

From: dporter@ap.org
Sent: Wednesday, February 27, 2013 1:38 PM
To: Duffy, Daniel
Cc: Torres Rojas, Genara; Van Duyne, Sheree
Subject: Freedom of Information Online Request Form

Information:

First Name: David
Last Name: Porter
Company: Associated Press
Mailing Address 1: 50 Park Place
Mailing Address 2: Suite 800
City: Newark
State: NJ
Zip Code: 07102
Email Address: dporter@ap.org
Phone: 973-642-0151
Required copies of the records: No

List of specific record(s):

Insurance policies covering facilities, infrastructure and equipment for the Port Authority Trans-Hudson rail lines, specifically regarding flood or water damage.

THE PORT AUTHORITY OF NY & NJ

FOI Administrator

March 28, 2013

Mr. David Porter
Associated Press
50 Park Place, Suite 800
Newark, NJ 07102

Re: Freedom of Information Reference No. 13795

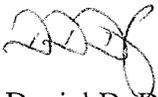
Dear Mr. Porter:

This is a response to your February 27, 2013 request, which has been processed under the Port Authority's Freedom of Information Code (the "Code") for copies of the insurance policies covering facilities, infrastructure and equipment for the Port Authority Trans-Hudson rail lines, specifically regarding flood or water damage.

Material responsive to your request and available under the Code can be found on the Port Authority's website at <http://www.panynj.gov/corporate-information/foi/13795-O.pdf>. Paper copies of the available records are available upon request.

Please refer to the above FOI reference number in any future correspondence relating to your request.

Very truly yours,



Daniel D. Duffy
FOI Administrator

and/or its affiliated, subsidiary, allied and associated companies and/or corporations and/or joint ventures and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest or is required to provide insurance as now exists or may hereafter be constituted or acquired including their interests as may appear in partnerships or joint ventures.

HEREINAFTER REFERRED TO AS THE "INSURED"

1. TERM OF INSURANCE

In consideration of an annual premium this policy attaches and covers for a period of one year, from June 1, 2012 to June 1, 2013 beginning and ending at 12:01 AM, at the location of the property involved.

2. DEFINITION OF THE "INSURED" AND "ADDITIONAL INSURED"

A. The Words "The Insured", wherever used in this Policy shall mean:

- (i) The Port Authority of New York and New Jersey, hereinafter "The Port Authority"
- (ii) Port Authority Trans-Hudson Corporation
- (iii) Newark Legal and Communications Center Urban Renewal Corporation
- (iv) WTC Retail LLC
- (v) Port District Capital Projects LLC
- (vi) Tower 5 LLC
- (vii) New York and New Jersey Railroad Corporation
- (viii) Port Authority Insurance Captive Entity, LLC
- (ix) New York New Jersey Rail, LLC
- (x) Tower 1 Member LLC
- (xi) Tower 1 Joint Venture LLC
- (xii) Tower 1 Holdings LLC
- (xiii) WTC Tower 1 LLC

(xiv) and any affiliated, subsidiary, allied and associated companies and/or corporations and/or joint ventures and/or any owned (wholly or partially) or controlled company (ies) where the Insured maintains an interest or is required to provide insurance as now exists or may hereafter be constituted or acquired including their interests as may appear in partnerships or joint ventures of (i), (ii) or (iii) as now constituted.

B. Each of the following shall be considered as an "Additional Insured" under the terms of this Policy and whenever in this Policy the word "Insured" is used, it shall be deemed to include "Additional Insured" unless otherwise expressly stated:

- (i) The City of New York, New York, but only as respects such insurance as is specified in present or future agreements with the City of New York or the New York Public Development Corporation pursuant to which the Insured is required to maintain such insurance as is specified in such agreements for occurrences arising out of the operation, control or occupancy of Port Authority facilities owned by the City of New York and leased to the Port Authority.
- (ii) The City of Newark, New Jersey, but only as respects such insurance as is specified in present or future agreements with the City of Newark pursuant to which the insured is required to maintain such insurance as specified in such agreements for occurrences arising out of the operation, control or occupancy of Port Authority facilities owned by the City of Newark and leased to the Port Authority.
- (iii) The City of Hoboken, New Jersey, but only as respects such insurance as is specified in present or future agreements with the City of Hoboken pursuant to which the Insured is required to maintain such insurance as is specified in such agreements for occurrences arising out of the operation, control or occupancy of Port Authority facilities owned by the City of Hoboken and leased to the Port Authority.
- (iv) The City of Elizabeth, New Jersey, but only as respects such insurance as is specified in present or future agreements with the City of Elizabeth pursuant to which the Insured is required to maintain such insurance as is specified in such agreements for occurrences arising out of the operation, control or occupancy of Port Authority facilities owned by the City of Elizabeth and leased to the Port Authority.
- (v) Any agent of the Insured or any individual, co-partnership, corporation, unincorporated association, trustee, estate or governmental instrumentality (including the City of New York and the City of Newark) with which the Insured has entered (or will during the Policy period enter into an agreement or contractual relationship which requires that that the Insured have such entity and/or any other entity named as an Insured but only as respects such insurance as is specified in such agreement or contract and as is afforded by this Policy. The effective date for the inclusion of such entity as an Insured in the case of existing agreements and contractual relationships shall be the inception date of this Policy. In the case of new agreements and contractual relationships, such date shall be the date required by the agreement or contractual relationship, provided such date falls within the Policy period.
- (vi) All Contractors, Subcontractors, or Agents of the Port Authority engaged in the modernization of the Port Authority Bus Terminal, Bathgate Industrial Park or construction projects now or hereafter designated as a "Builders Risk Project" by the Port Authority.
- (vii) The Fund For Regional Development with respect to allocation of gross revenues derived from rental of office space.

3. PARTICIPATION

This policy covers for a 100% interest in this insurance excluding terrorism and this Insurer shall not be liable for more than a 100% interest of the \$1,518,000,000 limit of liability provided herein.

4. LIMITS OF LIABILITY

Except as otherwise specified herein or by endorsement hereto, this Insurer shall not be liable for more than its proportion of the following limit for any one occurrence applicable separately to each limit:

The Port Authority of New York and New Jersey

- a.) **\$1,518,000,000** per occurrence, for all coverages and/or perils except as noted in paragraph b) below. Any sub-limits are part of and not in addition to the policy limit of liability.
- b.) Program SubLimits: The following sub-limits are program sublimits:
- \$2,500,000** per occurrence and in the annual aggregate as respects loss or damage caused by Pollution and Contamination for clean-up and removal from land and water.
 - \$2,500,000** per occurrence as respects Fire Brigade Charges /Fire Department Service Fees and Extinguishing Expenses
 - \$2,500,000** per occurrence as respects Loss Adjustment Expenses.
 - \$25,000,000** per occurrence for property in course of Transit.
 - \$175,000,000** per occurrence and in the aggregate annually for loss or damage from the peril of flood except \$100,000,000 for property located in Flood Zones A & V
 - \$100,000,000** per occurrence and in the aggregate annually for loss or damage from the peril of Earthquake
 - \$375,000,000** per occurrence for loss or damage from the peril of Named Windstorm
 - \$25,000,000** per occurrence for Fine Arts
 - \$100,000,000** per occurrence for Leasehold Interest
 - \$125,000,000** per occurrence for Newly Acquired Locations for a period of 120 days from the date the acquisition becomes known to the Insured's Risk Management Department. After 120 days the limit will revert to \$50,000,000
 - \$250,000,000** per occurrence for Extra Expense
 - \$125,000,000** per occurrence for Expediting Expenses
 - \$250,000,000** per occurrence for Debris Removal
 - \$ 75,000,000** per occurrence for Contingent Business Interruption and Contingent Extra Expense for direct suppliers and customers.
 - \$125,000,000** per occurrence for property in Incidental Course of Construction
 - \$200,000,000** per occurrence for Rental Income / Rental Value
 - \$25,000,000** per occurrence for Royalties
 - \$50,000,000** per occurrence for Valuable Papers and Records
 - \$50,000,000** per occurrence for Accounts Receivable

The Port Authority of New York and New Jersey

\$50,000,000	per occurrence for Miscellaneous Unnamed Locations
\$50,000,000	per occurrence for Errors and Omissions
\$100,000,000	per occurrence for Civil and Military Authority
\$50,000,000	per occurrence for Off Premises Service Interruption
\$2,500,000	per occurrence for external Architects/Engineers fees
\$50,000,000	per occurrence for Media Reconstruction
\$1,000,000	per occurrence for Defense Costs
\$5,000,000	per occurrence for Green Building Extension
\$ 50,000	per occurrence for LEED Accredited Professional Services
\$ 25,000	per occurrence for Recertification Expenses
\$ 25,000	per occurrence for Certification Expenses
\$ 25,000	per occurrence for Recycling Expenses
\$ 25,000	per occurrence Air Testing & Outdoor Air Ventilation of Reconstructed Space
\$ 25,000	per occurrence Building Commissioning Expenses
365 Days	Extended Period of Indemnity

Ensuing damage not otherwise excluded or subject to a sub-limit shall be subject to the limit of liability in paragraph (a) above.

Flood and Earthquake Annual Aggregates apply separately

5. RETENTION

All losses, damages, or expenses arising out of any one occurrence shall be adjusted as one loss and from the amount of such adjusted loss shall be deducted:

\$25,000,000 per occurrence and in the aggregate annually, which in turn is **excess of \$5,000,000** per occurrence (each and every loss). **Maintenance Deductible:** only the amounts in excess of \$5,000,000 per occurrence shall contribute towards erosion of the Aggregate Retention. On exhaustion of the Aggregate Retention, all future losses, damages or expenses shall be subject to a retention of \$5,000,000 per occurrence. The retention amounts shall not apply to general average contributions and salvage charges.

48 Hour Waiting Period with regards to Business Interruption as a result of Civil/military Authority/Ingress/Egress

6. DEDUCTIBLE CLARIFICATIONS

If two or more deductible amounts in this policy apply to a single occurrence, the total to be deducted shall not exceed the largest deductible

In any occurrence where loss or damage is caused by more than one peril insured against under this policy, the Insured shall have the right to separate the loss amount by peril for the purposes of application of the deductible(s) specified in this section, notwithstanding the above reference to two or more deductibles and the policy limits.

As respects theft, the term "occurrence" as referred to elsewhere within the policy means the sum total of all losses of covered property resulting from one or more concealed acts committed by one person or more than one person acting in unison to the extent such loss is not otherwise excluded under this policy.

In the event that the Insured maintains underlying insurance through the National Flood Insurance Program, it is agreed that this policy excludes the peril of flood to the extent of recovery under such National Flood Insurance Policy(s). Should the amount of loss payable under such National Flood Insurance Policy(s) exceed the applicable flood deductible under this policy, then no deductible shall apply hereunder. However, if the amount to be paid under such National Flood Insurance Policy(s) is less than the applicable flood deductible under this policy, then the amount to be deducted hereunder shall not exceed the difference between the amount to be paid under the Insured's National Flood Insurance Policy(s) and the applicable flood deductible under this policy. Insurance maintained through the National Flood Insurance Program shall be considered Underlying Insurance.

7. LOSS PAYABLE

Loss, if any, shall be adjusted with and payable to or as directed by The Port Authority of New York and New Jersey.

8. TERRITORY

This Policy covers within the United States of America, including the coastal waterways thereof. However, as respects Contingent Time Element and Royalties,

this policy insures loss occurring anywhere in the world excluding those countries where trade relations are unlawful as determined by the Government of the United States of America or its agencies, unless the Insured has been granted a U.S. Treasury Department Foreign Assets Control license to do business in that country and then coverage is provided only to the extent legally permitted as a result of the issuance of the license, subject to all other terms and conditions found in this policy.

9. COVERAGE

Except as hereinafter excluded, this Policy covers.

a. Real and Personal Property

1. The interest of the insured in all real and personal property (including improvements and betterments) owned, used, leased or intended for use by the Insured or in which the Insured may have an insurable interest, or for which the Insured may be responsible for the insurance, or hereafter constructed, reconstructed, erected, installed, or acquired including while in incidental course of construction, reconstruction, erection, installation, assembly and repair.

For the purpose of this Clause 9 a 1), the term “incidental” shall mean construction or installation at existing facilities.

In the event of loss or damage, this Insurer agrees to accept and consider the Insured as sole and unconditional owner of improvements and betterments, notwithstanding any contract or lease to the contrary.

2. The interest of the insured in the real and personal property of others in the Insured's care, custody, or control and the Insured's liability imposed by law or assumed by contract, whether written or oral, for such property.
3. Real and Personal Property which the Insured is legally responsible for or has agreed to insure.
4. Contractors' and/or subcontractors (of any tier) and vendors' interests in property covered to the extent of the Insured's liability imposed by law or assumed by contract, whether written or oral.
5. The cost of architects' and/or engineers' plans, drawings, blueprints, photographs, specifications and their fees, including inspectors' and/or superintendents' fees, inspection and/or superintendents' charges; also to cover architects' and engineers' fees for supervision of construction and repair for damage in the event of loss and all other similar expenses incidental to repair or replacement of the property in the event of a loss; including services rendered by Port Authority employees for all of the aforementioned.
6. Property of the Insured's employees (except motor vehicles) and the interests of the Insured and its employees in household goods of employees shipped for the account of the Insured, or for which it may be liable, in course of transit and while in storage warehouses awaiting delivery to residences of employees.
7. The Insured's interest in runways, taxiways, and structures, including piers and wharves above and below mean sea level.
8. The Insured's interest in emergency vehicles whether or not on the property of the Insured
9.
 - i. The Insured's interest in or liability for railroad rolling stock not owned by the Insured in the care, custody or control of the Insured and contents thereof
 - ii. The Insured's Interest in railroad rolling stock owned by the Insured and contents thereof and consisting principally of electrically operated railroad passenger cars and working cars
10. The expense of debris removal, rerail, salvage, defense and rerouting of insured property damaged by an insured peril
11. Railroad roadbed, bridges, tunnels trestles, causeways, tracks, locomotives, signal equipment and all other property usual or ancillary to transportation operations.
12. Earned and advance freight charges for freight, merchandise, baggage and similar property.
13. The interest of the Insured in the Insured's property in the care, custody or control of others.

b. Revenue Covered

The term revenue or revenues as used in this Policy includes, but is not restricted to, all rental and fee income derived from operations conducted on or in connection with the property covered in Clause 9a. (Coverage), by the Insured, its tenants, contractors, agents and assigns, as well as charges levied on tenants' permittees and other persons for any purpose, including income from tenants predicated on receipts from sales by tenants, and all receipts, fees and charges of the Insured, or the agents, contractors, and assigns. of the Insured.

1. This Policy covers revenue and Insurers shall be liable for loss of revenue sustained by the Insured arising directly or indirectly from necessary untenability or cessation, reduction or restriction of normal operations caused by all risks of physical loss or damage subject to the perils excluded hereunder, occurring during the period of this Policy to property covered in Clause 9a on the described premises but not exceeding the reduction in revenue less expenses which do not necessarily continue during the period of untenability or cessation, reduction or restriction of normal operations.
2. For the purposes of this Policy revenue as respects rental income and expense is defined as the sum of:
 - i. The total anticipated gross revenue from tenant occupancy or use of the described property, as furnished and equipped at the time of any loss covered by this paragraph, and
 - ii. The amount of all charges which are the legal obligation of the tenant, permittee or other person and which would otherwise be obligations of the Insured, and
 - iii. The fair revenue value of any portion of said property which is occupied by the Insured.
 - iv. This policy will serve as Rental Income Insurance in those situations where the Insured is required under a lease or rental agreement to maintain such insurance on behalf of any landlord.
 - v. This policy will respond for rental expenses incurred by the Insured in excess of the expenses which would have been incurred had a leased or rented premises not been damaged or destroyed by any peril covered under this policy. Such coverage will apply for all additional expenses incurred during the period of untenability of if the lease cannot be terminated until its expiration.
3. In determining revenue due consideration shall be given to the revenue experience before the date of damage or destruction and the probable experience thereafter had no loss occurred. In addition, expenses which do not continue during the period of untenability or cessation, reduction or restriction of normal operations shall be deducted from gross revenue.

With respect to alterations, additions, and property while in the incidental course of construction, erection, installation, or assembly, due consideration shall be given to the available rental experience of the business after completion of the construction, erection, installation, or assembly.

4. Special Exclusions: Insurers shall not be liable for any increase in loss resulting from:
 - i. Interference at the described premises by strikers or other persons with rebuilding, repairing or replacing the property or with re-occupancy of the premises; or
 - ii. The suspension, lapse or cancellation of any lease, license, contract or order unless such suspension, lapse or cancellation results directly from the untenability of the premises, and then Insurers shall be liable for only such loss as affects the revenue of the premises during, and limited to, the period of indemnity covered under this Policy.

c. Time Element Coverage

This Policy insures the interest of the Insured against loss of income/revenue and continuing expenses, ordinary payroll, salaries of full-time employees, superintendents, executives and employees under contract, taxes, interest, insurance premiums, special contracts, dues, subscription fees, accounting and legal expenses and fees, expense for necessary heat, light and power, the cost of which must continue during the period of a loss, resulting directly from necessary interruption of business, whether total or partial, caused by direct physical loss or damage by a peril insured hereunder to real and/or personal property covered by this Policy.

d. Extra Expense

1. Extra expense necessary and reasonably incurred resulting, from physical loss, damage, or destruction to property as described in Clause 8.a. by any of the perils covered herein during the term of this policy.
2. "Extra expense" means the excess of the total cost during the period of restoration of the damaged property chargeable to the operation of the Insured's business over and above the total cost that would normally have been incurred to conduct the business during the same period had no loss or damage occurred.

e. Provisions Applicable to Time Element Coverage

1. Period of Recovery: The length of time for which loss may be claimed:
 - a. shall not exceed such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair, or replace such part of the property as had been destroyed or damaged,
 - b. and, such additional length of time 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:
 - i. the date on which the liability of the Insurer for loss or damage would otherwise terminate; or
 - ii. the date on which repair, replacement, or rebuilding of such part of the property as has been damaged is actually completed;but in no event for more than a total of twelve months from the date of loss;
 - c. with respect to alterations, additions, and property while in the course of construction, erection, installation, or assembly, shall be determined as provided in (a) above but such determined length of time shall be applied to the experience of the business after the business has reached its planned level of production or level of business operation:
 - d. and shall commence with the date of such loss or damage and shall not be limited by the date of expiration of this policy.
2. Expenses to Reduce Loss: This policy also covers such expenses as are necessarily and reasonably incurred for the purpose of reducing any loss under this policy, not to exceed the amount by which the loss under this policy is thereby reduced.
3. Extension of Coverage: This policy, subject to all provisions and without increasing the limits of said policy, also insures against loss resulting from damage to or destruction by the perils insured against, to:

- (a) Service Interruption - electrical, steam, gas, water, sewage, telephone, telecommunications, refrigeration, air-conditioning or heating equipment and other transmission lines and related plants, substations, equipment and systems situated on or within 5 miles of Insured premises when used for the service of the Insured
- (b) Contingent Time Element - property of a type not excluded by this Policy of a supplier or receiver that directly prevents such supplier of goods and/or services to the Insured from rendering their goods and/or services, or that prevents such receiver of goods and/or services from the Insured from accepting the Insured's goods and/or services, but such supplier or receiver shall not be an Insured under this policy
- (c) Impounded Water - dams, reservoirs, or equipment connected therewith when water, used as a raw material or used for power or for other manufacturing purposes, stored behind such dams or reservoirs is released from storage and causes an interruption of business as a result of lack of water supply from such sources.
- (d) Attraction Properties - This policy is extended to cover the Actual Loss Sustained directly resulting from the interruption of the Insured's operation caused by damage to or destruction of real or personal property at attraction properties.

“Attraction properties” are defined as properties within the vicinity of the Insured's location, not operated by the Insured, which attract potential customers to the Insured's location.

- 4. Interruption by Civil or Military Authority This policy is extended to cover the loss sustained, for a period not to exceed six consecutive weeks, when, as a result of physical damage by a peril insured against occurring within five statute miles of the Insured's Premises, starting at the time of such physical damage, access to real or personal property at the Insured's Premises is prohibited by order of civil or military authority.

The provisions of this paragraph shall also extend to include the extensions of coverage described under subparagraph 3(a), Service Interruption 3(b), Contingent Time Element and Attraction Property (4) described above.

- 5. Ingress/Egress This policy is extended to cover the loss sustained during the period, not to exceed six consecutive weeks, when as a result of physical damage by a peril insured against occurring within one statute mile of the Insured's Premises, starting at the time of such physical damage, ingress to or egress from real or personal property at the Insured's Premises is thereby prevented irrespective of whether the property of the Insured shall have been damaged.

The provisions of this paragraph shall also extend to include the extensions of coverage described under subparagraph 3(a), Service Interruption 3(b), Contingent Time Element and Attraction Property (4) described above.

f. Transit

- 1. Property described in Clause 9.a. in transit, and this policy attaches and covers shipments within and between the territorial limits of this policy, including the coastal waters thereof, by any means of conveyance, from the time the property is moved for purpose of loading and continuously thereafter while awaiting and during loading and unloading and in temporary storage, including temporary storage on any conveyance intended for use for any outbound or used for inbound shipment, including during, deviation and delay, until safely delivered and accepted at place of final destination.

2. This insurance is extended to cover loss or damage to property described in paragraph (1) above:
 - (a) sold and shipped by the Insured under terms of F.O.B. point of origin or other terms usually regarded as terminating the shipper's responsibility short of points of delivery,
 - (b) arising out of any unauthorized person(s) representing themselves to be the proper party(ies) to receive goods for shipment or to accept goods for delivery,
 - (c) occasioned by the acceptance by the Insured, by its agents, or by its customers of fraudulent bills of lading, shipping and delivery orders, or similar documents;
 - (d) at the Insured's option, which is incoming to the Insured.
3. (a) The Insured may waive right(s) of recovery against private, contract and common carriers and accept bills of lading or receipts from carriers, bailees, warehousemen, or processors limiting or releasing their liability, but this transit insurance shall not inure to the benefit of any carrier, bailee, warehouseman, or processor.
 - (b) With respect to shipments described under subparagraphs 2(a) and 2(d) above, this Insurer agrees to waive its rights of subrogation against shippers and consignees at the option of the Insured.
4. The Insured is not to be prejudiced by any agreements exempting lightermen from liability.
5. Seaworthiness of any vessel or watercraft and airworthiness of any aircraft are admitted between this Insurer and the Insured.

g. Accounts Receivable

1. All sums due the Insured from customers, provided the Insured is unable to effect collection thereof as the result of physical loss of or damage by a peril not excluded by this Policy to records of accounts receivable,
2. Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by such loss or damage;
3. Collection expense in excess of normal collection cost and made necessary because of such loss or damage;
4. other expenses, when reasonably incurred by the Insured in re-establishing records of accounts receivable following such loss or damage.

For the purpose of this insurance, credit card company charge media shall be deemed to represent sums due the Insured from customers, until such charge media is delivered to the credit card company.

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

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

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

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

g. Leasehold Interest

1. Pro rata proportion from the date of loss to expiration date of the lease (to be paid without discount) on the Insured's interest in:
 - (a) The amount of bonus paid by the Insured for the acquisition of the lease not recoverable under the terms of the lease for the unexpired term of the lease;
 - (b) improvements and betterments to real property during the unexpired term of the lease which are not covered under any other section of this policy,
 - (c) the amount of advance rental paid by the Insured and not recoverable under the terms of the lease for the unexpired term of the lease;

when property is rendered wholly or partially untenable as a direct result of physical loss or damage by any of the perils covered herein during the term of this policy and the lease is canceled by a party not the Named Insured under this policy in accordance with the conditions of the lease or by statutory requirements of the appropriate jurisdiction in which the damaged or destroyed property is located, and

2. (a) "Interest of the Insured as Lessor or Lessee" when property is rendered wholly or partially untenable by any of the perils covered herein during the term of this policy and the lease is cancelled by a party not the Named Insured under this policy in accordance with the conditions of the lease or by statutory requirements of the appropriate jurisdiction in which the damaged or destroyed property is located.
- (b) The "Interest of the Insured as Lessee" as referred to herein shall be paid for the first three months succeeding the date of the loss and the "Net Lease Interest" shall be paid for the remaining months of the unexpired lease.

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

- (a) "The Interest of the Insured as Lessee" is defined as:
 - (1) the excess of the rental value of similar premises over the actual rent payable by the lessee (including any maintenance or operating charges paid by the lessee) during the unexpired term of the lease; and
 - (2) 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.

- (b) "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 cancelled by the lessee, to the extent not covered under any other section of this policy.

h. Royalties

This Policy insures:

1. Loss of income to the Insured under royalty, licensing fees, or commission agreements between the Insured and another party which is not realizable due to physical loss, damage or destruction by any perils not excluded during the term of this policy to property of the other party. Such other party referred to herein shall be located anywhere in the world, but such party shall not be an Insured under this policy. Coverage under this clause shall apply to loss experienced by the Insured anywhere in the world caused by loss, damage, or destruction to property of the other party situated worldwide, except in any Country where, prior to the inception date of the policy, the Government of the United States of America has prohibited American Companies from doing business.
2. If such loss occurs during the term of this policy, it shall be adjusted on the basis of actual loss sustained of such income referred to in paragraph h.1 above, which would have been earned had no loss occurred.
3. Resumption of Operations: The Insured shall influence, to the extent possible, the party with whom the agreement described in paragraph h.1 above has been made to use any other machinery, supplies or locations in order to resume business so as to reduce the amount of loss hereunder and the Insured shall cooperate with that party in every way to effect this, but not financially, unless such expenditures shall be authorized by the Insurer.

10. PERILS INSURED AGAINST

This policy insures against all risk of direct physical loss of or damage occurring during the Policy Period to property described herein including general average, salvage, and all other charges on shipments covered hereunder, except as hereinafter excluded. Physical loss or damage shall not include any destruction, disruption, distortion, or corruption of any computer data coding, program or software.

11. PERILS EXCLUDED

This policy does not insure:

- a. Loss or damage caused by or resulting from the explosion, rupture or bursting of steam boilers, steam turbines, steam engines or flywheels owned or operated by the Insured, but this exclusion shall apply only to such boilers, pipes or turbines, engines or flywheels themselves, and shall not apply to other property insured by this Policy
- b. Against infidelity or dishonesty of the Insured or any of the Insured's employees. A willful act of malicious damage shall not be deemed to be an act of infidelity.

This exclusion does not apply to physical loss or damage from a peril insured herein resulting from the Insured voluntarily parting with title or possession of any property if induced to do so by any fraudulent, trick, scheme, device or false pretense.

- c. against the cost of making good defective design or specifications, faulty material, or faulty workmanship, however, this exclusion shall not apply to physical loss or damage from a peril insured herein resulting from such defective design or specifications, faulty material, or faulty workmanship,
- d. against errors in processing or manufacture of the Insured's product unless physical loss or damage from a peril insured herein ensues and then this policy shall cover for such ensuing loss or damage;
- e. against wear and tear, or gradual deterioration unless physical loss or damage from a peril insured against herein ensues and then this policy shall cover for ensuing loss or damage;
- f. against nuclear reaction, nuclear radiation, or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate, or remote; or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in this policy, except:
 - 1. if fire ensues, liability is specifically assumed for direct loss by such ensuing fire but not including any loss due to nuclear reaction, nuclear radiation, or radioactive contamination;
 - 2. this Insurer shall be liable for loss or damage caused by sudden and accidental radioactive contamination including resultant radiation damage for each occurrence from material used or stored or from processes conducted on insured premises provided at the time of loss there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction nor any new or used nuclear reactor fuel on the insured premises;
- g. against hostile or warlike action in time of peace or war, including action in hindering, combating, or defending against an actual, impending, or expected attack:
 - (a) by any government or sovereign power (de jure or de facto) or by any authority maintaining or using military, naval, or air forces
 - (b) or by military, naval, or air forces;
 - (c) or by an agent of any such government, power, authority, or forces;
- 3. against any weapon employing atomic fission or fusion;
- 4. against rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such occurrence;
- 5. seizure, confiscation, expropriation, nationalization or destruction by order of civil or military authority, except destruction by order of civil or military authority to prevent the spread of, or to otherwise contain, control or minimize loss, damage or destruction which occurs due to a peril insured against under this policy,
- 6. risks of contraband or illegal trade.
- h. against inherent vice, latent defect, unless physical loss or damage from a peril insured herein ensues and then this policy shall cover for such ensuing loss or damage;
- i. Wind and hail in the State of Florida.
- j. Earthquake shock in the State of California.

k. Terrorism

Exclusions a. and d. do not apply to alterations, additions, and property while in the incidental course of construction, erection, installation, or assembly.

Exclusions c. and d. do not apply to property in transit.

12. PROPERTY EXCLUDED

This policy does not cover loss or damage to:

- a. Money, securities, currency, precious metals, gold, bullion, except accounts receivable as defined in the policy
- b. land, however, this exclusion shall not apply to the cost of reclaiming, restoring or repairing land improvements. Land improvements as described hereunder mean any alteration to the natural condition of the land by grading, landscaping, earthen dikes or dams, as well as additions to land such as pavements or similar works. This exclusion shall not apply to runways, taxiways, railroad roadbed, bridges, tunnels trestles and causeways.
- c. Growing crops, standing timber or animals
- d. Watercraft, aircraft, motor vehicles licenses for highway use when not on the Insured's premises, but this motor vehicle exclusion shall not apply to contractor's equipment or as covered elsewhere in the policy form
- e. Export shipments after loading on board an overseas vessel, watercraft, or aircraft, or after ocean marine insurance attaches, whichever occurs first; and import shipments prior to discharge from an overseas vessel, watercraft, or aircraft, or until ocean marine insurance terminates, whichever occurs last. However, this exclusion shall not apply to air and inland waterborne shipments within the policy territory.
- f. Newly acquired property in California or Florida, unless reported to and accepted by this Insurer.

13. VALUATION

At time of loss, the basis of adjustment shall be as follows.

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

However, without penalty the Insured may expend the amount of any replacement cost recovery within the scope of the Insured's business subject only to the full amount of the recovery actually being expended in acquiring or constructing buildings or structures and/or in acquiring building equipment, plant equipment, machinery, machine parts, office furniture or office equipment within a reasonable time after the date of loss.

To the extent the Insured provides its own general contracting, engineering, design or construction services for repair or reconstruction, the costs incurred by or on behalf of the Insured shall include:

- a. Overhead charges as defined by the Insured's regular accounting practice in place at the time of loss, and
 - b. Payroll charges, appropriate fringe benefit costs and expenses of those employees expending time on the project, the cost of which is not included in item a. and;
 - c. The share of home office costs including payroll and expenses of the divisions to which such employees are assigned, and;
 - d. The share of corporate general and administrative costs allocated to the divisions involved as prescribed in the Insured's regular accounting practice in place at the time of the loss for determining its costs for providing engineering, procurement and construction management services.
- b. Electronic Data Processing or control equipment and production machinery and equipment or any part thereof shall be valued at the cost to repair or replace new on the same premises as of the time of replacement except, that with respect to items for which replacement with identical property is impossible, the replacement cost shall be the cost of items similar to the destroyed property and intended to perform the same function but which may include technological advances
 - c. Valuable Papers and Records including, but not limited to, media, books, maps, films, drawings, abstracts, evidence of debt, deeds, mortgages, mortgage files, manuscripts and micro or electronically/magnetically inscribed documents/media, at the value blank, plus the cost of labor, service and/or supplies for actually reconstructing, reproducing, recreating, transcribing or copying such papers and records.
 - d. Fine Arts at appraised value or, in absence of such appraisal, the market value at time of loss, plus Insured's costs.
 - e. Finished products and other merchandise for sale, at the Insured's selling price less discounts to which the goods would have been subject had no loss occurred.
 - f. Property of others which the Insured is required to insure to a stipulated value shall be valued at the stipulated value.
Property of others in the Insured's care, custody or control, and property leased by the Insured, the Insured's legal liability.
 - g. With respect to properties that qualify for historical landmark status, the Insured shall have sole discretion as to the means by which said property shall be repaired, rebuilt, or replaced, but not to exceed the actual costs which would have been incurred in order to comply with historical landmark status requirements.
 - h. Locomotives including electric powered, (i.e. M1's and/or M3's), powermates, lightweight passenger cars, diesels, diesel hauled passenger cars, bar generator cars, power packs, subway passenger cars and all other rolling stock at repair or replacement of damaged equipment with similar kind and quality, or at the Insured's option, replacement of the damaged equipment with the current generation of equipment of similar kind and quality.
 - l. All other property, not otherwise provided for, at the replacement cost new including indirect and direct overhead charges, if replaced, otherwise at the actual cash value.

It is understood and agreed that as respects replacement cost, the following shall apply:

- a. It is understood and agreed that the Insured shall be the sole judge as to whether electronic data processing equipment is damaged and unusable by the Insured. This Insurer shall be allowed to dispose of, as salvage, any non-proprietary property deemed unusable by the Insured. If the equipment is replaced, the Insured shall have the option of replacement with equipment having technological advantages and/or representing an improvement in function and/or forming part of a program of system enhancement provided that such replacement can be accomplished without increasing the Insurers liability.
- b. The Insured may elect not to replace the Real and/or Personal Property lost, damaged, or destroyed and obtain loss settlement on a replacement cost basis if the proceeds of such loss settlement are expended in other capital expenditures related to the Insured's operations.

14. FIRE BRIGADE CHARGES AND EXTINGUISHING EXPENSES

This policy covers the following expenses resulting from a peril insured against:

- a. fire brigade charges and other extinguishing expenses for which the Insured may be assessed
- b. loss of fire extinguishing materials expended.
- c. Charges due under mutual aid agreements

15. DEBRIS REMOVAL

This policy covers the following expenses resulting from a peril insured against:

- a. the cost of removal of debris of property covered hereunder
- b. the cost of removal of debris of property not insured hereunder from the premises of the Insured.

This policy does not cover the following expenses:

- a. decontamination of debris,
- b. extraction of contaminants or pollutants from land or water,
- c. removal, restoration, or replacement of contaminated or polluted land or water,

Cost of clean up extension

This policy covers any cost or expense of decontamination or removal or disposal of water, soil or any similar substance on or under the premises of the Insured when such contamination is the direct result of physical loss or damage by a peril not excluded to property insured by this policy, including any costs or expenses incurred during emergency measures undertaken in order to mitigate any circumstances pertaining to seepage, pollution and/or contamination, whether or not at the instruction of any Government Agency or other Authority, and this extension of coverage shall not exceed \$2,500,000 in any one occurrence.

It is the condition precedent to recovery under this extension that the Insurer shall have paid or agreed to pay for physical loss or damage to the property insured hereunder unless such payment is precluded solely by the operation of any deductible and that the Insured shall give written notice to the Insurer of intent to claim for cost of debris removal or cost to cleanup not later than twelve months after the date of such physical loss or damage.

16. DEMOLITION AND INCREASED COST OF CONSTRUCTION

In the event of physical loss or damage insured under this policy that causes the enforcement of any law or ordinance in force at the time of damage regulating the construction, repair, or use of property, this Insurer shall be liable for:

- a. the cost of demolishing the undamaged property including the cost of clearing the site
- b. the proportion that the value of the undamaged part of the property bore to the value of the entire property prior to loss
- c. increased cost of repair or reconstruction of the damaged and undamaged property on the same or another site and limited to the costs that would have been incurred in order to comply with the minimum requirements of such law or ordinance regulating the repair or reconstruction of the damaged property on the same site. However, this Insurer shall not be liable for any increased cost of construction loss unless the damaged property is actually rebuilt or replaced
- d. any increase in the business interruption, loss of revenue, extra expense, rental value, royalties and other time element loss arising out of the additional time required to comply with said law or ordinance.

17. EXPEDITING EXPENSE

This policy covers the reasonable extra cost of temporary repair and of expediting the repair of damaged property insured hereunder, including overtime and express freight or other rapid means of transportation.

18. CONTRIBUTING INSURANCE

Contributing insurance is insurance written upon the same plan, terms, conditions, and provisions as those contained in this policy. This insurance contributes in accordance with the conditions of this policy only with other contributing insurance as defined.

19. EXCESS INSURANCE

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

20. UNDERLYING INSURANCE

- a. Underlying insurance is insurance on all or any part of the deductible and against all or any of the perils covered by this policy including declarations of value to the carrier for hire. The existence of such underlying insurance shall not prejudice or affect any recovery otherwise payable under this policy.
- b. If the limits of such underlying insurance exceed the deductible amount which would apply in the event of loss under this policy, then that portion which exceeds such a deductible amount shall be considered "other insurance."

21. OTHER INSURANCE

Except for insurance described by the Contributing Insurance Clause, by the Excess Insurance Clause, or by the Underlying Insurance Clause, this policy shall not cover to the extent of any collectible other insurance, whether prior or subsequent hereto in date, and whether directly or indirectly covering the same property against the same causes of loss. This Insurer shall be liable for loss or damage only to the extent of that amount in excess of the amount recoverable from such other collectible insurance.

22. SALVAGE AND RECOVERIES

Where legally permitted and where loss payments under the primary insurance are not detrimentally affected, 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. If recovered or received subsequent to a loss settlement under this policy, such net amounts recovered shall be divided between the interests concerned, i.e., the Insured and any other insurer participating in the payment of any loss, in the proportion of their respective interests.

23. BRAND OR TRADEMARK

In case of damage by a peril insured against to property bearing a brand or trademark or which in any way carries or implies the guarantee or the responsibility of the manufacturer or insured, the salvage value of such damaged property shall be determined after removal at this Insurers expense in the customary manner of all such brands or trademarks or other identifying characteristics. The Insured shall have full right to the possession of all goods involved in any loss under this policy and shall retain control of all damaged goods. The Insured, exercising a reasonable discretion, shall be the sole judge as to whether the goods involved in any loss under this policy are fit for 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 Insurer any salvage obtained by the Insured on any sale or other disposition of such goods.

24. MACHINERY

In case of loss or damage by a peril insured against to any part of a machine or unit consisting of two or more parts when complete for use, the liability of the Insurer shall be limited to the value of the part or parts lost or damaged or, at the Insured's option, to the cost and expense of replacing or duplicating the lost or damaged part or parts or of repairing the machine or unit.

25. ERRORS OR OMISSIONS

Any unintentional error or inadvertent omission made by the Insured shall not void or impair the insurance hereunder provided the Insured reports such error or omission as soon as reasonably possible after discovery by the Insured's corporate risk management department.

26. SUBROGATION

Upon making payment under this Policy, Underwriter may require from the Insured an assignment of all right of recovery against any party to the extent that payment is made under this Policy, but Underwriters shall not acquire any rights of recovery which the insured has expressly waived in writing prior to loss nor shall such waiver affect the insured's rights to recovery under this Policy. It is understood, however, that if Underwriters recover from any party, the net amount recovered after deducting the costs of recovery shall be divided between the interests concerned in the proportion of their respective interests. The cost of any recovery shall also be pro-rated between the Underwriters and the Insured in respect to their proportionate interest. If there is no recovery, the Insured shall not contribute to such costs.

All claims shall be paid or made good at the option of the Insured thirty (30) days after presentation to Underwriters hereunder of satisfactory proof of interest and loss. No loss shall be paid or made good if the Insured has collected and retained the same from others.

27. NOTICE OF LOSS

As soon as practicable after any loss or damage occurring under this policy is known to the Insured's Home Office Insurance Department, the Insured shall report such loss or damage to Marsh USA Inc. of New York, for transmission to this Company. Any delay by the Insured in providing notice shall not affect the Insured's right to coverage under this policy, except if and to the extent that the Company proves that it actually and substantially was prejudiced by any unreasonable delay in notice.

28. PROOF OF LOSS

It shall be necessary for the insured to render a signed and sworn proof of loss to the Insurer or its appointed representative stating the place, time, and cause of the loss, damage, or expense; the interest of the Insured and of all others, the value of the property involved in the loss, and the amount of loss, damage, or expense.

29. EVIDENCE OF INSURANCE

Certificates of Insurance

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

The Company hereby authorizes Marsh USA Inc. to issue certificates of insurance including any Mortgagee, Loss Payee and Additional Insured clauses.

Copies of certificates, so issued, will be furnished to the Company

30. PARTIAL PAYMENT OF LOSS

In the event of a loss covered by this policy, it is understood and agreed that the Insurer shall allow a partial payment(s) of claim subject to the policy provisions. To obtain said partial claim payment, the Insured shall submit an acceptable partial proof of loss.

31. LOSS ADJUSTMENT EXPENSES

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

These expenses include Architects' and or engineers' plans, drawings, blueprints, photographs, specifications and their fees, including inspectors' and/or superintendents' fees, inspection and/or supervisory charges, also to cover architects' and engineers fees for supervision of construction and repair of damage in the event of loss,

This policy also insures the applicable amount of fees necessarily incurred by the Insured for independent engineers or other specialists including accountants in order to assist in determining the extent of loss sustained and/or the method of repair or replacement, in order to arrive at the actual amount of loss payable under this policy, or which are necessary to complete the repairs or replacement of lost or damaged property insured hereunder.

All the above to also include Port Authority Employees.

32. APPRAISAL

If the insured and this Insurer fail to agree on the amount of loss, each, upon the written demand either of the Insured or of this Insurer made within 60 days after receipt of proof of loss by the Insurer, shall select a competent and disinterested appraiser. The appraisers shall then select a competent and disinterested umpire. If they should fail for 15 days to agree upon such umpire, then upon the request of the Insured or of this Insurer, such umpire shall be selected by a judge of a court of record in the appropriate jurisdiction in which such appraisal is pending. Then, at a reasonable time and place, the appraisers shall appraise the loss stating separately the value and the amount of loss. If the appraisers fail to agree, they shall submit their differences to the umpire. An award in writing by any two shall determine the amount of loss. The Insured and this Insurer shall each pay his or its chosen appraiser and shall bear equally the other expenses of the appraisal and of the umpire.

33. DEFENSE COSTS

This policy, subject to all of its provisions, also insures 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

3. CONSEQUENTIAL LOSS

This policy insures against:

- a. consequential/sequential loss or damage caused by or resulting from the change of temperature or humidity or by interruption of power, heat, air conditioning, refrigeration, telephone or telegraphs, supply water or telecommunications resulting from physical loss or damage by damage by the perils insured against hereunder to property/equipment or plants used to provide refrigeration, cooling humidifying, dehumidifying, air conditioning, heating, generating, converting power, or telephone or telegraph, or telecommunications including all connections and supply from transmission lines and pipes, power generating equipment, utility plants, or sources, whether or not such equipment is on or off the premises of the Insured
- b. the reduction in value to the remaining part or parts of any lot of merchandise usually sold by lots or sizes, color ranges, or other classifications due to damage to or destruction of a part of such lots or other classifications due to a peril insured against.

35. PAIR AND SET

Except as provided under Clause 34b and Clause 24, in the event of loss or damage by a peril insured against to any articles which are a part of a pair or set, the measure of loss or damage to such article or articles shall be, at the Insured's option:

- a. the reasonable and fair proportion of the total value of the pair or set, giving consideration to the importance of said article or articles, but in no event shall such loss or damage be construed to mean total loss of the pair or set;
or

- b. the full value of the pair or set provided that the Insured surrenders the remaining article or articles of the pair or set to the Insurer.

36. ASSISTANCE AND COOPERATION OF THE INSURED

The Insured shall cooperate with this Insurer and, upon the Insurers request and expense, shall attend hearings and trials and shall assist in effecting settlements, in securing and giving evidence, in obtaining the attendance of witnesses, and in conducting suits.

37. PRESERVATION OF PROPERTY

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

38. PAYMENT OF LOSS

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

39. REINSTATEMENT

Any loss hereunder shall not reduce the amount of this policy, except with respect to the perils of flood and earthquake.

40. SUIT AGAINST THE INSURER

No suit or action on this policy for the recovery of any claim shall be suitable in any court of law or equity unless the Insured shall have fully complied with all the requirements of this policy. The Insurer agrees that any action or proceedings against it for recovery of any loss under this policy shall not be barred if commenced within the time prescribed therefore in the uniform commercial code of the state of New York.

41. CANCELLATION

This insurance may be canceled by the Insured at any time by written notice or by surrender of this policy. This insurance may also be canceled by or on behalf of the Insurers by delivering to the Insured or by mailing to the Insured, by registered, certified or other first class mail, at the Insured's address as shown in this insurance, written notice stating when, not less than ninety (90) days, (except 10 days for non-payment of premium), thereafter the cancellation shall be effective. The mailing of such notice shall be sufficient proof of notice and this insurance shall terminate at the date and hour specified in such notice.

If this insurance shall be canceled by the Insurer, the Insurer shall retain the pro-rata proportion of the premium earned from the date of inception to the date of cancellation.

If this insurance is cancelled by the Insured, the return premium shall be calculated on a pro-rata basis..

Payment or tender of any unearned premium by the Insurers shall not be a condition precedent to the effectiveness of cancellation but such payment shall be made as soon as practicable.

If the period of limitation relating to the giving of notice is prohibited or made void by any law, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

In the event of cancellation or non-renewal of this policy by the insurer, the cancellation or non-renewal shall not take effect with respect to property in transit until the property has arrived at the place of its final destination.

42. TITLES OF PARAGRAPHS

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

43. MORTGAGE CLAUSE

Loss, if any, under this policy shall be payable to any mortgagee (or trustee) as designated in any Evidence of Insurance issued under this policy or as designated in any lease or contract as interest may appear under all present or future mortgages upon the property covered hereunder in which the aforesaid may have an interest as mortgagee (or trustee) in order & precedence of said mortgages and this insurance as to the interest of the mortgagee (or trustee) only therein shall not be invalidated by any act or neglect of the mortgagor or owner of the within described property, nor by the occupation of the premises for purposes more hazardous than are permitted by the policy, provided, that in case the mortgagor or owner shall neglect to pay any premium under this policy, the mortgagee (or trustee) shall, on demand, pay the same.

Provided, the mortgagee (or trustee) shall notify this Insurer of any change of ownership or occupancy or increase of hazard which shall come to the knowledge of said mortgagee (or trustee) and, unless permitted by this policy, it shall be noted thereon and the mortgagee (or trustee) shall on demand, pay the premium for such increased hazard for the term of the use thereof, otherwise, this policy shall be null and void.

This Insurers reserves the right to cancel this policy at any time as provided by its Terms but in such case this policy shall continue to force for the benefit only of the mortgagee (or trustee) for ten (10) days after notice to the mortgagee (or trustee) of such cancellation and shall then cease, and this insurer shall have the right, on like notice, to cancel this agreement.

44. LOSS ADJUSTERS

It is hereby understood and agreed that each and every loss will be adjusted by Crawford Technical Services, NY unless otherwise agreed by the Insured and the Insurer.

45. JOINT LOSS AGREEMENT

With respect to insurance provided by this policy, it is agreed that:

- a. If at the time of loss, there is in existence a policy(ies) issued by either this Insurer or by a boiler & machinery insurance company which may cover the same property or cover the location at which the property subject to loss is situated; and
- b. If there is a disagreement between the Insurer(s) under this policy and such other contract either as to.
 - 1) whether such damage or destruction was caused by a peril insured against by this policy or by an accident insured against by such boiler & machinery insurance policy, or

- 2) the extent of participation of this policy and of such boiler and machinery insurance policy in a loss which is insured against, partially or wholly, by any one or all of said policies;

this Insurer shall, upon written request of the Insured, pay to the Insured one-half of the amount of the loss which is in disagreement, but in no event more than this Insurer would have to paid if there had been no boiler & machinery insurance policy in effect, subject to the following conditions:

- 3) the amount of the loss which is in disagreement, after provisions for any undisputed claims payable under the said policies, and after the amount of the loss is agreed upon by the Insured and the insurers is limited to the minimum amount remaining payable under either the boiler & machinery policy or this policy(ies);
- 4) the boiler & machinery insurance company shall simultaneously pay to the Insured at least one-half of said amount which is in disagreement;
- 5) the payments by the Insurers hereunder and acceptance of the same by the Insured signify the agreement of the Insurers to submit to and proceed with arbitration within 90 days of such payments,

The arbitrators shall be three in number, one of whom shall be appointed by the boiler & machinery insurance company, one of whom shall be appointed by this Insurer, and the third of whom shall be appointed by consent of the other two; the decision by the arbitrators shall be binding on the insurers, and that judgment upon such award may be entered in any court of competent jurisdiction;

- 6) the Insured agrees to cooperate in connection with such arbitration but not to intervene therein;
- 7) the provisions of this clause shall not apply unless such other policy issued by the boiler & machinery insurance company is similarly endorsed;
- 8) acceptance by the Insured of sums paid pursuant to the provisions of this section, including an arbitration award, shall not operate to alter, waive, surrender or in any way affect the rights of the Insured against any of the Insurers.

46. SEVERABILITY OF INTEREST

Each of the Insureds covered by this policy will have the same protection and obligations as if the policy has been issued individually to each of them. However, the inclusion of more than one Insured will not operate to increase the limit of liability of the Insurer beyond the limit of liability stated in this policy.

47. BANKRUPTCY & INSOLVENCY

In the event of the insolvency or the bankruptcy of any Insured, whether the claim involves loss at one or more locations, the deductible amount shall apply against the total loss suffered by the Insured from any one occurrence and the Insurer will continue to insure for the representatives, successors or assigns of such insured. Such insolvency or bankruptcy of the insured does not relieve the Insurer of liability.

48. COINSURANCE WAIVER

This policy is not subject to Coinsurance.

49. VACANCY OR UNOCCUPANCY

Permission is granted to Insured to cease operations or to allow any covered premises to remain vacant and/or unoccupied without limit of time

50. STEP DOWN/DROP DOWN WORDING (EXCESS POLICIES)

In determining the amount of loss from any one occurrence for which this policy is excess, the combined total loss, damage or expense caused by any peril or perils resulting in loss or damage to any property or coverages insured under any underlying insurance shall be used, even though all such perils, property or coverages may not be insured under this policy.

All claims payments made under any underlying insurance shall first apply to those perils, property or coverages not insured against by this policy. Upon exhaustion or diminishment of any underlying policy limits, this policy shall apply in excess of the limits attributed to such underlying policy but only as respects perils, property and coverages insured under this policy and subject to the limit of this policy.

It is further agreed, in the event the flood and/or earthquake annual aggregate limits of any underlying policy(ies) are diminished or exhausted in any one policy year, the coverage provided under this policy for such perils shall apply as excess of any remaining or exhausted limits subject to the primary policy deductibles.

51. NO CONTROL

This insurance shall not be affected by failure of the Insured to comply with any provisions of this policy in any portion of the premises over which the Insured has no control.

53. VALUES

This policy is written on a 100% basis as respects values declared to the Company, including Supplemental Values. It is understood and agreed that values declared are for premium purposes only, and shall not limit the coverages provided by this policy

54. TITLES OF PARAGRAPHS

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

55. CONFORMANCE

The terms of this policy which are in conflict with the applicable statutes of the jurisdiction wherein this policy is issued are hereby amended to conform to such statutes, unless the statutes narrow or limit the coverage afforded by this policy and do not bar a policy from providing broader coverage.

56. FULL WAIVER

The terms and conditions of this form and endorsements attached thereto replace those of the policy to which it is attached, all terms, conditions and endorsements of the latter being waived. This waiver shall not apply to endorsements agreed to and accepted by the Insured at inception of this policy or subsequent thereto.

Authorized Signature

ATTACHING TO AND FORMING AN INTEGRAL PART OF POLICY NO: PROP/1213

Notwithstanding anything contained in the Policy Wording to the contrary, it is understood and agreed that the following Endorsements apply to this Policy:

ELECTRONIC DATA ENDORSEMENT A

1. Electronic Data Exclusion

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

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

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

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

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

Listed
Perils
Fire
Explosion

2. Electronic Data Processing Media Valuation

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

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any ELECTRONIC DATA contained thereon, providing such media is repaired, replaced or restored. Such cost of reproduction shall include all reasonable and necessary amounts, not to exceed \$ 50,000,000 any one loss, incurred by the Assured in recreating, gathering and assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Assured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

25/01/01
NMA2914

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

ATTACHING TO AND FORMING AN INTEGRAL PART OF POLICY NO: PROP/1213

Notwithstanding anything contained in the Policy Wording to the contrary, it is understood and agreed that the following Endorsements apply to this Policy:

ADDITIONAL LIMITATIONS AND CONDITIONS ENDORSEMENT (STANDARD)

THIS ENDORSEMENT CONTAINS PROVISIONS IN CLAUSES II, V AND VI THAT MAY LIMIT OR PREVENT RECOVERY UNDER THIS POLICY FOR DEBRIS REMOVAL (AS PROVIDED IN CLAUSE II) AND/OR RESULTING LOSS (AS PROVIDED IN CLAUSE V).

I. LAND, WATER AND AIR EXCLUSION CLAUSE

Notwithstanding any provision to the contrary within the Policy of which this Endorsement forms part (or within any other Endorsement which forms part of this Policy), this Policy does not insure land (including but not limited to land on which the insured property is located), water or air, howsoever and wherever occurring, or any interest or right therein. The foregoing exclusion shall not apply to water which is contained in plumbing or firefighting installations in the Assured's buildings at the time of any damage insured by this Policy.

II. DEBRIS REMOVAL CLAUSE

Nothing contained in this Clause shall override any seepage and/or pollution and/or contamination exclusion or any radioactive contamination exclusion or any other exclusion applicable to this Policy. The inclusion of this Clause shall in no event increase the limit of liability of Insurers under this Policy or any other endorsement applicable to this Policy.

Any provision within this Policy (or within any other Endorsement which forms part of this Policy) which insures debris removal is cancelled and replaced by the following:

1. In the event of direct physical damage to property, for which Insurers agree to pay hereunder, or which but for the application of a deductible or underlying amount they would agree to pay (hereinafter in this Clause referred to as "Damage"), this Policy also insures, subject to the limitations below and method of calculation in Clause VI of this Endorsement and to all the other terms and conditions of the Policy, expense:

- (a) which is reasonably and necessarily incurred by the Assured in the removal, from the premises of the Assured at which the Damage occurred, of debris which results from the Damage; and
- (b) of which the Assured becomes aware and advises the amount to Insurers hereon within one year of the commencement of the Damage;

provided, however, that nothing in this Clause shall insure any expense provided under Clause V of this Endorsement.

2. The maximum amount of expense for removal of debris (subject to the limitations of paragraph 1 above) that can be included in the method of calculation in Clause VI of this Endorsement, shall be \$ 250,000,000

III. SEEPAGE AND/OR POLLUTION AND/OR CONTAMINATION EXCLUSION CLAUSE

Notwithstanding any provision to the contrary within the Policy of which this Endorsement forms part (or within any other Endorsement which forms part of this Policy), this Policy does not insure:

1. **any loss, damage, cost or expense; or**
2. **any increase in insured loss, damage, cost or expense; or**
3. **any loss, damage, cost, expense, fine, penalty or other sum which is incurred, sustained or imposed by, or by the threat of, any judgment, order, direction, instruction or request of, or any agreement with, any court, government agency, any public, civil or military authority or any other person (and whether or not as a result of public or private litigation);**

which arises from any kind of seepage or any kind of pollution and/or contamination, or threat thereof, whether or not caused by or resulting from a peril insured, or from steps or measures taken in connection with the avoidance, prevention, abatement, mitigation, remediation, clean-up or removal of such seepage or pollution and/or contamination, or threat thereof.

The term "any kind of seepage or any kind of pollution and/or contamination" as used in this Endorsement includes (but is not limited to):

1. **seepage of, or pollution and/or contamination by, anything, including but not limited to, any material designated as a "hazardous substance" by the United States Environmental Protection Agency or as a "hazardous material" by the United States Department of Transportation, or defined as a "toxic substance" by the Canadian Environmental Protection Act for the purposes of part II of that Act, or any substance designated or defined as toxic, dangerous, hazardous or deleterious to persons or the environment under any other law, ordinance or regulation; and**
2. **the presence, existence, or release of anything which endangers or threatens to endanger the health, safety or welfare of persons or the environment.**

IV.LISTED PERILS RESULTING FROM SEEPAGE AND/OR POLLUTION AND/OR

CONTAMINATION CLAUSE

This Policy is amended as set forth below. All other terms and conditions of this Policy remain unchanged and continue to apply with full force and effect. Nothing contained in this Clause shall override any radioactive contamination exclusion applicable to this Policy. If any of the perils listed below results from seepage and/or pollution and/or contamination, then such resultant perils shall not be excluded solely by the foregoing Seepage and/or Pollution and/or Contamination Exclusion Clause.

Listed perils

Fire,
Explosion.

Nothing in this Clause, however, shall extend this Policy to insure:

1. **loss, damage, cost, expense, fine or penalty, or other sum arising from any kind of seepage or any kind of pollution and/or contamination that causes or results from a listed peril; or**
2. **loss or damage at any premises other than the premises where the listed peril took place; or**
3. **property and/or interests other than those insured by this Policy against the listed perils.**

V.LIMITED SEEPAGE AND/OR POLLUTION AND/OR CONTAMINATION RESULTING FROM

PHYSICAL DAMAGE CAUSED BY LISTED PERILS CLAUSE

THIS CLAUSE IS VOID AND OF NO FORCE OR EFFECT UNLESS AN AMOUNT IS SPECIFIED IN PARAGRAPH 2 BELOW.

This Policy is amended as set forth below. All other terms and conditions of this Policy remain unchanged and continue to apply with full force and effect. Nothing contained in this Clause shall override any radioactive contamination exclusion or, except as set forth herein, the foregoing Seepage and/or Pollution and/or Contamination Exclusion Clause. The inclusion of this Clause shall in no event increase the limit of liability of Insurers under this Policy or any other endorsement applicable to this Policy.

1. If,

- (a) any of the perils listed below is the sole, immediate and direct cause of physical damage to property insured by this Policy against such listed peril (hereinafter in this Clause referred to as "Original damage"); and
- (b) the Original Damage is the sole, immediate and direct cause of seepage onto, and/or pollution and/or contamination of property which is:
 - (i) at the same premises as the Original Damage; and
 - (ii) insured by this Policy against the listed peril causing the Original Damage; and
- (c) said property is damaged thereby (hereinafter in this Clause referred to as "Resulting Damage");

then this Policy, subject to the following additional terms and limitations and the method of calculation in Clause VI of this Endorsement, also insures:

- (d) the Resulting Damage; and
- (e) the reasonable and necessary expense incurred by the Assured for debris removal and/or clean-up which is:
 - (i) limited to the same premises as the Original Damage; and
 - (ii) made necessary solely by the Resulting Damage;but which shall in no event include any expense of clean-up or removal of land, water or air,

(which Resulting Damage and expense of debris removal and/or clean-up, hereinafter in this Clause are referred to as "Resulting Loss");

provided, however, that this Policy only insures the Resulting Loss where:

- (f) Insurers have agreed to pay for the Original Damage or, but for the operation of a deductible or underlying amount, would have agreed to pay for the Original Damage; and
- (g) within one year of the commencement of the listed peril which caused the Original Damage, the Assured became aware and advised Insurers of the amount of:
 - (i) the Resulting Loss; and
 - (ii) any other interest to be claimed under this Policy as a result of the Resulting Damage, whether physical damage, business interruption, extra expense or otherwise.

Listed Perils

Fire,
Lightning,
Explosion.

Nothing in this Clause, however, shall extend this Policy to cover any condition that existed prior to the Original Damage nor to insure any loss, damage, cost, expense, fine, penalty, or other sum which is incurred, sustained or imposed by, or by the threat of, any judgment, order, direction, instruction or request of, or any agreement with, any court, government agency, any public, civil or military authority or any other person (and whether or not as a result of public or private litigation) in connection with any kind of seepage or any kind of pollution and/or contamination from any cause.

2. The maximum amount for any Resulting Loss and any other interest claimed under this Policy as a result of the Resulting Damage, whether physical damage, business interruption, extra expense or otherwise, that can be included in the method of calculation in Clause VI of this Endorsement is \$2,500,000

VI.METHOD OF CALCULATION

In calculating the amount, if any, payable under this Policy for a claim including expense of debris removal (as provided for and limited in Clause II of this Endorsement) and/or Resulting Loss (as provided for and limited in Clause V of this Endorsement), the amount of such expense of debris removal and/or such Resulting Loss shall be added to:

- (a) the amount of the Damage (as defined in Clause II) or the amount of the Original Damage (as defined in Clause V); and**
- (b) all other amounts, if any, insured under this Policy as a result of the same occurrence that Insurers hereon agree to pay or, but for the application of a deductible or underlying amount, they would agree to pay;**

then the resulting sum shall be the amount to which first all deductibles and then any underlying amounts to which this Policy is subject shall be applied and the balance, if any, shall be the amount payable, subject to all other provisions of this Policy and to the applicable limit(s), sub-limit(s) and aggregate limit(s).

21/2/91
NMA2415

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

ATTACHING TO AND FORMING AN INTEGRAL PART OF POLICY NO: PROP/1213

Notwithstanding anything contained in the Policy Wording to the contrary, it is understood and agreed that the following Endorsements apply to this Policy:

**MICROORGANISM EXCLUSION (MAP)
(Absolute)**

This policy does not insure any loss, damage, claim, cost, expense or other sum directly or indirectly arising out of or relating to:

mold, mildew, fungus, spores or other microorganism of any type, nature, or description, including but not limited to any substance whose presence poses an actual or potential threat to human health.

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

This exclusion replaces and supersedes any provision in the policy that provides insurance, in whole or in part, for these matters.

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

ATTACHING TO AND FORMING AN INTEGRAL PART OF POLICY NO: PROP/1213

Notwithstanding anything contained in the Policy Wording to the contrary, it is understood and agreed that the following Endorsements apply to this Policy:

SERVICE OF SUIT CLAUSE

It is agreed that in the event of the failure of the Insurers hereon to pay any amount claimed to be due hereunder, the Insurers hereon, at the request of the Assured, will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of the Insurers' 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.

Mendes and Mount and/or their Nominee(s), 750 Seventh Avenue, New York, New York 10019-6829, and that in any suit instituted against any one of them upon this contract, the Insurers will abide by the final decision of such Court or of any Appellate Courts in the event of an appeal.

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

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

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

ATTACHING TO AND FORMING AN INTEGRAL PART OF POLICY NO: PROP/1213

Notwithstanding anything contained in the Policy Wording to the contrary, it is understood and agreed that the following Endorsements apply to this Policy:

WEH ASBESTOS CLAUSE

A. This policy only insures asbestos physically incorporated in an insured building or structure, and then only that part of the asbestos which has been physically damaged during the policy period by one of these Listed Perils:

Fire; Smoke; Explosion; Lightning; Windstorm; Hail; Direct impact of Vehicle; aircraft or vessel; Riot or civil commotion; Vandalism or malicious mischief; or accidental discharge of fire protective equipment.

This coverage is subject to all limitations in the policy to which this endorsement is attached and, in addition, to each of the following specific limitations:

1. The said building or structure must be insured under this policy for damage by that Listed Peril.
2. The Listed Peril must be the immediate, sole cause of the damage to the asbestos.
3. The Assured must report to Insurers the existence and cost of the damage as soon as practicable after the Listed Peril first damaged the asbestos. However this policy does not insure any such damage first reported to Insurers more than 12 (twelve) months after the expiration, or termination, of the policy period.
4. Insurance under this policy in respect of asbestos shall not include any sum relating to:
 - (i) any faults in the design, manufacture or installation of the asbestos.
 - (ii) asbestos not physically damaged by the Listed Peril including any governmental or regulatory authority direction or request of whatsoever nature relating to undamaged asbestos.

B. Except as set forth in the foregoing Section A, this policy does not insure asbestos or any sum relating thereto.

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

ATTACHING TO AND FORMING AN INTEGRAL PART OF POLICY NO: PROP/1213

Notwithstanding anything contained in the Policy Wording to the contrary, it is understood and agreed that the following Endorsements apply to this Policy:

MOLD / FUNGUS EXCLUSION

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

The Company shall not be liable for any loss or damage 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.

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

ATTACHING TO AND FORMING AN INTEGRAL PART OF POLICY NO: PROP/1213

Notwithstanding anything contained in the Policy Wording to the contrary, it is understood and agreed that the following Endorsements apply to this Policy:

ENDORSEMENT – A

PROPERTY DATA CORRUPTION ENDORSEMENT

This policy is hereby amended as follows:

The Insurer will not pay for Damage or Consequential loss directly or indirectly caused by, consisting of, or arising from:

1. Any functioning or malfunctioning of the internet or similar facility, or of any intranet or private network or similar facility,
2. Any corruption, destruction, distortion, erasure or other loss or damage to data, software, or any kind of programming or instruction set,
3. 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 liability or failure of the Insured to conduct business.

This Endorsement shall not exclude subsequent damage or Consequential loss, not otherwise excluded, which itself results from a Defined Peril. Defined Peril shall mean: Fire, Lightning, Earthquake, Explosion, Falling Aircraft, Flood, Smoke, Vehicle Impact, Windstorm or Tempest.

Such Damage or Consequential loss described in 1, 2, or 3 above is excluded regardless of any other cause that contributed concurrently or in any other sequence.

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

ATTACHING TO AND FORMING AN INTEGRAL PART OF POLICY NO: PROP/1213

Notwithstanding anything contained in the Policy Wording to the contrary, it is understood and agreed that the following Endorsements apply to this Policy:

PROPERTY Y2K MILLENNIUM ENDORSEMENT

It is agreed and understood that this policy is hereby amended as follows:

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

Such Damage or Consequential Loss described in A, B, or C above is excluded regardless of any other cause that contributed concurrently or in any other sequence.

This endorsement shall not exclude subsequent Damage or Consequential Loss, not otherwise excluded, which itself results from a Defined Peril. Defined Peril shall mean: fire, Lightning, explosion aircraft or vehicle impact, falling objects, windstorm, hail, tornado, hurricane, riot, strike, civil commotion, vandalism, malicious mischief, earthquake, volcano, tsunamis, freeze or weight of snow.

In consequence of all the foregoing the Annual Premium remains unaltered.

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

ATTACHING TO AND FORMING AN INTEGRAL PART OF POLICY NO: PROP/11213

Notwithstanding anything contained in the Policy Wording to the contrary, it is understood and agreed that the following Endorsements apply to this Policy:

Occurrence Limit Of Liability Endorsement:

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

1. The limit of liability or Amount of Insurance shown on the face of this policy, or endorsed on to this policy, is the total limit of the Company's liability applicable to each occurrence, as hereafter defined. Notwithstanding any other terms and conditions of this policy to the contrary, in no event shall the liability of the company exceed this limit or amount irrespective of the number of locations involved.
The term "occurrence" shall mean any one loss, disaster, casualty or series of losses, disasters, or casualties, arising out of one event. When the term applies to loss or losses from the perils of tornado, cyclone, hurricane, windstorm, hail, flood, earthquake, volcanic eruption, riot, riot attending a strike, civil commotion, vandalism and malicious mischief, and certified and non-certified terrorism, one event shall be constructed to be all losses arising during a continuous period of 72 hours. When filing proof of loss, the insured may elect the moment at which the 72 hour period shall be deemed to have commenced, which shall not be earlier than the first loss to the covered property occurs.
2. **The premium for this policy is based upon the Statement of Values on file with the Company, or attached to this policy. In the event of hereunder, liability of the Company, subject to the terms of paragraph one (1) above, shall be limited to the least of the following:**
 - A. **The actual adjusted amount of the loss, less applicable deductible(s).**
 - B. **The limit of liability or amount of insurance shown on the face of this policy or endorsed onto this policy.**

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

ATTACHING TO AND FORMING AN INTEGRAL PART OF POLICY NO: PROP/1213

Notwithstanding anything contained in the Policy Wording to the contrary, it is understood and agreed that the following Endorsements apply to this Policy:

TIER 1 WIND COUNTIES

Alabama: Baldwin, Mobile;

Florida: Entire State of Florida;

Hawaii: Entire State of Hawaii

Georgia: Bryan, Camden, Chatham, Glynn, Liberty, McIntosh;

Louisiana: Cameron, Iberia, Jefferson, Lafourche, Orleans, Plaquemines, St. Mary, St. Bernard, St. Tammany, Terrebonne, Vermilion;

Mississippi: Hancock, Harrison, Jackson;

North Carolina: Beaufort, Brunswick, Carteret, Craven, Dare, Hyde, New Hanover, Onslow, Pamlico, Pender;

South Carolina: Beaufort, Berkley, Charleston, Colleton, Georgetown, Horry, Jasper;

Texas: Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Harris, Jackson, Jefferson, Kenedy, Kleberg, Matagorda, Nueces, Orange, Refugio, San Patricio, Victoria, Willacy;

Virginia: Accomack, Gloucester, Isle of Wight, James City, Lancaster, Mathews, Middlesex, Newport News, Norfolk, Northampton, Northumberland, Suffolk, Surry, Virginia Beach, Westmoreland, York

Puerto Rico: Entire Island

U.S. Virgin Islands: All islands

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

ATTACHING TO AND FORMING AN INTEGRAL PART OF POLICY NO PROP/1213 :

Notwithstanding anything contained in the Policy Wording to the contrary, it is understood and agreed that the following Endorsements apply to this Policy:

Premium Adjustment Clause

The premium shall be adjusted at the program composite rate for acquisitions or divestitures greater than 2% of the total insurable value as stated on the most recent statement of values on file with the Company.

The acceptance by the Company of such reports and the premium calculated thereon will not alter vary or increase the Limit(s) of Liability as stated herein.

No inadvertent errors, omissions or failure in making reports hereunder shall prejudice the Insured's right of recovery but shall be corrected when discovered.

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

ATTACHING TO AND FORMING AN INTEGRAL PART OF POLICY NO: PROP/1213

Notwithstanding anything contained in the Policy Wording to the contrary, it is understood and agreed that the following Endorsements apply to this Policy:

General Change Endorsement

It is hereby agreed and understood that the following definitions are added to this policy:

Named Windstorm means the direct action of wind (including ensuing storm surge) when such wind is associated with, or occurs in conjunction with a storm or weather disturbance which is named by the National Oceanic and Atmospheric Administration's (NOAA) National Hurricane Center or similar governing body until sustained wind speeds drop below the parameter for naming storms.

Storm Surge is defined as water driven inland from coastal waters by high winds and low atmospheric pressure.

Flood is defined as a rising and overflowing of a body of water onto normally dry land.

Earthquake: Earthquake is defined as a shaking or trembling of the earth that is tectonic or seismic in origin.

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

ATTACHING TO AND FORMING AN INTEGRAL PART OF POLICY NO: PROP/1213

Notwithstanding anything contained in the Policy Wording to the contrary, it is understood and agreed that the following Endorsements apply to this Policy:

Contingent (Gap) Coverage Endorsement

It is hereby agreed and understood that the following Contingent (Gap) Coverage clause is added to this policy:

It is agreed that if during the term of this policy, a loss is sustained to property otherwise covered under this policy, but which is insured by another party (ies) under other insurance policy (ies) for the benefit of the Insured and such loss is not recoverable in part or in full thereunder from such other insurance but would have been recoverable under the terms and conditions of this policy, then this Company shall be liable under the terms and conditions of this policy for such loss which is not recoverable from such other policy(ies). For purposes of this condition, loss payment received by the Insured shall be considered a loan, without interest, repayable in the event of and to the extent of recovery from such other insurance minus the cost of recovery. Such other insurance does not include deductibles or self-insured retentions under such other insurance.

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

ATTACHING TO AND FORMING AN INTEGRAL PART OF POLICY NO: PROP/1213

Notwithstanding anything contained in the Policy Wording to the contrary, it is understood and agreed that the following Endorsements apply to this Policy:

Biological or Chemical Materials Exclusion

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 the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.

NMA 2962

06/02/03

Form approved by Lloyd's market Association [Non-Marine]

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

ATTACHING TO AND FORMING AN INTEGRAL PART OF POLICY NO: PROP/1213

Notwithstanding anything contained in the Policy Wording to the contrary, it is understood and agreed that the following Endorsements apply to this Policy:

TERRORISM EXCLUSION ENDORSEMENT

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

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 injury loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from arising out of or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

If the Underwriters allege that by reason of this exclusion, any injury 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.

NMA2920

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

ATTACHING TO AND FORMING AN INTEGRAL PART OF POLICY NO: PROP/1213

Notwithstanding anything contained in the Policy Wording to the contrary, it is understood and agreed that the following Endorsement applies to this Policy:

The following is deleted in its entirety as respects the BPC Ferry Terminal:

13. PROPERTY EXCLUDED

- d. Watercraft, aircraft, motor vehicles licenses for highway use when not on the Insured's premises, but this motor vehicle exclusion shall not apply to contractor's equipment or as covered elsewhere in the policy form

And is replaced with the following as respects the BPC Ferry Terminal:

13. PROPERTY EXCLUDED

- e. Aircraft, motor vehicles licenses for highway use when not on the Insured's premises, but this motor vehicle exclusion shall not apply to contractor's equipment or as covered elsewhere in the policy form

ATTACHING TO AND FORMING AN INTEGRAL PART OF POLICY NO: PROP/1213

Notwithstanding anything contained in the Policy Wording to the contrary, it is understood and agreed that the following Endorsement applies to this Policy:

UPGRADE TO GREENSM – 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 (five million dollars) to upgrade to green.

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

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

2. COVERAGE SECTION A: NON-LEED CERTIFIED COVERAGE

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

A. Loss Settlement for Personal Property

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

B. Loss Settlement for Your Building

(1) Interior Finish Materials Upgrade

a. Lower Emissions Products Upgrade Coverage

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

b. Environmentally Preferable Products Upgrade Coverage

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

(2) Interior Plumbing Systems Upgrade Coverage

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

(3) Lighting Systems Upgrade Coverage

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

(4) Efficient Heating and Cooling Equipment Upgrade Coverage

“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.

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.

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;

- (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% post-consumer 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.

Notwithstanding anything contained in the Policy Wording to the contrary, it is understood and agreed that the following Endorsement applies to this Policy:

Notwithstanding Port Authority Insurance Captive Entity LLC's (hereinafter referred to as the "Company") ultimate liability as described under this policy, shall be limited to the Company's liability ceded and accepted by such reinsurers per the reinsurance certificate. The claim or any portion for loss not accepted by said reinsurers in accordance with each reinsurers' agreement with this Company will be borne by the Insured.

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