valued at the replacement cost.

E. **Valuable Papers and Records** will be valued at the cost to replace or restore the property with like kind and quality including the cost to research, gather and assemble information. If not replaced, the Company will only pay the blank value of the papers or records.

F. **Electronic Data and Media** will be valued at the cost to replace or restore the property with like kind and quality including the cost to research, gather and assemble information. If not replaced, the Company will only pay the value of the blank media.

G. Jigs and fixtures, dies, small tools, patterns, employees' personal property and personal property of third parties, the replacement cost if replacement cost values have been reported to the Company and if actually replaced; otherwise the actual cash value with proper deduction for depreciation and obsolescence; [but not to exceed the cost to repair or replace the property with material of like kind and quality].

H. Leasehold improvements and betterments will be valued as follows;

   1. If repaired or replaced at the expense of the Insured within two (2) years after the date of the loss, the cost to repair or replace the damaged improvements and betterments;

   2. If not repaired or replaced within two (2) years after the date of the loss, a proportion of the Insured's original cost:

      The Company will determine the proportionate value as follows:

      a. Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and

      b. Divide the amount determined in Subparagraph a. above by the number of days from the installation of improvements to the expiration of the lease.

      If the Insured's lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure; or

   3. Nothing if others pay for repairs or replacement.

I. **Fine Arts** will be valued as follows:

   1. If there is no Agreed Value on file with the Company, then the lesser of:

      a. The cost to repair or replace the **fine art**, or

      b. The appraised value which will be determined as of the time of the loss.

   2. If there is an Agreed Value on file with the Company, then the Agreed Value on file with the Company.

J. Accounts Receivable will be valued at the amount owed the Insured which the Insured is unable to collect from customers, and shall include:

   1. Any collection expenses over and above the normal collection costs;

   2. Interest charges on any loan to offset impaired collections pending repayment of such sums that cannot be collected; and

   3. Other reasonable and necessary expenses incurred by the Insured to recreate Accounts Receivable Records.

   Unearned interest and service charges on deferred payment accounts and normal credit losses on bad debts shall be deducted in determining the recovery hereunder.

   After payment of loss by the Company, all amounts recovered by the Insured on Accounts

Receivable for which the Insured has been paid will belong to and will be paid to the Company by the Insured up to the total amount of loss paid by this Company. All recoveries in excess of such amounts will belong to the Insured.

In the event it is possible to reconstruct the Insured's Accounts Receivable Records after they have been physically lost or damaged, so that no shortage in collection of Accounts Receivable is sustained, the Company shall only be liable for the costs of the material and the time required to reconstruct such records, with the exercise of due diligence and dispatch, but only to the extent that such amounts are not covered by any other insurance.

K. Property for Sale: If, at the time of the loss, any real property is being offered for sale, the loss or damage to such property will be valued at the lesser of:

1. The cost to repair or replace the damaged property, or
2. The price at which the property is offered for sale less the market value of the **Land.**

L. Property in Transit: In case of loss, the basis of adjustment shall be:

1. Property shipped to or for the account of the Insured shall be valued at the actual invoice to the Insured, together with such costs and charges as may have accrued and become legally due on such property;
2. Property which has been sold by the Insured and has been shipped to or for account of the purchaser (if covered hereunder) is valued at the amount of the Insured's selling invoice, including prepaid or advanced freight;
3. Property of others not under invoice shall be valued at the actual market value at the point of destination on the date of the **Occurrence**, less any charges saved which would have become due and payable upon delivery at destination; or
4. Property of the Insured not under invoice shall be valued in accordance with the valuation provisions of this Policy applying at the location from which such property is being transported, less any charges saved which would have become due and payable upon delivery at such destination.

M. Contractor's equipment shall be valued at actual cash value, unless an agreed value applies.

With respect to Subparagraph A. through M., inclusive, unless otherwise specifically stated, the Company will compute the valuations at the time and place of the loss.

SECTION V - TIME ELEMENT COVERAGE
GROSS EARNINGS

This Policy is extended to cover the actual loss sustained by the Insured during the Period of Interruption directly resulting from a Covered Cause of Loss to Insured Property.

A. ACTUAL LOSS SUSTAINED: In the event the Insured is prevented from producing goods or from continuing its business operations or services and is unable:

1. To make up lost production within a reasonable period of time (not to be limited to the period during which production is interrupted), or
2. To continue business operations or services,

all through the use of any property or service owned or controlled by the Insured, or obtainable from other sources, whether the property or service is at an Insured **Location** or through working extra time or overtime at any other substitute location(s), including any other location(s) acquired for the purpose, then the Company shall be liable, subject to all other conditions of this Policy not inconsistent herewith for the actual loss sustained of the following during the Period of Interruption:

1. GROSS EARNINGS less all charges and expenses which do not necessarily continue during the interruption of production or suspension of business operations or services. For the purpose of this coverage, GROSS EARNINGS means:

a. For manufacturing operations: The net sales value of production less the cost of all raw stock, materials and supplies utilized in such production; or

b. For mercantile or non-manufacturing operations: The total net sales less cost of merchandise sold, materials and supplies consumed in the operations or services rendered by the Insured;

c. Plus all other earnings derived from the operation of the business.

In determining net sales, in the event of loss hereunder, for mercantile or non-manufacturing operations, any amount recovered under Property Damage policies for loss or damage to or destruction of merchandise shall be included as though the merchandise had been sold to the Insured's regular customers.

In determining the amount of loss payable under this coverage, due consideration shall be given to the experience of the business before the Period of Interruption and the probable experience thereafter had no loss occurred, and to the continuation of only those normal charges and expenses that would have existed had no interruption of production or suspension of business operations or services occurred.

There is no coverage for any portion of the Insured's Ordinary Payroll expense unless a specified number of days for Ordinary Payroll is shown in Section I.E.22. In such case, the Company will pay Ordinary Payroll for that number of days only. Ordinary Payroll means the entire payroll expense for all employees of the Insured except officers, executives, department managers, employees under contract, and other essential employees.

2. EXPENSE TO REDUCE LOSS: Expenses, over and above normal operating expenses, necessarily incurred by the Insured in making up lost production or in reducing loss otherwise payable under this coverage are covered hereunder, but in no event shall this Company be liable for an amount greater than that for which it would have been liable had the Insured been unable to make up any lost production or to continue any business operations or services.

B. PERIOD OF INTERRUPTION: In determining the amount payable under this coverage, the Period of Interruption shall be:

1. The period from the time of direct physical loss or damage insured against by this Policy to the time when, with the exercise of due diligence and dispatch, either:

a. normal operations resume, or

b. physically damaged buildings and equipment could be repaired or replaced and made ready for operations under the same or equivalent physical and operating conditions that existed prior to such loss or damage,

whichever is less. Such period of time shall not be cut short by the expiration or earlier termination date of the Policy.

2. In addition, if applicable, such time as may be required with the exercise of due diligence and dispatch:

a. To restore stock in process to the same state of manufacture in which it stood at the time of the initial interruption of production or suspension of business operations or services; or

b. To replace physically damaged or destroyed mercantile stock necessary to resume operations.

c. To replace raw materials and supplies in order to continue operations.

However, the inability to procure destroyed mercantile stock or suitable raw materials and supplies to replace similar stock or materials and supplies physically damaged or destroyed shall not increase the Period of Interruption.

3. For Property under construction: The time period between the anticipated date of substantial completion had no covered loss occurred and the actual date of completion. In calculating the amount of loss, due consideration will be given to the actual experience of the business compiled after substantial completion and start-up.

The Period of Interruption does not include any additional time:

1. Required for restaffing or retraining employees, or
2. Due to the Insured's inability to resume operations for reasons other than those enumerated in B.2.a. through B.2.c., inclusive, above, or
3. Required for making change(s) to the buildings, structures, or equipment for any reason except as provided in the Demolition and Increased Cost of Construction coverage, if such coverage is provided by this Policy.

C. ADDITIONAL TIME ELEMENT COVERAGES

1. EXTRA EXPENSE: This Policy is extended to cover the loss sustained by the Insured for Extra Expense during the Period of Interruption resulting from direct physical loss or damage from a Covered Cause of Loss to Insured Property utilized by the Insured. Extra Expense means:

   a. The reasonable and necessary Extra Expense incurred to temporarily continue as nearly normal as practicable the conduct of the Insured's business; and

   b. The reasonable and necessary extra costs of temporarily using property or facilities of the Insured or others.

   The Insured agrees to use any suitable property or service owned or controlled by the Insured or obtainable from other sources in reducing the Business Income and Extra Expense incurred under this Policy.

2. RENTAL VALUE: As respects Insured Property held for rental to others, this Policy is extended to cover the loss sustained during the Period of Interruption but not exceeding the reduction in Rental Value less charges and expenses which do not necessarily continue.

   Rental Value means the sum of:

   a. The total anticipated gross rental income from tenant occupancy of the described property as furnished and equipped by the Insured including taxes, rent based on percentage of sales, and other charges paid by tenants in respect of the leased premises; and

   b. The amount of all charges which, by the terms of a written lease, 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 such property which is occupied by the Insured.

   Due consideration will be given to the historic rental expenses prior to the loss and the probable expenses thereafter.

3. ROYALTIES: This Policy is extended to cover loss of income sustained by the Insured under a royalty, licensing fee, or commission agreement between the Insured and another party during the Period of Interruption arising out of direct physical loss or damage by a Covered Cause of Loss during the term of this Policy to real or personal property of such other party.

4. SOFT COSTS: For Property under Construction, this Policy is extended to cover Soft Costs incurred by the Insured during Period of Interruption (described in Section V., Paragraph B. above). Such Soft Costs must be attributable to the loss.

   The Company will pay reasonable and necessary Soft Costs over and above those costs which would have been incurred by the Insured during the Period of Interruption had no loss occurred. Soft Costs means:

   a. The amount of actual interim or construction financing interest, including loan fees and other one time charges incurred to negotiate a new construction loan and/or extend the existing one;

   b. Realty taxes and ground rent if any;

   c. Advertising and promotional expenses;

   d. Cost of additional commissions;

e. Architects, surveyors, legal, consulting engineers, or other fees not otherwise covered under this Policy;

f. Project administration expense, but not including development fees;

g. Insurance premiums; and

h. Finder's fee refunds.

5. CONTINGENT TIME ELEMENT: If direct physical loss or damage to the real or personal property of a direct supplier or direct customer of the Insured is damaged by a Covered Cause of Loss under this Policy, and such damage:

a. wholly or partially prevents any direct supplier to the Insured from supplying their goods and/or services to the Insured, or

b. wholly or partially prevents any direct customer of the Insured from accepting the Insured's goods and/or services;

then this Policy is extended to cover the actual loss sustained by the Insured during the Period of Interruption with respect to such real or personal property. The property of the supplier or customer which sustains loss or damage must be of the type of property which would be Insured Property under this Policy.

This coverage applies to the Insured's direct suppliers or direct customers located in the COVERAGE TERRITORY.

6. INTERRUPTION BY CIVIL OR MILITARY AUTHORITY: This Policy is extended to cover the actual loss sustained during the period of time when access to the Insured's real or personal property is prohibited by an order of civil or military authority, provided that such order is a direct result of a Covered Cause of Loss to real property not insured hereunder. Such period of time begins with the effective date of the order of civil or military authority and ends when the order expires, but no later than the number of days shown in Section I., Subparagraph E.6. In no event shall the Company pay more than the Sublimit shown in Section I., Subparagraph E.6.

7. INGRESS & EGRESS: This Policy is extended to cover the actual loss sustained during the period of time when ingress to or egress from the Insured's real or personal property is prohibited as a direct result of a Covered Cause of Loss to real property not insured hereunder. Such period of time begins on the date that ingress to or egress from real or personal property is prohibited and ends when ingress or egress is no longer prohibited, but no later than the number of days shown in Section I., Subparagraph E.17. In no event shall the Company pay more than the Sublimit shown in Section I., Subparagraph E.17.

8. EXTENDED PERIOD OF INDEMNITY: Coverage is provided for such additional length of time as is required to restore the Insured's business to the condition that would have existed had no loss occurred, commencing with the later of the following dates:

a. the date on which the liability of the Company for loss or damage would otherwise terminate; or

b. the earliest date on which either normal operations resume, or repair, replacement, or rebuilding of the property that has been damaged is actually completed;

but in no event for a period of time exceeding the number of days specified in Section I., Subparagraph E.13. starting with later of a. or b. above. This Extended Period of Indemnity does not apply to any Additional Time Element Coverages.

With respect to Section V., Subparagraphs C.6. and C.7., if a Covered Cause of Loss results in coverage under both Additional Time Element Coverages, the Company will only pay for loss under one of the two Additional Time Element Coverages, whichever the First Named Insured selects.

D. ADDITIONAL EXCLUSIONS: Section V - Time Element Coverage does not cover:

1. IDLE PERIODS - Any loss during any period in which goods would not have been produced, or business operations or services would not have been maintained, for any reason other

than direct physical loss or damage from a Covered Cause of Loss to which this coverage applies;

2. REMOTE LOSS -

   a. Any increase in loss due to the suspension, cancellation, or lapse of any lease, contract, license or order,

   b. Any loss due to fines or damages for breach of contract or for late or non-completion of orders or penalties of whatever nature, or

   c. Any increase in loss due to interference at the Insured's premises by strikers or other persons with rebuilding, repairing, or replacing the property damaged or destroyed, or with the resumption or continuation of business, or with the re-occupancy of the premises,

   Nor shall the Company be liable for any other consequential or remote loss, other than as specifically provided in this Section V;

3. FINISHED PRODUCTS - Any loss resulting from loss or damage to finished products manufactured by the Insured nor for the time required for their reproduction;

4. TRANSIT - Any loss resulting from loss or damage to property in transit.

SECTION VI - ADDITIONAL COVERAGES

The following additional coverages are subject to the terms and conditions of this Policy, including, the deductibles and sublimits of liability corresponding to each such additional coverage shown in Section I. These sublimits are part of, and not in addition to sublimits and limits of liability of this Policy, including, but not limited to, the **Earth Movement**, **Flood**, or Named Storm Sublimits of Liability provided herein, if applicable.

A. ACCOUNTS RECEIVABLE: This Policy covers any shortage in the collection of Accounts Receivable directly resulting from direct physical loss or damage insured by this Policy to Accounts Receivable Records.

   The Company shall be liable for:

   1. Any collection expenses over and above the normal collection costs.

   2. Interest charges on any loan to offset impaired collections pending repayment of such sums that cannot be collected.

   3. Other reasonable and necessary expenses incurred by the Insured to recreate Accounts Receivable Records.

   Unearned interest and service charges on deferred payment accounts and normal credit losses on bad debts shall be deducted in determining the recovery hereunder.

   All amounts recovered by the Insured on Accounts Receivable outstanding at the time of such loss or damage shall belong and be paid to the Company by the Insured up to a total not exceeding the amount of loss paid hereunder, but all recoveries exceeding that amount shall be for and belong to the Insured.

   In the event it is possible to reconstruct the Insured's Accounts Receivable Records after they have been physically lost or damaged, so that no shortage in collection of Accounts Receivable is sustained, the Company shall be liable only for the cost of blank Accounts Receivable Records and the time required, with the exercise of due diligence and dispatch, to reestablish and/or reconstruct such Accounts Receivable Records, but only so far as not covered by any other insurance.

   This extension of coverage does not apply to loss due to:

   1. Bookkeeping, accounting or billing errors and omissions; and

   2. Alteration, falsification, manipulation, concealment, destruction, or disposal of Accounts Receivable Records committed to conceal the wrong giving, taking, obtaining or withholding of money, securities or other property, but only to the extent of such wrongful giving, taking, obtaining or withholding.

B. DEBRIS REMOVAL: This Policy covers the necessary and reasonable expense of removal from the Insured **Locations** of debris of Insured Property remaining as a result of direct physical loss or damage insured against under this Policy when the Insured gives written notice of such direct physical loss or damage to the Company, no later than 180 days after the loss. There is no liability for the expense of removing contaminated or polluted uninsured property, nor the Pollutant or Contaminant therein or thereon, whether or not the contamination results from an insured event.

C. DEMOLITION AND INCREASED COST OF CONSTRUCTION: In the event of direct physical loss or damage covered under this Policy that results in the enforcement of any law, ordinance, governmental directive or standard in effect at the time of loss or damage regulating the construction, repair or use and occupancy of the property, the Company shall pay:

1. Under Demolition Coverage A: For the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building;

2. Under Demolition Coverage B: For the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property;

3. Under Demolition Coverage C: For the increased cost of repair or replacement of the damaged building and undamaged part of the same building, limited to the cost that would have been incurred in order to comply with the minimum requirements of such law or ordinance regulating the repair or replacement of the damaged building. However, this Company shall not be liable for any such increased cost of construction unless the damaged building is actually rebuilt or replaced;

The Company shall not be liable for any cost of demolition or increased cost of replacement, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating any form of contamination or pollution.

D. ELECTRONIC DATA AND MEDIA: This Policy is extended to cover direct physical loss or damage to **Electronic Data and Media.**

E. ERRORS OR OMISSIONS: This Policy is extended to cover direct physical loss or damage at **Locations** within the Coverage Territory that are owned, leased or operated by the Insured, if such loss or damage is not payable under this Policy solely due to;

1. Any error or unintentional omission in the description of the address of the property whether made at the inception of the policy period or subsequent thereto; or

2. Failure through any error or unintentional omission to:

   a. Include any **Location** of the Insured at the inception of the Policy; or

   b. Report any newly acquired location before the period of automatic coverage provided under this Policy for Newly acquired location(s) expires.

With respect to Subparagraphs 1. and 2. above, this Errors or Omissions Additional Coverage does not allow the Insured or its representative to correct any value shown in the Statement of Values after a covered loss.

This Policy covers such direct physical loss or damage, to the extent it would have provided coverage had such error or unintentional omission not been made.

It is a condition of this additional coverage that any error or unintentional omission be reported by the Insured to the Company when discovered.

There is no coverage under this Paragraph for loss or damage which is covered under Newly Acquired Property or Miscellaneous Unnamed **Locations** provisions of this Policy.

F. **FINE ARTS:** This Policy is extended to cover direct physical loss or damage to **fine arts.** However, no coverage is provided for:

1. Breakage of art, glass, windows, statuary, sculptures, marble, glassware, porcelain, bric-abrac, antique furniture; antique jewelry or similar fragile articles, unless such breakage is caused by a **Defined Peril** at the Insured **Location**; or

2. Loss or damage as a result of restoring, repairing, or retouching processes.

G. FIRE BRIGADE CHARGES AND EXTINGUISHING EXPENSES: This Policy covers the following expenses resulting from a Covered Cause of Loss:

1. Fire brigade charges and any extinguishing expenses which the Insured incurs;

2. Loss and disposal of fire extinguishing materials expended.

There is no coverage for any costs incurred as a result of a false alarm.

H. LEASEHOLD IMPROVEMENTS & BETTERMENTS: This Policy is extended to cover the value of undamaged tenant's improvements and betterments when the Insured's lease is cancelled by the Insured tenant or lessor; acting under a valid condition of the lease due to direct physical loss or damage to building or personal property caused by or resulting from a Covered Cause of Loss at an Insured **Location.** No sublimit of liability applies to this additional coverage, but in no event, will the Company be liable for an amount in excess of the applicable sublimit of liability specified for the Leasehold Interest, if any.

I. LEASEHOLD INTEREST: If Insured Property is: (1) rendered wholly or partially untenantable by a Covered Cause of Loss during the Policy period and (2) the Insured's lease is canceled by a party, other than the Named Insured, or an entity with any common ownership of the Named Insured, in accordance with the conditions of the lease or as a result of a statutory requirement of the appropriate jurisdiction in which the damaged or destroyed Insured Property is located, then this Policy is extended to cover **The Interest of the Insured as Lessee** or **The Interest of the Insured as Lessor**, whichever is applicable, but only 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.

Recovery under this additional coverage shall be 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:

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

2. Improvements and betterments to real property which are not covered under any other section of this Policy; and

3. The amount of advance rental paid by the Insured and not recoverable under the terms of the lease.

Definitions: The following terms, wherever used in this section shall mean:

1. **The Interest of the Insured as Lessee** is defined as:

   a. 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; and

   b. the rental income earned by the Insured from sublease agreements, to the extent not covered under any other section of this Policy, over and above the rental expenses specified in the lease between the Insured and the lessor.

2. **The Interest of the Insured as Lessor** is defined as the difference between the rents payable to the lessor under the terms of the lease in effect at the time of loss and the actual rent collectible by the lessor during the unexpired term of the lease provided the lease is canceled by the lessee, to the extent not covered under any other section of this Policy.

3. **Net Lease Interest** is defined as that sum, which placed at 6% interest compounded annually will be equivalent to **The Interest of the Insured as Lessee or Lessor.**

The Company 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 Named Insured exercising any option to cancel the lease. Furthermore, the Named Insured shall use due diligence including all things reasonably practicable to diminish loss under this additional coverage.

J. LIMITED POLLUTION COVERAGE: This Policy is extended to cover the reasonable and

necessary additional expense incurred to remove, dispose of, or clean-up the actual presence of **Pollutants or Contaminants** from **Land** or water at an Insured **Location** when such **Land** or water is contaminated or polluted due to a Covered Cause of Loss at the Insured Location. There will be no coverage unless such expenses are reported to the Company within 180 days after the date of such Covered Cause of Loss.

K. NEWLY ACQUIRED PROPERTY: This Policy covers real or personal property of the type insured under this Policy that is rented, leased, or purchased by the Insured after the inception date of this Policy. Coverage under this additional coverage ceases at the earlier of the following dates:

1. Ninety (90) days from the date of acquisition or lease of such property or such other number of days shown in Section I for Newly Acquired Property, if applicable, or
2. When the newly acquired location is bound by the Company; or
3. The Company notifies the Insured that it will not bind the newly acquired location.

There is no coverage for any property that is partially or wholly insured under any other insurance.

There is no coverage under this Paragraph for loss or damage which is covered under the Error or Omissions or Miscellaneous Unnamed **Locations** provisions of this Policy.

L. PAIRS OR SETS: If two or more components or parts are necessary for a whole or complete product, then this Policy covers reduction in value of insured components or parts of products due to direct physical loss or damage insured against by this Policy to the other insured components or parts of such products.

No sublimit of liability applies to this additional coverage.

M. PROFESSIONAL FEES: This Policy is extended to include reasonable and necessary expenses incurred by the Insured for preparing and certifying particulars or details of the insured's business in order to determine the amount of loss payable under this policy. This Policy is extended to include reasonable and necessary fees charged by the Property Manager for handling the claim.

There shall be no coverage under this policy for expenses incurred by the Insured in utilizing the services of Attorneys, Public Adjusters, Insurance Agents or Brokers, or any of their subsidiary, related or associated entities. This Policy also excludes any fees or costs for consultation on coverage or negotiation of claims, and the costs or expenses of overhead or operating expenses of any Insured, including salaries of such Insured's employees.

N. PROPERTY REMOVED FROM INSURED LOCATIONS: This Policy covers direct physical loss or damage to personal property of the Insured by a Covered Cause of Loss at any **Location** within the Coverage Territory when removed from the Insured **Locations** for the purpose of being repaired or serviced, excluding:

1. Personal property insured under another Policy or floater;
2. Personal property excluded under this Policy; or
3. Personal property removed from the Insured **Locations** for normal storage or processing or preparation for sale or delivery.

O. SERVICE INTERRUPTION: This Policy is extended to cover physical loss or damage to Insured Property and/or Time Element Coverage arising from a Covered Cause of Loss to: (1) incoming electrical, gas, water, or telecommunication equipment or outgoing sewer or (2) electrical, telecommunication, fuel, water, steam, refrigeration, or other service transmission lines, all situated outside the Insured **Locations.**

There shall be no loss payable under this Additional Coverage unless the interruption exceeds the qualifying period shown in Section I., Subparagraph E.24. In such case, the loss shall be measured from date and time of the loss. With respect to any Time Element Coverage provided herein, the Period of Interruption ends when: (1) incoming electrical, gas, water, or telecommunication equipment or outgoing sewer or (2) electrical, telecommunication, fuel, water, steam, refrigeration, or other service transmission lines is restored.

The Sublimit set forth in Section I., Subparagraph E.24. applies to all loss or damage to Insured Property and Time Element Coverage combined arising out of one Service Interruption. None of the Additional Time Element Coverages set forth in Section V., Paragraph C. apply to the Time Element Coverage provided herein.

P. SPOILAGE: This Policy is extended to cover spoilage as a direct result of a Covered Cause of Loss. The Company shall be liable for direct physical loss or damage to:

1. **Perishable goods** due to spoilage; or
2. **Perishable goods** due to contamination from the release of refrigerant including, but not limited to, ammonia.

If the Insured is unable to replace the **perishable goods** before its anticipated sale, payment will be determined on the basis of the sales price of the **perishable goods** at the time of the loss, less discounts and expenses that otherwise would have applied. Otherwise payment will be determined in accordance with Section IV - Valuation of this Policy.

Perishable goods means personal property:

1. Maintained under controlled conditions for its preservation, and
2. Susceptible to loss or damage if the controlled conditions change.

Q. TRANSIT: This Policy is extended to cover personal property, not otherwise excluded by this Policy, while such property is in transit.

It is agreed that coverage under this extension shall include the following:

1. Personal property shipped to customers on F.O.B., C & F, or similar terms. The Insured's contingent interest in such shipments is admitted.
2. The interest of the Insured in, and legal liability for personal property of others in the actual or constructive custody of the Insured.
3. Personal property of others sold by the Insured which the Insured has agreed prior to loss to insure during course of delivery.

It is agreed that the following additional exclusions apply to coverage as provided under this additional coverage;

1. Samples in the custody of salespersons or selling agents.
2. Property insured under import or export ocean cargo policies.
3. Waterborne shipments via the Panama Canal or waterborne to and from the United States territories or possessions, Alaska, Puerto Rico, and Hawaii.
4. Shipments made by air unless via regularly scheduled airlines.
5. Property shipped by mail.
6. Property of others, including the Insured's legal liability therefor, hauled on vehicles owned, leased, or operated by the Insured when acting as a common or contract carrier as defined by the Interstate Commerce Commission Regulations or other state regulatory agencies.
7. Any transporting vehicle or conveyance.

This additional coverage attaches from the time the property leaves the original point of shipment for the commencement of transit and covers thereafter continuously in the due course of transit within the Coverage Territory until delivered at destination.

Coverage on export shipments not insured under ocean cargo policies does not extend beyond the time when the property is loaded on board overseas vessels or aircraft. Coverage on import shipments not insured under ocean cargo policies does not attach until after discharge from overseas vessels or aircraft.

This additional coverage does not cover or apply to delay, loss of market, or any Time Element coverage.

Permission is granted to the Insured without prejudice to this insurance to accept the ordinary bills of lading used by carriers, including released and/or undervalued bills of lading and/or shipping or messenger receipts. The Insured may waive subrogation against railroads under sidetrack agreements, but the Insured shall not enter into any special agreement with carriers releasing them from their common law or statutory liability.

R. VALUABLE PAPERS AND RECORDS: This Policy is extended to cover **Valuable Papers and Records.**

SECTION VII - CONDITIONS

A. ABANDONMENT: There can be no abandonment to the Company of any property.

B. ADJUSTMENT OF LOSSES and FIRST NAMED INSURED CLAUSE: Loss or damage shall be adjusted with and payable to the First Named Insured, subject to any certificates of insurance on file with the Company which require payment to a loss payee or mortgagee.

If this Policy insures more than one entity, the First Named Insured is authorized to act on behalf of all other Insureds with respect to their rights, obligations, and duties under this Policy. Payment of loss or return premium under this Policy to the First Named Insured shall satisfy the Company's obligations with respect to all Insureds.

C. APPRAISAL: If the Company and the Insured disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If the appraisers cannot agree on an umpire, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the replacement cost and actual cash value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, it is without prejudice to the Company's rights under the terms and conditions of the Policy and the Company's right to deny the claim.

D. ASSIGNED ADJUSTER: It is hereby agreed that the following shall be designated as the ACCOUNT CLAIM ADJUSTER for all claims reported under this policy provided that he/she agrees to be subject to and fully comply with the Lexington Insurance Company's "Claim Handling Guidelines for Independent Adjusters Protocol". The ACCOUNT CLAIM ADJUSTER may not re-assign any claim(s) without the prior approval of the Company.

Lexington Insurance Company reserves the right to associate a Lexington/AIG staff adjuster with the ACCOUNT CLAIM ADJUSTER as respects any claim or claims. Lexington retains the right to terminate the below named ACCOUNT CLAIM ADJUSTER for lack of compliance with the aforementioned Guidelines Protocol or for lack of performance at the discretion of the company. In such event, or in the event that the below named ACCOUNT CLAIM ADJUSTER becomes unwilling or unable to perform, a replacement ACCOUNT CLAIM ADJUSTER will be selected by the mutual agreement of the Company and Named Insured.

Adjuster Name:

Adjusting Firm

E. ASSIGNMENT: The Insured may not be assign this Policy without the Company's prior written consent.

F. BRANDS AND LABELS: If branded or labeled merchandise covered by this Policy is physically damaged and the Company elects to take all or any part of such merchandise at the value established by the terms of this Policy, the Insured may, at their own expense, stamp "SALVAGE" on the merchandise or its containers, or may remove or obliterate the brands or labels, if such stamp, removal or obliteration will not physically damage the merchandise, but the Insured must re-label the merchandise or containers in compliance with the requirements of law.

G. CANCELLATION:

1. This Policy can be canceled by the First Named Insured by providing the Company with:

   a. An advanced written request for cancellation stating when the cancellation shall be effective, and

   b. The original Policy or a lost policyholder release signed by the First Named Insured or its legal representative.

2. This Policy may be canceled by the Company by giving to the Insured at least SIXTY (60) days written notice of cancellation or in the case of non-payment of premium, at least ten (10) days' written notice of cancellation. Such notice may be accompanied with the unearned premium, or if not included, the Company shall return the unearned premium upon demand by the First Named Insured.

3. The cancellation will be effective even if the Company has not made or offered a refund. If notice is mailed, proof of mailing will be sufficient proof of notice.

4. If this Policy is canceled, the Company will send the First Named Insured any premium refund due. If the Company cancels, the refund will be pro rata. If the First Named Insured cancels, earned premium will be calculated in accordance with the customary short-rate table and procedure, subject to the Minimum Earned Premium shown on the Declarations. The cancellation will be effective even if the Company has not made or offered a refund.

H. CONTROL OF DAMAGED MERCHANDISE: The Insured, exercising reasonable discretion, shall be the sole judge as to whether the goods involved in any loss under this Policy are fit for normal intended use or consumption. No goods so deemed by the Insured to be unfit for consumption shall be sold or otherwise disposed of except by the Insured or with the Insured's consent, but the Insured shall allow this Company any salvage obtained by the Insured on any sale or other disposition of such goods. The Insured shall have full right to the possession of and retain control of all goods involved in any loss under this Policy.

I. CURRENCY: Any amount of money specified in the Policy, including Limits of Liability, Deductibles and Premiums shall be considered to be in the currency of the country in which the property is located. However, if the risk is located in a country other than the United States or Canada, then the Limits of Liability, Deductibles and Premiums specified shall be in United States funds.

J. DIVISIBLE CONTRACT: Subject to Condition L., if the **Locations** described in this Policy include two or more buildings or the contents of two or more buildings, the breach of any condition of this Policy in respect to any one or more of the buildings insured or containing the Insured Property, shall not prejudice the right to recover for direct physical loss or damage occurring in any building insured or containing the Insured Property where, at the time of such loss or damage, a breach of condition does not exist.

K. INSPECTION AND AUDIT: The Company, at all reasonable times during this Policy period, shall be permitted but not obligated to inspect the property insured by this Policy. Neither the Company's right to make inspections nor the making thereof nor any report thereon shall constitute any undertaking by the Company, on behalf of or for the benefit of the Insured or others, to determine or warrant that such property is safe or healthful or that they comply with any law, rule or regulation.

   The Company may also examine and audit the Insured's books and records at any reasonable time during the Policy period and within one year after the Policy termination, as long as such examination and audit relate to the subject matter of this Policy.

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

M. OTHER INSURANCE/EXCESS INSURANCE/UNDERLYING INSURANCE: In the event there is other insurance covering loss or damage insured under this Policy, then this Policy shall apply

only as excess and in no event as contributory insurance (unless this Policy is specifically written to be contributory insurance), and then only after all other insurance has been exhausted, whether or not such insurance is collectible. Permission is granted for the Insured to purchase Excess Insurance over the limits provided by this Policy, and underlying insurance on all or any part of the deductibles of this Policy.

N. PROTECTION AND PRESERVATION OF PROPERTY:

In case of actual or imminent direct physical loss or damage by a Covered Cause of Loss, the expenses incurred by the Insured in taking reasonable and necessary actions for the temporary protection and preservation of Insured Property hereunder shall be added to the total direct physical loss or damage otherwise recoverable under this Policy, but shall be subject to the applicable deductible, sublimit of liability and the **Policy Limit.**

O. REINSTATEMENT OF LIMITS: Except for any Covered Cause of Loss which is subject to an annual aggregate limit or sublimit of liability, payment of a claim will not reduce the amount payable under this Policy for any subsequent covered loss.

P. REQUIREMENTS IN CASE OF LOSS: The Insured shall:

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

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

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

Q. REVIEW OF VALUES: The Insured shall provide this Company at Policy inception and each subsequent anniversary date of this Policy, a Statement of Values which consists of the current 100% Property and Time Element values for all Insured **Locations.**

Such values shall be reported separately for each **Location,** with separate figures shown for each type of coverage at each **Location.** The property values shall be shown on a Replacement Cost Basis for property which is covered on a Replacement Cost Basis and on an Actual Cash

Value basis for other property. The value of stock and supplies to be included in the property values shall be in accordance with the Valuation clause contained in this Policy and shall be based on the approximate average of the stock and supplies on hand during the twelve months immediately preceding the annual review of values. Time Element values (if applicable) shall be forwarded in accordance with the terms of the applicable Time Element provisions.

Upon inception and at each anniversary date of this Policy, the Annual Premium shall be due and payable to the Company. Receipt of said Statement of Values by this Company shall be considered as authorization by the Insured for premiums under this Policy to be calculated.

The premium for this Policy is based upon the Statement of Values on file with the Company, or attached to this Policy.

R. SALVAGE AND RECOVERIES: All salvages, recoveries, and payments, excluding proceeds from subrogation and underlying insurance recovered or received prior to a loss settlement under this Policy, shall reduce the loss accordingly.

S. SERVICE OF SUIT: In the event of the Company's failure to pay any amount claimed to be due hereunder, the Company, at the Insured's request, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this condition constitutes or should be understood to constitute a waiver of the Company's rights to commence an action in any court of competent jurisdiction in the United States to remove an action to a United States District Court or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. It is further agreed that service of process in such suit may be made upon Counsel, Legal Department, Lexington Insurance Company, 99 High Street, Boston, Massachusetts 02110 or his or her representative, and that in any suit instituted against the Company upon this Policy, the Company will abide by the final decision of such court or of any appellate court in the event of an appeal.

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

T. SETTLEMENT OF CLAIMS: The amount of loss for which the Company may be liable shall be payable within thirty (30) days after proof of loss, as herein required, is received and accepted by the Company and ascertainment of the amount of loss is made either by agreement between the First Named Insured and the Company or an amount is determined by binding Appraisal in accordance with the provisions of this Policy.

The Company shall have the option to take all, or any part of the property at the agreed or appraised value, or to repair, rebuild or replace the property physically lost or damaged with other of like kind and quality, within a reasonable time, on giving notice of its intention so to do within sixty (60) days after receipt of the proof of loss herein required.

U. SUBROGATION: The Company may require from the Insured an assignment of all right of recovery against any party for loss to the extent that payment therefor is made by the Company, but the Company shall not acquire any rights of recovery which the Insured has expressly waived in writing prior to loss nor shall such waiver in writing affect the Insured's rights under this Policy.

Any recovery as a result of subrogation proceedings arising out of an **Occurrence**, after expenses incurred in such subrogation proceedings are deducted, shall accrue to the Insured in the proportion that the deductible amount and/or any provable uninsured loss amount bears to the entire provable loss amount.

The Insured will cooperate with the Company and, upon the Company's request and expense will:

1. Attend hearings and trials;

2. Assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses, and conducting suits.

V. SUIT AGAINST COMPANY: No suit, action or proceeding for the recovery of any claim under this Policy shall be sustainable in any court of law or equity unless the Insured shall have fully complied with all the requirements of this Policy, nor unless the same be commenced within twenty four (24) months next after the date of the loss, provided however, that if under the laws of the jurisdiction in which the property is located such time limitation is invalid, then any such claims shall be void unless such action, suit or proceedings is commenced within the shortest limit of time permitted by the laws of such jurisdiction.

W. SUSPENSION: Upon the discovery of a dangerous condition with respect to **Equipment Breakdown** to any Insured Property under this Policy, any representative of the Company may immediately suspend the insurance against loss from an Accident to such property or part thereof by giving written notice mailed or delivered to the Insured at the address of the Insured as specified in Section I, or at the location of such property. The insurance so suspended may be reinstated by the Company, but only by an endorsement issued to form a part of this Policy. The Insured shall be allowed the return of the unearned portion of the premium paid for such suspended insurance, prorata for the period of suspension.

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

Y. TITLES OF PARAGRAPHS: The titles of the various paragraphs of this form (and of endorsements included in this Policy) are solely for reference and shall not in any way affect the provisions to which they relate.

Z. VACANCY: The Insured has permission to cease business operations or to have any insured building remain vacant or unoccupied, provided that, fire protection, security and alarm services are maintained and written notice is given to the Company prior to the one-hundred twentieth (120th) consecutive day of cessation of business operations, vacancy or lack of occupancy. The insured building is considered vacant or unoccupied when it does not contain adequate Insured Property to conduct customary business operations, but this provision shall not apply to any time period when customary business operations are suspended due to circumstances that are usual to such business operations.

SECTION VIII - POLICY DEFINITIONS

A. **Aircraft or Vehicle Impact** means only physical contact of an aircraft, spacecraft, self-propelled missile, or objects falling therefrom, or vehicle or an object thrown up by a vehicle.

B. **Collapse** means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its current intended purpose.

C. **Defined Peril** means Fire; Lightning; **Explosion; Windstorm; Hail; Smoke; Aircraft or Vehicle Impact; Riot, Strike or Civil Commotion; Vandalism and Malicious Mischief; Collapse** (unless otherwise excluded under Section II - Perils Excluded, Subparagraph B.1.q.); or **Leakage From Fire Protection Equipment.**

D. **Earth Movement** means any natural or manmade:

1. Earthquake, including any earth sinking, rising or shifting related to such event;

2. Landslide, including any earth sinking, rising or shifting related to such event;

3. Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

4. Earth sinking rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include

contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface;

5. Shocks, tremors, mudslide, mud flow, rock falls, volcanic eruption, sinkhole collapse, subsidence;

and includes tsunami.

E. **Earth Movement Counties**: As referenced in this Policy, designated Earthquake Zones shall be defined as all **Locations** situated within the States or Counties as specified below;

1. **Pacific Northwest Earthquake Zone Counties**

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

2. **New Madrid Earthquake Zone Counties**

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

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

Indiana: Posey, Vanderburgh, Gibson, Warrick, Pike

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

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

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

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

F. **Electronic Data and Media** means data, messages, information, coding, programs, instructions or any other software stored on electronic, electromechanical, electromagnetic data processing or electronically controlled production equipment and distributed by means of a computer network or is produced in a format for use with a computer.

G. **Equipment Breakdown** means direct physical damage to Insured Property that is the direct result of an Accident. Accident means a fortuitous event that causes direct physical loss or damage to Insured Property. The event must be one of the following:

1. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
2. Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
3. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by the Insured, or operated under the control of the Insured;
4. Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
5. Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment

H. **Explosion**: Explosion does not include loss or damage occasioned by or incident to explosion in or of the following equipment owned, operated or controlled by the Insured;

1. Steam boiler, steam turbines, steam engines, and steam pipes interconnecting any of the foregoing;
2. Moving or rotating machinery or parts thereof when such direct loss or damage is caused by centrifugal force or mechanical breakdown;

3. Combustion gas turbines;

4. Any products manufactured by the Insured or other property attached thereto or forming or to form a part thereof undergoing pressure tests to the extent of the loss to such property.

Explosion will include loss or damage arising or resulting from;

1. The explosion of accumulated combustible gases or unconsumed fuel within the furnace of a boiler or pressure vessel, other than combustion gas turbines, or within the flues or passages which conduct the gases of combustion therefrom;

2. A combustion explosion outside of any equipment excluded above even though such combustion explosion may have been the direct result of the explosion or such excluded equipment.

The following are not explosions within the intent or meaning of this definition;

1. Electric arcing or any coincident rupture of electrical equipment due to such arcing;

2. Bursting or rupture caused by freezing;

3. Sonic shock waves, generally known as Sonic Boom;

4. Bursting, rupture or collapse of any safety disc, rupture diaphragm or fusible link.

I. **Fine Arts** means paintings; etchings; pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; antique furniture; antique jewelry; bric-a-brac; porcelains; and similar property of rarity, historical value, or artistic merit, excluding automobiles, coins, stamps, furs, jewelry, precious stones, precious metals, watercraft, aircraft, money and securities.

Fine Arts does not mean and does not include any item which would qualify as **Valuable Papers and Records.**

J. **Flood** means, whether natural or manmade, **Flood** waters, surface water, waves, tide or tidal water, overflow or rupture of a dam, levy, dike, or other surface containment structure, storm surge, the rising, overflowing or breaking of boundaries of natural or manmade bodies of water, or the spray from any of the foregoing, all whether driven by wind or not. A tsunami shall not be considered a **Flood.**

K. **Fungus, Mold(S), Mildew, Spores 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 mold(s), 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, and fungi that produce mold(s);

Spore means any dormant or reproductive body produced by or arising or emanating out of any fungus, mold(s), mildew, plants, organisms or microorganisms,

L. **Land** means land except land for which values are reported and premiums are charged hereunder, such as dikes, levees, and other surface containment structures. Surface containment structures are not land to a depth of six inches below such surface containment structures.

M. **Leakage From Fire Protection Equipment** means direct physical loss or damage from:

1. Water or other substances discharged from within any part of the **Fire Protection Equipment** for the Insured **Location** or for any adjoining **Locations;**

2. Collapse or fall of tanks forming a part of the **Fire Protection Equipment** or the component parts or supports of such tanks.

The term **Fire Protection Equipment** includes tanks, water mains, hydrants, or valves, and any other equipment whether used solely for fire protection or jointly for fire protection and for other purposes, but does not include;

1. Branch piping from a joint system where such branches are used entirely for purposes other than fire protection;

2. Any underground water mains or appurtenances located outside of the Insured **Location** and forming a part of the public water distribution system;

3. Any pond or reservoir in which the water is impounded by a dam.

N. **Location** means the location as specified in the Statement of Values, but if not so specified, location means any building, yard, dock, wharf, pier or bulkhead or any group of the foregoing bounded on all sides by public streets, clear **Land** space or open waterways, each not less than fifty feet wide. Any bridge or tunnel crossing such street, space or waterway shall render such separation inoperative for the purpose of this definition.

O. **Miscellaneous Unnamed Location(s)** means a location that has not been included in the Statement of Values on file with the Company and has not been reported to the Company as may be required in the Policy provisions elsewhere.

There is no coverage under this Paragraph for loss or damage which is covered under the Error or Omissions or Newly Acquired Property provisions of this Policy.

P. **Occurrence** means any one loss, disaster, casualty, incident or series of losses, disasters, casualties or incidents, not otherwise excluded by this Policy and arising out of a single event or originating cause and includes all resultant or concomitant insured losses. The **occurrence** must occur during the policy period.

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

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

R. **Riot, Strike or Civil Commotion** means riot and civil commotion including;

1. Acts of striking employees while occupying the Insured **Location**; and

2. Pilferage or looting occurring at the time and place of a riot or civil commotion.

S. **Smoke** means loss or damage ensuing from a sudden and accidental release of **Smoke.** The peril of **Smoke** does not include loss or damage caused by **Smoke** from agricultural smudging or industrial operations.

T. **Valuable Papers and Records** means documents that are written, printed, or otherwise inscribed. These include:

1. Books, manuscripts, abstracts, maps and drawings; film and other photographically produced records, such as slides and microfilm;

2. Legal and financial agreements such as deeds and mortgages;

3. Addressograph plates; and

4. Any electrically produced data such as printouts, punched cards, tapes or discs.

Valuable Papers and Records does not mean money and securities and converted data, programs or instructions used in data processing operations, including the materials on which the data is stored.

Valuable Papers and Records does not mean and does not include any item which would qualify as **Fine Arts.**

U. **Vandalism and Malicious Mischief** means willful and malicious damage to, or destruction of, Insured Property. **Vandalism and Malicious Mischief** does not include loss or damage caused by or resulting from theft, except for real property loss or damage caused by the breaking or exiting of burglars.

V. **Windstorm** or **Hail**: Direct action of wind or by the direct action of hail, whether accompanied by wind or not, but no liability is assumed under these perils for:

1. Loss or damage caused by or resulting from frost or cold weather, ice (other than hail), snow or sleet, whether driven by wind or not;
2. Loss or damage to the interior of any building or structure, or the property inside the building or structure, caused by rain, snow, or dust, whether driven by wind or not, unless the building or structure first sustains wind or hail damage to its roof or walls through which the rain, snow, sand or dust enters;
3. Loss or damage caused when weight of snow, rainwater, ice or sleet is a contributing factor to the fall or collapse of a building or structure or any part thereof.

Secretary

President

ENDORSEMENT #001

This endorsement, effective 12:01 A.M., 07/01/2015

Forms a part of Policy No.: 033086517

Issued to: THE STATE OF NEBRASKA

By: LEXINGTON INSURANCE COMPANY

GENERAL CHANGE ENDORSEMENT

TO FORM PR8371 MANUSCRIPT DOMESTIC PROPERTY POLICY

NOTE: Terms that are bolded in this General Change Endorsement are defined in the Policy or this Endorsement.

This endorsement modifies insurance provided by the Policy as follows:

1. Subparagraph F.2 MAXIMUM AMOUNT PAYABLE to SECTION I-COVERAGES AND LIMITS OF LIABILITY is deleted in its entirety.

2. NAMED STORM SUBLIMITS

Subparagraph E.3. Named Storm to SECTION I-COVERAGES AND LIMITS OF LIABILITY is deleted in its entirety and replaced with the following:

3. Named Storm:

   a. $250,000,000 per **Occurrence**

   Subject to the per **Occurrence** limit for Named Storm shown in Subparagraph E.3.a. above:

b.	Not Covered	per **Occurrence** for **Tier 1 High Hazard Wind Zones (Texas to North Carolina, Hawaii, Puerto Rico and U.S. Virgin Islands)**
c.	Not Covered	per **Occurrence** for **Tier 1 High Hazard Wind Zones (Virginia to Maine)**
d.	Not Covered	per **Occurrence** for **Tier 1 High Hazard Wind Zones (Florida)**
e.	$250,000,000	per **Occurrence** for **Tier 2 High Hazard Wind Zones**

Regardless of the number of Coverages, **Locations** or Perils involved including, but not limited to, all **Flood** (however caused), wind, wind gusts, storm surges, tornados, cyclones, hail, or rain, the maximum amount the Company will pay per **Occurrence** as respects all covered Loss or Damage arising out of a Named Storm (a storm that has been declared by the National Weather Service to be a Hurricane, Typhoon, Tropical Cyclone, Tropical Storm, or Tropical Depression) is the amount stated in C.3.a.- e. above, whichever is applicable. In the event covered Loss or Damage by **Flood** arises out of a Named Storm, the maximum amount the Company will pay per **Occurrence** for all such Loss or Damage by **Flood** shall be the Sublimits of Liability for **Flood** as shown in Section I, Subparagraphs E.2.a. and E.2.b. However, if **Flood** is not covered, the maximum amount the Company will pay per **Occurrence** for all such Loss or Damage by Named Storm shall exclude Loss or Damage by **Flood.**

Tier 1 High Hazard Wind Zones (Texas to North Carolina, Hawaii, Puerto Rico and U.S. Virgin Islands) means the following wind zones:

TIER 1 HIGH HAZARD WIND ZONES (TEXAS TO NORTH CAROLINA, HAWAII, PUERTO RICO AND U.S. VIRGIN ISLANDS)	
State	**Geographic Areas**
Alabama	Counties: Baldwin, Mobile
Georgia	Counties: Bryan, Camden, Chatham, Glynn, Liberty, McIntosh
Hawaii	Entire State
Louisiana	Parishes: Assumption, Calcasieu, Cameron, Iberia, Jefferson, Lafourche, Livingston, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John the Baptist, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermilion
Mississippi	Counties: Hancock, Harrison, Jackson
North Carolina	Counties: Beaufort, Bertie, Brunswick, Camden, Carteret, Chowan, Columbus, Craven, Currituck, Dare, Hyde, Jones, New Hanover, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Tyrell, Washington
Puerto Rico	Entire Territory
South Carolina	Counties: Beaufort, Berkley, Charleston, Colleton, Dorchester, Georgetown, Hampton, Horry, Jasper
Texas	Counties: Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Harris, Jackson, Jefferson, Kenedy, Kleberg, Liberty, Matagorda, Newton, Nueces, Orange, Refugio, San Patricio, Victoria, Willacy
U.S. Virgin Islands	Entire Territory

Tier 1 High Hazard Wind Zones (Virginia to Maine) means the following wind zones:

TIER 1 HIGH HAZARD WIND ZONES (VIRGINIA TO MAINE)	
State	**Geographic Areas**
Connecticut	Counties: Fairfield, Middlesex, New Haven, New London
Delaware	Counties: Sussex
Maine	Counties: Androscoggin, Cumberland, Hancock, Knox, Lincoln, Sagadahoc, Waldo, Washington, York
Maryland	Counties: Calvert, Charles, Dorchester, St. Mary's, Somerset, Wicomico, Worcester
Massachusetts	Counties: Barnstable, Bristol, Dukes, Essex, Nantucket, Norfolk, Plymouth, Suffolk
New Hampshire	Counties: Rockingham, Strafford
New Jersey	Counties: Atlantic, Bergen, Cape May, Cumberland, Essex, Hudson, Middlesex, Monmouth, Ocean, Union
New York	Counties: Bronx, Kings, Nassau, New York, Queens, Richmond, Suffolk, Westchester
Rhode Island	Counties: Bristol, Kent, Newport, Providence, Washington
Virginia	Counties: Accomack, Charles City, Gloucester, Isle of Wight, James City, Lancaster, Mathews, Middlesex, New Kent, Northampton, Northumberland, Surry, York, Westmoreland Independent Cities: Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Prince George, Suffolk, Sussex, Virginia Beach, Williamsburg

Tier 1 High Hazard Wind Zones (Florida) means the following wind zones:

TIER 1 HIGH HAZARD WIND ZONES (FLORIDA)	
State	**Geographic Areas**
Florida	Entire State

Tier 2 High Hazard Wind Zones means the following wind zones:

TIER 2 HIGH HAZARD WIND ZONES	
State	**Geographic Areas**
Georgia	Counties: Brantley, Charlton, Effingham, Long, Wayne
Louisiana	Parishes: Acadia, Ascension, East Baton Rouge, Iberville, Jefferson-Davis, Lafayette, St. Martin, Washington, West Baton Rouge
Mississippi	Counties: George, Pearl River, Stone
North Carolina	Counties: Bladen, Duplin, Hertford, Lenoir, Martin, Pitt
South Carolina	Counties: Williamsburg
Texas	Counties: Bee, Brooks, Fort Bend, Goliad, Hardin, Hidalgo, Jasper, Jim Wells, Wharton

3. EXPEDITING EXPENSES

The following is added to SECTION VI-ADDITIONAL COVERAGES:

EXPEDITING EXPENSES

The Company will pay reasonable and necessary expediting expenses to:

a. Make temporary repairs to Insured Property; or

b. Expedite the permanent repair or replacement of Insured Property

that has sustained direct physical loss or damage by a Covered Cause of Loss. Such expediting expenses do not include:

a. Expenses payable elsewhere under this Policy; or

b. The cost of permanent repair or replacement.

The Company's total liability with respect to this coverage for any one **Occurrence** will not exceed the Sublimit of Liability of $1,000,000.

4. BACKUP OF SEWER AND DRAIN

The following is added to SECTION VI-ADDITIONAL COVERAGES:

BACKUP OF SEWER AND DRAIN

This policy is extended to cover direct physical loss or damage to insured property at location(s) from water that backs up or overflows from a sewer, drain or sump pump when the Insured gives written notice of such direct physical loss or damage to the Company, no later than 180 days after the loss.

The Company's total liability with respect to this coverage for any one **Occurrence** will not exceed the Sublimit of Liability of $500,000.

5. **OUTDOOR PROPERTY**

The following is added to SECTION VI-ADDITIONAL COVERAGES:

OUTDOOR PROPERTY

This Policy is extended to cover direct physical loss or damage to **Outdoor Property** at the Insured **Location**, but only for loss or damage caused directly by a **defined peril** (other than **windstorm or hail**), not otherwise excluded.

Outdoor Property means lawns, (including fairways, greens and tees), trees, shrubs, plants; walks, roadways, patios or other paved surfaces; fencing, street signs or roadway lighting; playground or recreation equipment; bleachers or benches.

The Company's total liability with respect to this coverage for any one **Occurrence** will not exceed the Sublimit of Liability of $**250,000 subject to a maximum of $5,000 per item.**

6. **DEFENSE COSTS**

The following is added to SECTION VI-ADDITIONAL COVERAGES:

DEFENSES COSTS

Subject to all of its provisions, this Policy also covers the costs and fees to defend any claim or suit against the Insured and/or its Directors, Officers and/or Employees, alleging physical loss or damage as insured against to property of others in the care, custody or control of the Insured to the extent of the Insured's liability. Therefore, even if such claim or suit is groundless, false or fraudulent; But the Company may without prejudice make such investigation, negotiation or settlement of any such claim or suit as it deems expedient.

The Company's total liability with respect to this coverage for any one **Occurrence** will not exceed the Sublimit of Liability of $250,000.

7. It is hereby understood and agreed that Section VI – ADDITIONAL COVERAGES, Clause K, Item 1 is amended to read 120 Days in lieu of 90 Days

8. It is hereby understood and agreed that the following definitions are added to Section VIII – POLICY DEFINITIONS:

   Air Support Structures are buildings or structures which use internal air pressure to support its roof and/or walls.

9. The cost to purchase power for resale or to meet contract obligations is excluded.

6. **ARSON OR THEFT REWARD**

The following is added to SECTION VI-ADDITIONAL COVERAGES:

ARSON OR THEFT REWARD

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

The Company's total liability with respect to this coverage for any one Occurrence will not exceed the Sublimit of Liability of $5,000

Authorized Representative OR
Countersignature (in states where applicable)

ENDORSEMENT #002

This endorsement, effective 12:01 AM 07/01/2015

Forms a part of policy no.: 033086517

Issued to: THE STATE OF NEBRASKA

By: LEXINGTON INSURANCE COMPANY

In consideration of the premium charged, it is hereby agreed that with respects to Form PR8371 (02/12), Lexington Manuscript Domestic Property Policy, **SECTION I-COVERAGES AND LIMITS OF LIABILITY**, the following sublimits and deductibles are added to and made a part of this policy:

E. SUBLIMITS OF LIABILITY:

2. **Flood**

c. $15,000,000	Per **Occurrence** and Annual Aggregate for the peril of **Flood** in 500 Year Flood Zones
6. 30 days or $5,000,000 the greater of	Per **Occurrence** for Interruption by Civil or Military Authority
7. Contingent Time Element	
a. $ 250,000	Per **Occurrence** for Contingent Time Element as respects Tier 1 suppliers or customers
b. NOT COVERED	Per **Occurrence** for Contingent Time Element as respects Tier 2 suppliers or customers
8. d. $1,000,000 or 180 days whichever is less	Per **Occurrence** for Increased Period of Interruption: Demolition Coverage D ("Period of Interruption" includes any increased period required to repair or reconstruct the property to comply with the minimum standards of any ordinance or law, in force at the time of loss, that regulated the construction or repair, or required the tearing down of any covered property. The expiration date of this policy will not cut short the period of interruption.)
15. Fine Arts	
a. $5,000,000	Per **Occurrence** for Scheduled **Fine Arts**
b. $1,000,000	Per **Occurrence** for Unscheduled **Fine Arts**
16. $1,000,000	Per **Occurrence** for Fire Brigade Charges and Extinguishing Expenses

17. 30 days or $5,000,000 the greater of	Per **Occurrence** for Ingress & Egress
25. $1,000,000	Per **Occurrence** for Transit, subject to a maximum of $1,000,000 per Conveyance
27. INCLUDED	Per **Occurrence** for Brands and Labels
28. $2,500,000	Per **Occurrence** for Scheduled Business Interruption
29. $1,500,000	Per **Occurrence** for Unscheduled Business Interruption
30. $ 100,000	Per **Occurrence** for Communicable Disease Contamination
31. $1,000,000	Per **Occurrence** for Contractors Equipment
32. $ 5,000	Per **Occurrence** for Contract Penalty
33. $ 100,000	Per **Occurrence** for Deferred Payments
34. $ 250,000	Per **Occurrence** for Evacuation Expense
35. $10,000,000	Per **Occurrence** for Loss from Riots and Penal Institutions Only
36. $ 100,000	Per **Occurrence** and Annual Aggregate for Mold / Fungus Exclusion (with direct result of Covered Loss exception)
37. INCLUDED	Per **Occurrence** for Pairs or Sets
38. $10,000,000	Per **Occurrence** for Property in the Course of Construction including Soft Costs
39. $ 2,500,000	Per **Occurrence** for Property Off Premises – Including Fairs, trade Shows, and Exhibits
40. $ 1,000,000	Per **Occurrence** for Research and Development

The following Equipment Breakdown Sub-limits are part of and not in addition to the Equipment Breakdown Sub-limit

41. Included	Per **Occurrence** for Business Interruption resulting from **Equipment Breakdown**
42. $100,000	Per **Occurrence** for Contingent Time Element resulting from **Equipment Breakdown**

43. $100,000	Per **Occurrence** for Data Restoration resulting from **Equipment Breakdown**
44. $250,000	Per **Occurrence** for Demolition and Increased Cost of Construction: Demolition Coverage A resulting from **Equipment Breakdown**
45. $100,000	Per **Occurrence** for Expediting Expense resulting from **Equipment Breakdown**
46. 365 Days	Per **Occurrence** for Extended Period of Restoration resulting from **Equipment Breakdown**
47. Included	Per **Occurrence** for Extra Expense resulting from **Equipment Breakdown**
48. $100,000	Per **Occurrence** for Hazardous Substances resulting from **Equipment Breakdown**
49. $250,000	Per **Occurrence** for loss or damage to Newly Acquired Property resulting from **Equipment Breakdown** for a period of 120 days, if not reported to the Company in that 120 day period then coverage ceases
50. Included	Per **Occurrence** for Rental Value resulting from **Equipment Breakdown**
51. $250,000	Per **Occurrence** for Service Interruption resulting from **Equipment Breakdown**
52. $250,000	Per **Occurrence** for Spoilage resulting from **Equipment Breakdown**
53. $ 50,000	Per **Occurrence** for Soft Costs resulting from **Equipment Breakdown**
54. Included	Per **Occurrence** for Property Removed from Insured Locations
55. Included	Per **Occurrence** for Protection and Preservation of Property
56. $2,500,000	Per **Occurrence** for Rental Value
57. Included	Per **Occurrence** for Royalties

G. DEDUCTIBLE:

5. Equipment Breakdown:

a. $2,500 Per **Occurrence.**

b. **2 Days** Soft Costs

All other terms and conditions of the policy remain unchanged.

LEXDOC021
LX0404

Authorized Representative OR
Countersignature (In states where applicable)

ENDORSEMENT # 003

This endorsement, effective 12:01 AM 07/01/2015

Forms a part of policy no.: 033086517

Issued to: THE STATE OF NEBRASKA

By: LEXINGTON INSURANCE COMPANY

VEHICLE PHYSICAL DAMAGE COVERAGE EXTENSION ENDORSEMENT
(ON-PREMISES COVERAGE)

This endorsement modifies insurance provided by the policy:

I. Subparagraph 3. is added to Paragraph B., PERILS EXCLUDED: of **SECTION II - COVERED CAUSES OF LOSS** as follows:

3. The Company does not insure for loss or damage to a covered vehicle licensed for highway use caused by collision of such covered vehicle with any other vehicle or property.

II. Subparagraph 6. of Paragraph B., PROPERTY EXCLUDED: of **SECTION III - INSURED PROPERTY** is deleted in its entirety and replaced with the following:

6. (a) Vehicles licensed for highway use, unless located within 1000 feet of the Insured Location,

III. Subparagraph N. is added to **SECTION IV - VALUATION** as follows:

N. Covered vehicles licensed for highway use within 1000 feet of the Insured Location will be valued at the least of the following:

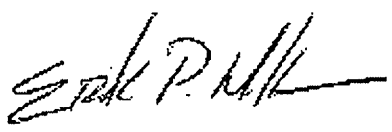
1. The actual cash value of the damaged or stolen property at the time and place of the loss;

2. The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality at the time and place of the loss; or

3. The reported value shown in the Schedule corresponding to the damaged or stolen covered vehicle.

The most we will pay under this Additional Coverage is $1,500,000 per occurrence.

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



Authorized Representative OR
Countersignature (In states where applicable)

ENDORSEMENT # 004

This endorsement, effective 12:01 AM 07/01/2015

Forms a part of policy no.: 033086517

Issued to: THE STATE OF NEBRASKA

By: LEXINGTON INSURANCE COMPANY

HIGH HAZARD EARTHQUAKE ZONES
NEW MADRID AND PACIFIC NORTHWEST

New Madrid Earthquake Zone Counties means the following counties within the following states:

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

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

Indiana: Posey, Vanderburgh, Gibson, Warrick, Pike;

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

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

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

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

Pacific Northwest Earthquake Zone Counties means:

The following counties within Washington state: Clallam, Jefferson, King, Kitsap, Mason, Pierce, San Juan, Skagit, Snohomish, Thurston and Whatcom; and

The geographic area of British Columbia, Canada (including Vancouver Island and other Canadian islands) that is south of 50 North latitude and west of 120 West longitude.

Authorized Representative OR
Countersignature (In states where applicable)

ENDORSEMENT # 005

This endorsement, effective 12:01 AM 07/01/2015

Forms a part of policy no.: 033086517

Issued to: THE STATE OF NEBRASKA

By: LEXINGTON INSURANCE COMPANY

SCHEDULED FINE ARTS

Firearm Collection at the Nebraska History Museum

Estimated Value: $2,995,750

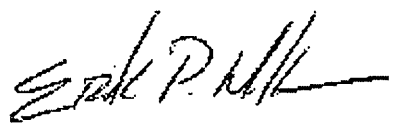
The firearm collection consists of 1103 firearms, including the world-class collection assembled by Walter Charnley. This collection includes examples of early firearms technology and guns that are works of art. Presentation pieces include a cased set of gold inlayed firearms made by Nicolas Boutet and presented by Napoleon to Friedrich Wilhelm Ludwig Von Krusemarck. Other examples include 17th century wheellock pistols and 18th century carved ivory pistols from the Netherlands. The Museum's firearm collection also includes American firearms, including military weapons and historic firearms used in Nebraska. The rifle "Wild Bill" Hickok used to kill David McCanles at Rock Creek Station in 1863, and the firearms used by Charles Starkweather in his murder spree are part of the collection.

Quilt Collection at the Nebraska History Museum
Estimated Value: $678,840

The quilt collection includes 396 quilts, 182 quilt blocks, 70 quilt patterns, and 65 quilt tops. Quilts include Grace Snyder's Flower Basket Petit Point, made in the 1940s with more than 85,000 pieces. It was named one of the top quilts of the Twentieth Century by the International Quilt Festival in 1999. The collection also includes one of oldest quilts made in Nebraska. The Allis quilt as made in 1861 by the daughter of one of Nebraska's early missionaries. A rare quilt made for a Civil War "Sanitary Fair", and signed by Ulysses S. Grant is also part of the collection.

John P. Falter Artwork Collection at the Nebraska History Museum
Estimated Value $909,120

John P. Falter was an American illustrator who grew up in Falls City, Nebraska. He is best known for his paintings that graced the covers of the Saturday Evening Post. He was also a prolific illustrator and created artwork during World War II that was used for posters produced by the U.S. Government. After his death, his family made a large donation of his artwork to the Nebraska State Historical Society. This collection includes an original painting titled Falls City Christmas, that appeared on the cover of the Saturday Evening Post. Other paintings in the collection include 30 original paintings that were used as illustrations, ads or poster art. There are also 35 original gouache or watercolor paintings, 14 original paintings on canvas, and 37 unfinished paintings. Additionally the collection includes 1626 preliminary sketches, 49 painted "sketches", and 24 lithographs from a series he produced on jazz musicians. 124 original World War II posters are also part of the collection.



Authorized Representative OR
Countersignature (In states where applicable)

ENDORSEMENT # 006

This endorsement, effective 12:01 AM 07/01/2015

Forms a part of policy no.: 033086517

Issued to: THE STATE OF NEBRASKA

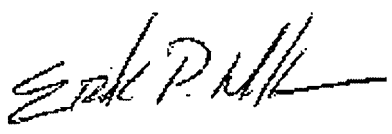
By: LEXINGTON INSURANCE COMPANY

AMENDATORY ENDORSEMENT

In consideration of the premium charged, it is hereby understood and agreed that the following amendments are hereby made to this policy:

- Coverage for Equipment Breakdown Applies to - IMS Building 501 S. 14th St. Lincoln NE 68509 ONLY.

All other terms and conditions of the policy remain unchanged.



Authorized Representative OR
Countersignature (In states where applicable)

LEXDOC021
LX0404

ENDORSEMENT # 007

This endorsement, effective 12:01 AM 07/01/2015

Forms a part of policy no.: 033086517

Issued to: THE STATE OF NEBRASKA

By: LEXINGTON INSURANCE COMPANY

COMMUNICABLE DISEASE & EVACUATION EXPENSES

The following language is added to Section V Time Element Coverage:

Communicable Disease Contamination: In the event of direct physical loss or damage caused by a covered cause of loss to Covered Property occurring at a premises described on the Declarations Schedule, if that described premises is affected by communicable disease contamination, and that premises is fully or partially uninhabitable due to the enforcement (by an authorized governmental agency) of any law or ordinance regulating the spread of communicable disease and which prohibits access to that premises, we will pay for the actual business income loss you sustain and necessary extra expense you incur, during the period of restoration, resulting from the necessary suspension of your business activities. We will also pay for the costs to test for, monitor, cleanup, remove, contain, treat, detoxify, neutralize or in any way respond to or access the effects of contamination.

We will pay for this coverage only if the loss or damage is reported to us in writing within one hundred eighty (180) days following the commencement of the loss or damage. We will not pay more than the applicable sublimit of insurance.

The following shall be added to Section V - Time Element Coverage

EVACUATION EXPENSES: We will pay reasonable and necessary evacuation expenses incurred by you as a result of compliance with a mandatory evacuation order which requires the evacuation of a covered location(s) and first occurs during the policy period. This Additional Coverage is provided for up to 30 days after the mandatory evacuation order with respect to each covered location, but not for any period of time beyond 96 hours after the date and time the appropriate civil authority allows a return to each covered location (hereinafter, this period of time is referred to as the evacuation period). Regardless of the number of covered locations or mandatory evacuation orders, the sublimit of liability shown in Section D Limits of Liability is the most that we shall pay for all evacuation expenses arising out of one occurrence.

The following additional definitions apply to this Additional Coverage.
a. Designated person's means:

(1) Students, patients, residents and lawful occupants at a covered location; and/or

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

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

ENDORSEMENT # 007
(Continued)

c. Mandatory evacuation order means the first public broadcast of a compulsory evacuation that:

(1) is issued by a responsible civil authority as a result of a Covered Cause of Loss and (2) is specific as to the effective date, time and area affected.

Authorized Representative OR
Countersignature (In states where applicable)

ENDORSEMENT

This endorsement, effective 12:01 AM 07/01/2015

Forms a part of policy no.: 033086517

Issued to: THE STATE OF NEBRASKA

By: LEXINGTON INSURANCE COMPANY

TERRORISM EXCLUSION ENDORSEMENT

This endorsement modifies insurance provided by the policy:

This insurance does not cover loss or damage caused directly or indirectly by **terrorism** whether controlled or uncontrolled, proximate or remote, sudden or over any length of time, or which is contributed to or aggravated by any other cause or event. Such **terrorism** is excluded regardless of any other cause or event occurring concurrently or in any sequence with such **terrorism.**

As used herein, **terrorism** means the use or threatened use of force or violence against a person or property, or commission of an act dangerous to human life or property, or commission of an act that interferes with or disrupts an electronic or communication system, undertaken by any person or group, whether or not acting on behalf of or in any connection with any organization, government, power, authority or military force, when the effect is to intimidate, coerce or harm:

a. A government;

b. The civilian population of a country, state or community; or

c. Disrupt the economy of a country, state or community.

So long as the Terrorism Risk Insurance Act of 2002, and any revisions or amendments thereto is in effect (the "Act"), **terrorism** includes a certified act of terrorism defined by Section 102. Definitions of the Act.

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

Authorized Representative

ENDORSEMENT

This endorsement, effective 12:01 AM 07/01/2015

Forms a part of policy no.: 033086517

Issued to: THE STATE OF NEBRASKA

By: LEXINGTON INSURANCE COMPANY

WAR AND TERRORISM EXCLUSION ENDORSEMENT

(Applies to locations outside the United States of America, its territories and possessions)

This endorsement modifies insurance provided by the policy:

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

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

2. Any act of terrorism.

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

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

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

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

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

Authorized Representative OR
Countersignature (In states where applicable)

NMA2918
08/10/2001
LX8569

ENDORSEMENT

This endorsement, effective 12:01 AM 07/01/2015

Forms a part of policy no.: 033086517

Issued to: THE STATE OF NEBRASKA

By: LEXINGTON INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MOLD / FUNGUS EXCLUSION

(with direct result of covered loss exception)

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

The Company shall not be liable for any loss or damage in the form of, caused by, arising out of, contributed to, or resulting from fungus, mold(s), mildew or yeast; or any spores or toxins created or produced by or emanating from such fungus, mold(s), mildew or yeast;

(a) fungus includes, but is not limited to, any of the plants or organisms belonging to the major group fungi, lacking chlorophyll, and including mold(s), rusts, mildews, smuts and mushrooms;
(b) mold(s) includes, but is not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms, and fungi that produce mold(s);
(c) spores means any dormant or reproductive body produced by or arising or emanating out of any fungus, mold(s), mildew, plants, organisms or microorganisms,

regardless of any other cause or event that contributes concurrently or in any sequence to such loss.

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

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

Authorized Representative OR
Countersignature (In states where applicable)

ENDORSEMENT

This endorsement, effective 12:01 AM 07/01/2015

Forms a part of policy no.: 033086517

Issued to: THE STATE OF NEBRASKA

By: LEXINGTON INSURANCE COMPANY

UPGRADE TO GREEN℠ - COMMERCIAL ENDORSEMENT

This endorsement modifies insurance provided by the policy:

The coverages and valuation provision provided by this endorsement only apply if direct physical loss or damage to covered real and/or personal property is caused by any of the perils covered by the policy and replacement cost valuation applies. This coverage does not apply to: (1) personal property of others in the Insured's care, custody, and control, (2) leased personal property, and/or (3) finished or unfinished stock.

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

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

   A. The reasonable and necessary amount to upgrade to green the covered damaged property as described in Coverage Section A - Non-LEED® Certified Coverage *or* as described in Coverage Section B - LEED® Certified Coverage, whichever is applicable; or

   B. An additional 25% of the applicable limit of liability for the building and/or business personal property shown in the Statement of Values or similar schedule to upgrade to green; or

   C. $ 5,000,000 to upgrade to green.

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

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

2. **COVERAGE SECTION A: NON-LEED CERTIFIED COVERAGE**

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

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A. Loss Settlement for Personal Property

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

(2) "Systems Furniture" or "Seating", with products of like kind and quality that are certified as GREENGUARD Indoor Air Quality Certified® or products with similar emissions characteristics. If there are no such products available at the time of the loss, this upgrade to green coverage does not apply.

B. Loss Settlement for Your Building

(1) Interior Finish Materials Upgrade

a. Lower Emissions Products Upgrade Coverage

"Defined Building Materials" with products of like kind and quality that have "Lower Emissions". If there are no such products available at the time of the loss, this upgrade to green coverage does not apply.

b. Environmentally Preferable Products Upgrade Coverage

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

(2) Interior Plumbing Systems Upgrade Coverage

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

(3) Lighting Systems Upgrade Coverage

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

(4) Efficient Heating and Cooling Equipment Upgrade Coverage

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

(5) Building Reconstruction Following Total Loss

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

b. Certification Expenses

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

(ii) The Sublimit of Insurance for this coverage is $25,000.

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3. COVERAGE SECTION B: LEED CERTIFIED COVERAGE

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

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

(1) Trees and shrubs planted specifically to secure the Heat Island Effect: Non-Roof point as described in LEED NC. For the purposes of this coverage only, notwithstanding any other provision of the policy to the contrary, trees and shrubs are Covered Property. The sublimit of insurance for this coverage is $3,000 per tree or $3,000 per shrub up to a maximum of $25,000.

(2) Vegetative roofs on LEED certified buildings. Notwithstanding any other provision of the policy to the contrary, vegetative roofs are Covered Property.

B. Loss Settlement for Your Building

(1) Recertification Expenses

a. In the event of direct physical loss or damage by any of the perils covered by the policy that necessitates recertification of the damaged building, the Company will pay the reasonable and necessary registration and certification fees charged by the USGBC that the Insured incurs as a result of the recertification process.

b. The Sublimit of Insurance for this coverage is $25,000.

(2) Building Reconstruction Following Total Loss

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

b. Certification Expenses

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

(ii) The Sublimit of Insurance for this coverage is $25,000.

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

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

A. Recycling Expenses

(1) The Company will pay the Insured's expenses to clean-up, sort, segregate, and transport debris from the Insured's damaged building to recycling facilities, if such debris can be recycled.

(2) The Sublimit of Insurance for this coverage is $25,000 and is in addition to the debris removal expense sublimit provided by the policy, if any.

(3) Any income or remuneration derived from this recycling shall be used to reduce the loss.

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

(1) In accordance with the requirements for the Construction IAQ Management Plan: Before Occupancy Credit as described in the LEED NC rating system (hereinafter, "Construction IAQ"), the Company will pay to conduct air testing and a building flush-out (if required because of a failure to meet air quality standards set forth in the Construction IAQ) and follow-up air testing for a total period of time not to exceed two weeks.

(2) After the two week period of increased outdoor air ventilation of the reconstructed space, the Company will pay to replace the filtration media with new media.

(3) The Sublimit of Insurance for this coverage is $25,000.

C. **Professional Services**

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

The Sublimit for this coverage is $50,000.

D. **Building Commissioning Expenses**

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

(2) The Sublimit of Insurance for this coverage is $25,000.

5. **Additional Definitions**

A. "Appliances" means products including, but not limited to, dishwashers, refrigerators, freezers, ovens, microwave ovens, room air conditioners, room air cleaners and water heaters.

B. "Defined Building Materials" means: (1) all carpet and floor coverings, including, adhesives to affix them to the floor, (2) all interior paints, architectural coatings, primers, undercoatings, adhesives, sealants, and (3) permanently installed composite wood fixtures, including, counters, cabinets, and partitions.

C. "ENERGY STAR" means any product that has been identified by the United States Government Department of Energy, Environmental Protection Agency as ENERGY STAR qualified at the time of the loss.

D. "Heating and Cooling Equipment" means products including, but not limited to, heat pumps, boilers, central air conditioning, ceiling fans, dehumidifiers, exhaust fans, furnaces, thermostats, and ventilating fans.

E. "Lower emissions" means:

(1) With respect to adhesive and sealant products, such as, general construction adhesives, flooring adhesives, fire-stopping sealants, caulking, duct sealants, plumbing adhesives, and cove base adhesives, products that meet the requirements of South Coast Air Quality Management District (SCAQMD) Rule #1168; with respect to aerosol adhesives, products that meet Green Seal Standard GS-36 requirements;

(2) With respect to architectural paints, coatings, and primers, products that do not exceed the volatile organic compound (VOC) content limits established in Green Seal Standard GS-11, with respect to anti-corrosive and anti-rust paints, products that do not exceed the VOC content limits established in Green Seal Standard GS-03; and with respect to clear wood finishes, floor coatings, stains, and shellacs, products that do not exceed the VOC content limits established by SCAQMD Rule #1113;

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(3) With respect to carpet and carpet cushion, products that meet the requirements of the Carpet and Rug Institute's Green Label Plus Program; and

(4) With respect to composite wood and agrifiber products such as particleboard, medium density fiberboard (MDF), plywood, wheatboard, strawboard, panel substrates and door cores as well as laminating adhesives used to fabricate on-site and shop-applied composite wood and agrifiber assemblies, products that contain no added urea-formaldehyde resins.

F. "Office Equipment" means electronic products including, but not limited to, desktop computers, laptop computers, monitors, printers, fax machines, scanners, copiers, and telephones.

G. "Recycled Content" means those products that contain at least 20% postconsumer recycled content.

H. "Rapidly Renewable" means products that are made from plant resources that are harvested within a ten-year cycle or shorter, including, but not limited to, bamboo, eucalyptus, wheat straw, sunflower hulls, cork oak, wheatboard, linoleum, and sorghum.

I. "Seating" means task and guest chairs used with "System Furniture".

J. "Sustainably Produced" means those products certified by the Forest Stewardship Council ("FSC").

K. "System Furniture" means either a panel-based workstation comprised of modular interconnecting panels, hang-on components and drawer/filing components of a freestanding grouping of furniture items and their components that have been designed to work in concert.

L. "Total Loss" means:

(1) The covered building is completely destroyed regardless of whether any damage is done to the foundation or slab, or

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

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

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

Authorized Representative OR
Countersignature (In states where applicable)

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ENDORSEMENT

This endorsement, effective 12:01 AM 07/01/2015

Forms a part of policy no.: 033086517

Issued to: THE STATE OF NEBRASKA

By: LEXINGTON INSURANCE COMPANY

ANTI-STACKING ENDORSEMENT

This endorsement modifies insurance provided by the policy:

The following condition is added to the policy:

If this insurance and any other insurance issued to the Insured by the Company or any entity that the Company controls, is controlled by or is under common control with applies to the same loss, claim, suit, occurrence or accident, whichever is applicable, then:

1. The maximum limit of liability, or

2. The maximum sublimit of liability with respect to a specific coverage or specific Covered Cause of Loss or peril;

under all insurance available will not exceed the highest applicable limit of liability or highest applicable sublimit of liability available under any one policy.

However, this condition does not apply to any other insurance issued to the Insured by the Company or any entity that the Company controls, is controlled by or is under common control with which is specifically written to be primary to, in excess of, or quota share with the policy to which this endorsement is attached.

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

Authorized Representative

ENDORSEMENT

This endorsement, effective 12:01 AM 07/01/2015

Forms a part of policy no.: 033086517

Issued to: THE STATE OF NEBRASKA

By: LEXINGTON INSURANCE COMPANY

ECONOMIC SANCTIONS ENDORSEMENT

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

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

Authorized Representative

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